27th ANNUAL REPORT 2012-13

We Innovate
We Commit
We Deliver

पी एफ सी
PFC

VISION

To be the leading institution in financing for sustainbale development of the Indian Power Sector & its linkages, with an eye on global operations.

MISSION

PFC shall strive to become the most preferred Financial Institution in power and financial sectors, providing best products and services; to promote efficient investments in the Power Sector to enable availability of power of the required quality at minimum cost to consumers, to reach out to the global financial system for financing power development; to act as a catalyst for reforming India's Power Sector, and to build human assets and

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REFERENCE INFORMATION

Registered Office
'Urjanidhi',
1, Barakhamba Lane,
Connaught Place,
New Delhi-110001
Tel. No. : (91)(11) 23456000
Website: http://www.pfcindia.com

Subsidiaries
PFC Consulting Limited
PFC Green Energy Limited
PFC Capital Advisory Services Limited
Power Equity Capital Advisors Private Limited
Chhattisgarh Surguja Power Ltd.
(previously known as Akaltara Power Ltd.)
Coastal Karnataka Power Limited
Coastal Maharashtra Mega Power Limited
Coastal Tamil Nadu Power Limited
Orissa Integerated Power Limited
Sakhigopal Integrated Power Company Limited
Ghogarpalli Integrated Power Company Limited
Tatiya Andhra Mega Power Limited
Deoghar Mega Power Limited
DGEN Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
Patran Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
RAPP Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
Darbhanga-Motihari Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
Purulia & Kharagpur Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)

Shares Listed at
National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Depositories
National Securities Depository Limited
Central Depository Services (India) Limited

Company Secretary
Shri Manohar Balwani

Auditors
M/s N. K. Bhargava & Co.,
Chartered Accountants
M/s Raj Har Gopal & Co.,
Chartered Accountants

Registrar & Share Transfer Agent
Karvy Computershare Private Limited
"Karvy House",
46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad 500034, India
Tel: 91 40 23312454
Toll Free: 1800 4258282
Fax: 91 40 23311968
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

Bankers
Reserve Bank of India
State Bank of India
Bank of India
ICICI Bank
HDFC Bank
IDBI Bank

PERFORMANCE AT A GLANCE

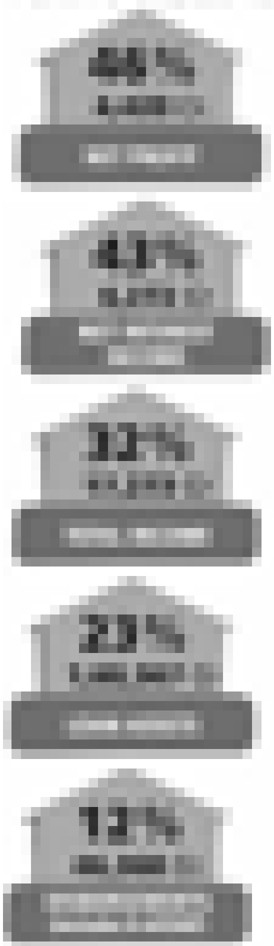
	PARTICULARS	2008-09	2009-10	2010-11	2011-12	2012-13
I	**RESOURCES** (At the end of the Year) (₹ in Crore)					
	Equity Capital	1148	1148	1148	1320	1320
	Interest Subsidy Fund from GoI	909	663	452	376	146
	Reserves and Surplus	10360	12113	14035	19388	22734
	Borrowings:					
	(i) Foreign Currency Loans (incl. Foreign Currency Notes)	2590	2759	4963	5590	8424
	(ii) Bonds	35479	45801	56137	83920	105334
	(iii) Long Term Rupee Loans	12691	16223	18208	16545	17005
	(iv) Short Term Rupee Loans	1400	2325	6291	4071	8820
II	**FINANCING OPERATIONS** (During the Year) (₹ in Crore)					
	Loans and Grants Sanctioned	57030	65465#	75197#	69024#	78875#
	Loans and Grants Disbursed	21054	25808#	34122#	41418#	46368#
	Repayment by Borrowers to PFC	8017	8977	12119	9257	14929
	Repayment by PFC to Lenders	10549	7858	10394	14296	11304
III	**WORKING RESULTS** (For the Year) (₹ in Crore)					
	Administrative Expenses	87	106	93	124^	139^
	Profit Before Tax	1990	3013	3544	4104	5967
	Provision for Tax (including Deferred Tax Liability)	20*	656	924	1072	1547
	Profit After Tax	1970	2357	2620	3032	4420
IV	**NO. OF EMPLOYEES**	316	324	365	379	427

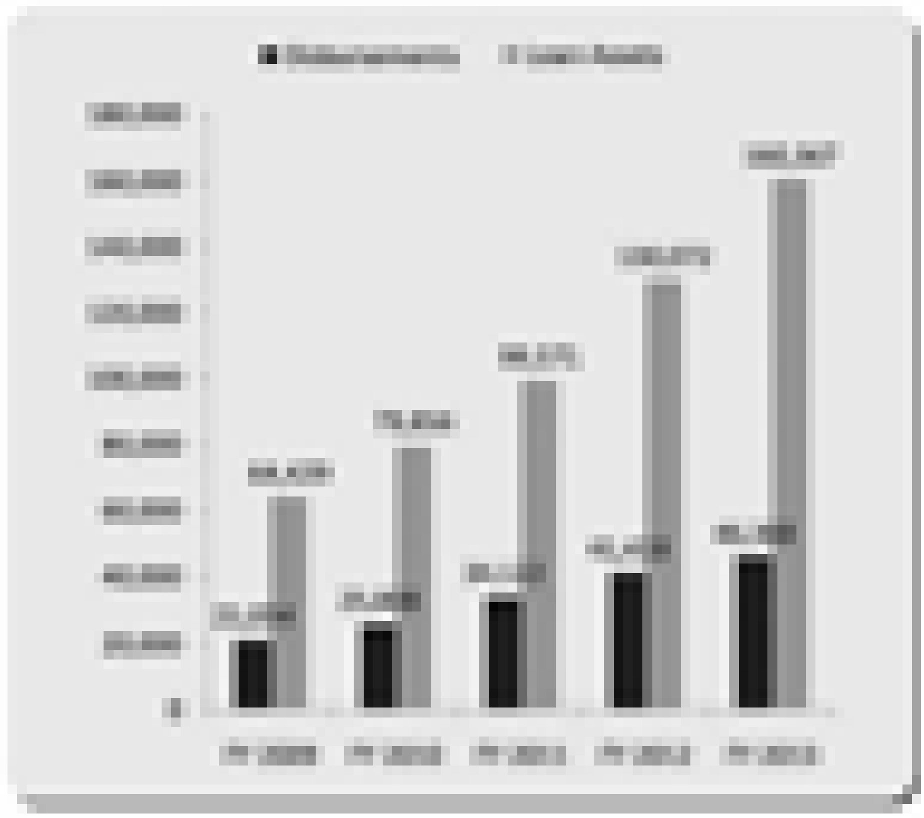
Includes Sanctions & Disbursements under R-APDRP (Part A&B)

* This represents net amount after reversal of DTL of ₹ 483.24 crore on special reserve created and maintained under Income Tax Act, 1961 pertaining to previous years.

^ Inclusive of Personnel and other expenses

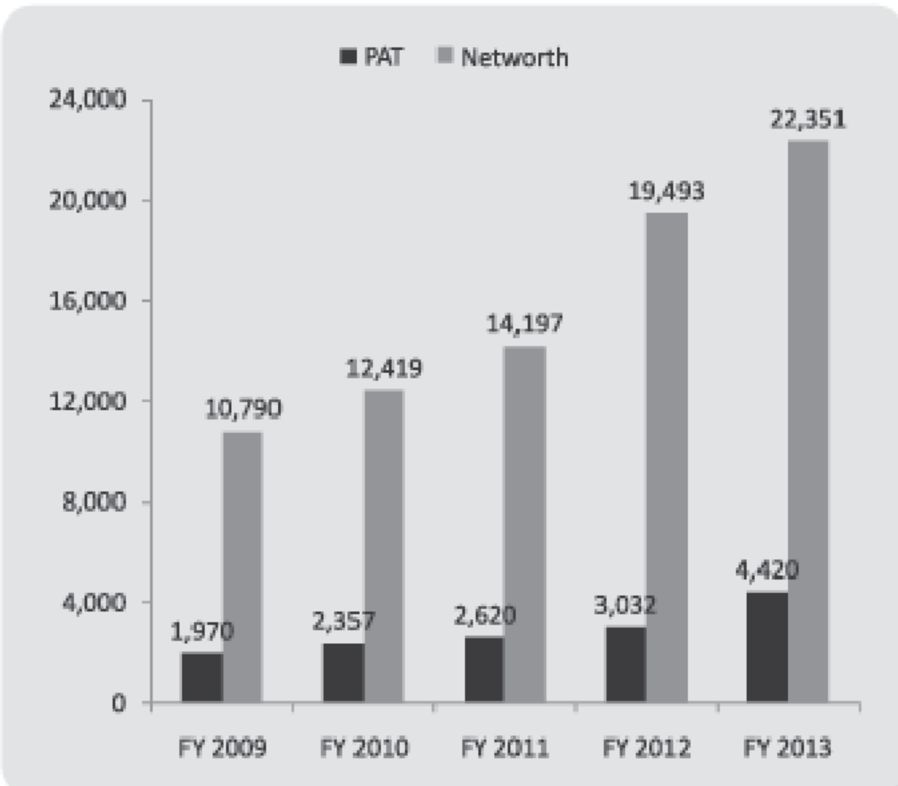
FINANCIAL HIGHLIGHTS

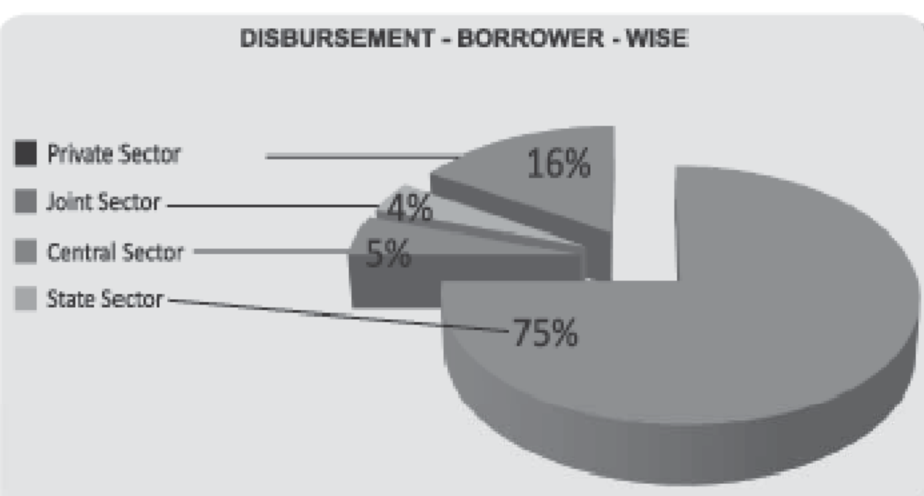




2012-13

IN CRORE





As on 31.03.2012

43%
EARNING PER SHARE

15%
22,351 Cr
NET WORTH

4.40%
(UP 51 bps)
NET INTEREST MARGIN

2.87%
(UP 62 bps)
INTEREST SPREAD

LETTER TO SHAREHOLDERS

Ladies and Gentlemen,

It gives me great pleasure to welcome you all to the 27th Annual General Meeting of Your Company. Your Company continues to grow from strength to strength every year, and I am delighted to share its performance. The performance recorded by Your Company in FY 2012-13 is even more impressive in the backdrop of slowdown in Indian economic growth and the challenging environment posed by power sector with issues of fuel supply and weak financial health of DISCOMs.

Despite the tough environment, Your Company has seen yet another year of significant achievements. Your Company, this year, has recorded unprecedented levels of annual loan sanctions of ₹75,147 Crore and loan disbursements of ₹45,151 Crore. Your Company has registered loan asset growth of 23% and net profit growth of 46%. The profitability was driven by an increase by 62 basis points in the interest spread, coupled with strong asset growth and sound asset quality. Amidst market concerns of higher NPAs, Your Company has not added any new NPAs. In fact, it has seen one of the existing NPAs converting into a Standard Asset, thereby reducing net NPAs as a percentage of loan assets to 0.63%, as against 0.93% last year. With a net profit of ₹4,420 Crore, Your Company is among the top 10 profit making PSUs in the country. Our profit per employee figure remains one of the highest in the land, having improved even further. It now stands at ₹11.5 Crore per employee as against ₹8.9 Crore per employee last year.

The Economy

Economies of the world have reached an unprecedented state of interconnectivity. No longer can any country claim to be an island in the sea of business. Economies like the US and China, which were thought to be seemingly self-sufficient and self-sustaining, have also seen sluggish growth due to the global slowdown.

Economic reports indicate that India has also seen GDP growth slowing down to 5% in line with the global slowdown. There was a marked deceleration in agriculture, industry and services. Dampening sentiment led to a cutback in investment as well as consumption expenditure - two principal drivers of growth. Inflation remained at high levels, fuelled by the pressure from the food and fuel sectors. The large fiscal and current account deficits continue to cause grave concern.

It is imperative that India regains its high growth trajectory sooner rather than later. The critical factor hindering growth, other than high Current Account Deficit and Fiscal Deficit, is also the lack of adequate infrastructure to spur economic growth. Govt. of India in its budget session announced measures to give a push to infrastructure investment emphasising the need to get back to higher GDP growth. Recently, the Hon'ble Prime Minister, in his Independence Day speech, reiterated that to facilitate investment, the Government has taken many steps to speed up the process of government clearances for industry, build an environment more conducive to trade and industry and increase investment in the economy. A special Cell has been set up to facilitate clearances for big projects. The Cabinet Committee on Investment is working to remove hindrances in the way of stalled projects. Inadequate supply of coal had become a major problem affecting the efforts to increase electricity generation, which has been resolved to a large extent.

It is estimated that to sustain about 8-9% economic growth about US$1 Trillion worth of infrastructure spend is required. A significant portion of this investment pertains to the power sector. The performance of the Indian power sector, being the key infrastructure sector, is therefore critical.

Indian Power Sector

The Indian Power Sector has seen significant acceleration in generation capacity addition. The installed capacity reached 223 GW as on 31st March, 2013 with a record capacity addition of about 55 GW during the XI plan (2007-12), followed by more than 20 GW of capacity addition in FY 2012-13 alone. The capacity addition has come from a wide spectrum of sources and technologies, ranging from super critical technology on one end, to small size renewables on the other. Further, with the shift from a controlled environment to a competitive regime, the private participation in the sector has increased by leaps and bounds to about 31% of installed capacity as on 31st March, 2013.

Govt. of India is addressing the hurdles related to the generation sector. The recent measures in this regard include presidential directive to Coal India Ltd to enter into FSAs to the revised extent of 78 GW, pass through of imported coal cost, compensatory tariff for projects having viability issues and fixation of domestic natural gas price according to production sharing contract mechanism.

On the transmission side, it is estimated that the Southern Grid will be connected with the rest of the country by the end of January, 2014, which means that, in the next four to five years, India would have the largest capacity grid, i.e., close to 200 GW. This would have inter-regional capacity of 65 GW.

On the distribution front, Govt. of India has taken several steps to enhance the viability of distribution sector. Some of the significant initiatives and developments of distribution sector are as below: -

- All States have increased tariff during 2012-13 in the range 0-37%. For 2013-14, so far, 22 states already issued tariff orders increasing the tariff in the range of 0-31%.
- R-APDRP scheme of Ministry of Power, Govt. of India, with an objective to reduce AT&C losses below 15%, has picked up pace during 2012-13, with the current status being: completion of asset mapping and consumer indexing for 853 towns, establishment of base line data of 1095 towns, commissioning of 15 data centres, achievement of go-live (Part-A) in 358 towns as against the total eligible towns of 1401 towns under the scheme.
- Financial Restructuring Package notified by Ministry of Power, Govt. of India provides for 50% of short term loans of DISCOMs upto 31.03.2012 to be taken over by State Govt. and restructuring the balance 50% by banks. 4 states (i.e. UP, Rajasthan, Haryana and Tamil Nadu) are participating in the scheme for an amount of about ₹92,000 Crore. Additionally, 6 States (i.e. Jharkhand, Kerala, Bihar, Andhra Pradesh, Himachal Pradesh & Meghalaya) participation in the scheme is underway for an amount of about ₹27,000 Crore.
- Your Company and REC together have sanctioned about ₹35,000 Crore worth of transitional loans to DISCOMs to fund the cash gap as per the FRP of respective State Govt.
- Ministry of Power, Govt. of India has taken the initiative and issued first Integrated Rating in March 2013, which is an attempt to facilitate a uniform and harmonized approach to rate State Power Distribution Utilities.
- A Task Force on Private Participation in power distribution under Shri B.K. Chaturvedi, Member, Planning Commission, studied the Franchisee Model and the PPP Model, and has endorsed both of them, leaving it to the States to choose a model which they think is more suited to their needs. Standard Bidding Documents for appointment of Input Based Urban Distribution Franchise were also issued by Ministry of Power, Govt. of India in June 2012 to facilitate private participation in distribution sector.

The aggressive implementation of R-APDRP, FRP scheme and efforts towards privatization of distribution sector is expected to enhance the overall viability of Indian power sector going forward.

Performance Highlights

You will be delighted to know that during the FY 2012-13, Your Company has earned net profit of ₹4,420 Crore registering a growth of 46%. The Total Income of the Company was ₹17,273 Crore registering an increase of 33% over last year. With the reversal of the RBI's stance towards softening of interest rates since beginning of year 2012, Your Company has seen the interest spread increase by 62 basis points, from 2.25% in FY 2011-12 to 2.87% in FY 2012-13.

During the FY 2012-13, Your Company sanctioned loans of ₹75,147 Crore and disbursed ₹45,151 Crore to State, Central and Private Sector entities. In addition, under R-APDRP Schemes sanctions and disbursement were made to the tune of ₹3,728 Crore and ₹1,217 Crore respectively. These impressive numbers take Your Company's Cumulative Sanctions to ₹4,17,836 Crore excluding ₹35,143 Crore under R-APDRP scheme and Cumulative Disbursement to ₹2,54,116 Crore excluding ₹6,720 Crore under R-APDRP. The loan sanctions outstanding and yet to be disbursed as on 31st March, 2013 stands at about ₹1.64 Lakh Crore (excluding R-APDRP).

Further, Your Company has made a total provision of ₹121 Crore for Non-Performing Assets (NPA) against Loan Assets in its Annual Accounts. After making provision on NPAs, the level of net Non-Performing Assets (NPAs) has been recorded at ₹1,013 Crore which is 0.63% to the Total Loan Assets as on March 31, 2013. Additionally, in line with RBI norms this year, Your Company has taken an initiative of standard asset provisioning at 0.25% in a phased manner. To this effect, an amount of about ₹133 Crore has been provided this year. Your Company has also built up reserve for bad and doubtful debts to the extent of about ₹1,409 Crore as at 31st March, 2013.

During FY 2012-13, the international credit rating agencies Moody's, Fitch and Standard & Poor's have given long term currency issuer ratings of Baa3, BBB- and BBB- respectively to Your Company, which are at par with sovereign rating for India. In terms of domestic ratings, the long term domestic borrowing programme (including bank loans) was awarded the highest rating of

AAA, while the short term domestic borrowing programme (including bank loans) was awarded the highest rating of A1+ by CRISIL, ICRA and CARE.

Based on strong credit rating, Your Company has raised funds to the tune of about ₹40,500 Crore this year. Out of this, about ₹30,000 Crore is through taxable bonds, US$500 million is through ECBs, ₹1,276 Crore is through tax free bonds and the remainder is through commercial paper and term loans. Your Company has raised tax free bonds from a diverse investor base through both private and public issue route with the coupon rate ranging between 6.88% and 7.86% for two different tenors of 10 and 15 years respectively.

Other Business Highlights

1. PFC Consulting Limited (PFCCL) – A wholly owned subsidiary of PFC

PFCCL, mandated to promote, organize and carry out consultancy services related to the power sector, offered its Services to 42 clients spread across 21 States/UTs. During the FY 2012-13, the total income of PFCCL was about ₹36 Crore and net profit was about ₹16 Crore. In addition, PFCCL also undertakes the work of Ultra Mega Power Projects (UMPPs) and Independent Transmission Projects (ITPs), the progress of which is indicated subsequently.

PFCCL intends to tap the opportunities available in the technical consulting domain, through a Joint Venture (JV) with a consulting organization having international experience of providing consulting solutions in Thermal Generation segment of the Power Sector. In this regard, an Expression of Interest has already been received from both global and domestic players, and is being scrutinized for finalizing the JV partner.

2. PFC Capital Advisory Services Limited (PFCCAS) – A wholly owned subsidiary of PFC

PFCCAS is exclusively focused on debt syndication services for the power sector including Identification of Lenders, Preparation of Information Memorandum / Term Sheets and assisting them in documentation for power generation projects, such as thermal, hydro, wind and solar. PFCCAS has generated a total income of ₹1.78 Crore and net profit of ₹85 lakhs in its first full year of operations i.e. FY 2012-13.

3. PFC Green Energy Limited (PFCGEL) – A wholly owned subsidiary of PFC

PFC Green Energy Limited (PFCGEL) received its certificate of registration to function as a Non-Banking Financial Company (NBFC) from the Reserve Bank of India during the year, and commenced its business operations in March, 2013. The company intends to capture substantial market share in the renewable energy sector going forward.

PFCGEL has an authorised share capital of ₹1,200 Crore and during the year the paid up capital has been increased from about ₹5 Crore to about ₹110 Crore.

4. Other developments

The Facilitation Group has been set up by Your Company to expand PFC's financing business beyond its traditional products into new areas of Forward & Backward linkages to the Power sector, like Fuel Sources Development, setting up of Equipment Manufacturing facilities and Nuclear Power Projects, among others. From its inception, till FY 2012-13, Facilitation Group has sanctioned cumulative loans amounting to ₹3,372 Crore and disbursed ₹993 Crore.

Your Company has selected TATA Capital Ltd as a partner to launch a Private Equity Fund of US$ 1 billion. We are in the process of forming a JV with TATA Capital Ltd to launch PE Fund for equity financing of power projects, with the consent of Ministry of Power.

PFCs Support To Ministry Of Power, Government Of India Schemes

1. Restructured Accelerated Power Development & Reforms Programme (R-APDRP)

As the Nodal Agency for the Ministry of Power's R-APDRP scheme, Your Company has disbursed the entire amount of ₹1,217 Crore released by Ministry of Power under R-APDRP during the FY 2012-13 to the state utilities. The cumulative disbursement under R-APDRP is ₹6,720 Crore as on March 31, 2013.

During FY 2012-13, 170 towns have gone live in seven states, namely, Andhra Pradesh (24), Gujarat (43), Karnataka (10), Maharashtra (16), Madhya Pradesh (45), Uttarakhand (2) & West Bengal (30). In such towns, all business process software modules are functional and energy audit reports are being derived from the system.

As far as implementation of Part-B projects of R-APDRP is concerned, during FY 2012-13, utilities have tied up counterpart funding amounting to ₹5,901 Crore. With this, cumulative counterpart funding tied up amounts to ₹14,665 Crore, out of which ₹4,666 Crore is from Your Company. Implementation work has commenced cumulatively in 822 towns, to strengthen & improve distribution system and reduce AT&C losses to 15% or below.

For capacity building and to recognize the need to keep pace with technology, contemporary knowledge and skill, Your Company imparted training on various themes to 16,457 personnel of Power Utilities against MoU target of 8,000.

2. **Ultra Mega Power Projects (UMPPs)**

Your Company has been designated as the Nodal Agency for the development of Ultra Mega Power Projects (UMPPs), with a capacity of about 4,000 MW each. Sixteen (16) such identified UMPPs are located at Madhya Pradesh (Sasan), Gujarat (Mundra), Andhra Pradesh (Krishnapatnam), Jharkhand (Tilaiya), Chhattisgarh (Surguja), Karnataka, Maharashtra (Munge), Tamil Nadu (Cheyyur), Odisha (Sundargarh), 2 Additional UMPPs in Odisha and 2nd UMPP in Andhra Pradesh (Prakasam), Tamil Nadu, Gujarat, Jharkhand (Deoghar) and Bihar. Of the 16 identified UMPPs, four have been transferred to the successful bidders emerging as per tariff based bidding process, following the guidelines issued by Ministry of Power, Govt. of India.

Of the remaining UMPPs, Request for Qualification (RfQ) for Chhattisgarh UMPP and Odisha UMPP were issued in March, 2010 and June, 2010 respectively. Responses for RfQ for Odisha UMPP were received on August 1, 2011. However the two referred UMPPs are awaiting revised Standard Bidding Documents. Other UMPPs namely, Coastal Karnataka Power Limited, Coastal Maharashtra Mega Power Limited, Coastal Tamil Nadu Power Limited, Sakhigopal Integrated Power Company Limited, Ghogarpalli Integrated Power Company Limited, Tatiya Andhra Mega Power Limited, Deoghar Mega Power Limited, Bihar UMPP, Gujarat 2nd UMPP and Tamil Nadu 2nd UMPP are under various stages of development.

3. **Independent Transmission Projects (ITPs)**

Ministry of Power (MoP) has also initiated Tariff Based Competitive Bidding Process to develop transmission capacities in India, in order to bring in private sector participation. MoP has appointed Your Company as Bid Process Coordinator, for two (2) projects and PFCCL (wholly owned subsidiary of Your Company) for nine (9) projects. Out of these eleven (11) projects, four (4) have already been transferred to the successful bidders and the remaining are under process.

4. **Ministry of Power's Integrated Rating Framework for State Distribution Utilities**

During FY 2012-13, Ministry of Power, Govt. of India has formulated an Integrated Rating Methodology covering the State Power Distribution Utilities with Your Company as the Nodal Agency for coordinating these activities. The main objectives of the integrated rating system for the state distribution utilities are to develop a mechanism for incentivizing/dis-incentivizing the distribution entities in order to improve their operational and financial performance, evaluate all utilities in the power distribution sector on the basis of current levels of performance as well as on relative improvements in performance achieved on a year to year basis, facilitate realistic assessment by Banks/FIs and enable funding with appropriate loan covenants, and to serve as a guiding factor for Govt. of India's assistance to the state power distribution sector under various initiatives.

The Integrated Rating framework covers all state distribution utilities (including SEBs/utilities with integrated operations) except state power departments. The integrated ratings shall be carried out on an annual basis by independent credit rating agencies.

The first Integrated Rating exercise covering all the 39 state distribution utilities was carried out by ICRA and CARE, and the same were declared on March 19, 2013.

Other Initiatives

1. **Corporate Social Responsibility (CSR)**

Your Company has implemented its CSR policy in all earnest and with great zeal. Your Company has entered into a MoU with Govt. of India for spending 0.5% of PAT towards CSR activities as part of its Corporate Social Responsibility. The company had accordingly allocated ₹15.29 Crore for CSR initiatives in the FY 2012-13.

However Your Company had sanctioned projects/activities worth ₹19.34 Crore in FY 2012-13 and disbursed ₹16.09 Crore for the projects sanctioned in FY 2012-13 & FY 2011-12. During the year Your Company had implemented wide range of activities in the field of solar energy, skill development, relief to the victims of natural calamities in various states etc.

2. **Sustainable Development (SD) Activities**

The aim of the Sustainable Development Policy is to ensure that Your Company becomes a socially responsible corporate entity by finding ways to develop social, financial and environmental resources that meet the needs of the present, without compromising the ability of future generations to meet their own needs. Your Company has entered into an MoU with Ministry of Power, Government of India for spending ₹50 lakh plus 0.1% of Profit After Tax (consolidated), exceeding ₹100 Crore of the last year, towards Sustainable Development activities during the year.

During the year, Your Company had allocated ₹3.46 Crore for SD initiatives. However, Your Company sanctioned projects/activities worth ₹4.32 Crore and disbursed ₹3.47 Crore in the FY 2012-13.

Awards And Accolades

Your Company's performance was recognized well, which is reflected in the awards and accolades received during the year as listed below: -

- **SCOPE Gold Trophy for "Best managed Bank, FI or Insurance Company" from H.E. President of India.**

- **Dun & Bradstreet PSU Award in the NBFC Category** for business size, growth, profitability and governance.
- PSU Award from Dainik Bhaskar for **"Special recognition for contribution in Power Distribution Sector"**
- Jindal Global Business School–Top Rankers Excellence award in category of **"Best Organisation of the year".**
- **"Mighty Masters-Largest Balance Sheet and Topline Non-Manfacturing Navratna"** award from Dalal Street.
- ICC PSE Excellence Award for **"Best Human Resource Management".**
- Enertia award for **"Best Power Financing Company".**
- India Power Award for **"Large Financial Institution"**.

Strategy

The strategy of Your Company is to remain a dominant player in the Indian power sector by continuing the growth story with a focus on financing power sector and making inroads into new avenues of business to accelerate growth of the Company. Your Company has developed a wide range of products and services and innovates continuously to cater to the changing needs of clients across the value chain of the power sector, which enables it to further consolidate its position. Your Company also plans to capture additional business in the areas of renewable energy, loan syndication and equity financing related to the power sector, in order to expand its operations beyond traditional financing.

Additionally, Your Company shall continue to play a vital role by implementing Govt. of India schemes and will help create a more sustainable development of the Indian power sector. While Your Company is focused on retaining its dominant position and developing the power sector, it will do so by adopting sound governance principles and fulfilling corporate social responsibilities.

Acknowledgements

As our shareholders, your contribution and continued support to PFC means the world to us. Our success is built on the foundation of your trust, and for this, we thank you. Your Company is also truly grateful for the support it has received from its Board of Directors, Investors and Valued Clients.

My sincere and heartfelt thanks go out to the Hon'ble Minister of State for Power (Independent Charge), Secretary (Power), officials of the Ministry of Power, 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., Planning Commission, CEA, C&AG, Statutory Auditors and other concerned Government Departments/Agencies at the Central and State level, The World Bank, The Asian Development Bank, USAID, KfW of Germany and various international financial institutions/banks, Commercial Banks, Financial Institutions, Registrars and other agencies for their continuous support. I also appreciate the continuous and unwavering support of our friends in the Electronic and Print Media.

In the end, I thank the employees of PFC, for their efforts and incredible hard work in making PFC the company it is today.

As always, we continue to create opportunities for a better tomorrow.

Satnam Singh

(SATNAM SINGH)
CHAIRMAN & MANAGING DIRECTOR

AWARDS

Shri Satnam Singh, CMD, PFC receiving the prestigious "India Pride Award" for the year 2012-13 in the category of "Special Recognition for contribution in Power Distribution" from Hon'ble Union Minister of Petroleum & Natural Gas, Dr M. Veerappa Moily at a function organized by Dainik Bhaskar Group on 28th January, 2013.

Shri Satnam Singh, CMD, PFC receiving the "Enertia Award 2012" in the category of "Best Power Financing Company" from Hon'ble Union Minister of New and Renewable Energy, Dr Farooq Abdullah at a function organized by Falcon Media on 22nd November, 2012.

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Power Finance Corporation Ltd. will be held on **Thursday, September 26, 2013 at 10:00 AM** at Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and Profit and Loss Account for the financial year ended on that date along with Report of the Board of Directors and Auditors thereon.
2. To confirm interim dividend and declare final dividend for the year 2012-13.
3. To appoint a Director in place of Shri M. K. Goel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Krishna Mohan Sahni, who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix the remuneration of the Auditors.

By order of the Board of Directors

Manohar Balwani

Company Secretary

Registered office:
Urjanidhi, 1, Barakhamba Lane,
Connaught Place,
New Delhi- 110001
Date: 21.08.2013

NOTES:-

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. Proxy form duly completed must be deposited at the registered office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting. Blank proxy form is enclosed**. Proxy so appointed shall not have any right to speak at the meeting.
2. As required by clause 49 of Listing Agreement, a brief profile of Shri M. K. Goel & Shri Krishna Mohan Sahni, Director(s) retiring by rotation and seeking re-appointment under item nos. 3 & 4 aforesaid in accordance with applicable provisions of the Companies Act, 1956 as well as profiles of Shri J. N. Prasanna Kumar & Shri Vijay Mohan Kaul, Directors who have been appointed since last Annual General Meeting are annexed.
3. None of the Directors of the Company is in any way related to each other.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 12, 2013 to September 26, 2013 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if approved by the members at the Annual General Meeting, will be paid on or after October 7, 2013 to the Members or their mandates whose names appear on the Company's Register of Members on September 26, 2013 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on September 11, 2013.
5. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. Members are requested to:-
   a. note that copies of Annual Report will not be distributed at the Annual General Meeting.
   b. deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Auditorium will be strictly on the basis of the Entry Slip available at the counters at the venue to be exchanged with the Attendance Slip.
   c. quote their Folio/Client ID & DP ID Nos. in all correspondence.
   d. note that due to strict security reasons brief cases, eatables and other belongings are not allowed inside the auditorium.
   e. note that no gifts/coupons will be distributed at the Annual General Meeting.
7. The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including annual report can be sent by e-mail to the members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their email id, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold the shares in physical form are requested to get their e-mail id registered with Karvy Computershare Private Limited, Registrar & Share Transfer Agent (RTA) of the Company.

8. 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 Karvy Computershare Private Limited, Registrar & Share Transfer Agent (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/Registrar & Share Transfer Agent /DP with complete details need not send it again.

   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 to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.

9. For securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, SEBI has made it mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of such transfer of shares. Accordingly, members holding shares in physical mode should attach a copy of their PAN card for every transfer request sent to Company/RTA.

10. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or our Registrar & Share Transfer Agent alongwith relevant Share Certificates.

11. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and/or change in address and bank account, to Company's Registrars.

12. The Board of Directors in its meeting held on January 30, 2013 had declared an interim dividend @ 60% on the paid-up equity share capital of the company which was paid on February 13, 2013. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.

13. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, 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. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately on receipt. The details of investors' (whose refund is due) are available on MCA website (Form 5 INV) as well as company's website so as to enable the investors to claim their refund.

14. Pursuant to Section 619(2) of Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Section 224(8)(aa) of the Companies Act, 1956, their remuneration has to be fixed by the Company in Annual General Meeting. The Members of the Company in the 26th Annual General Meeting held on September 21, 2012 authorized the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2012-13. Accordingly, the Board of Directors fixed audit fee of ₹15,00,000/- for the Statutory Auditors for the financial year 2012-13 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses. Further, the Statutory Auditors of the Company for the year 2013-14 had been appointed by C&AG of India, the members may authorize the Board of Directors to fix an appropriate remuneration of Auditors for the year 2013-14 as may be deemed fit by the Board.

15. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to write to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company in the prescribed form. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.

16. Member who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agent of the Company and to their respective depository participants, in case shares are held in electronic mode.

17. Pursuant to the requirement under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Board of Directors shall place before the shareholders, a certificate from the auditors of the company that the Employee Stock Option Scheme of the Company i.e. "PFC ESOP-2010" scheme has been implemented in accordance with these guidelines and in accordance with the resolution passed in the annual general meeting held on September 21, 2010.

18. Members desirous of getting any information on statements of accounts and any other business of this Meeting are requested to address their queries to Company Secretary of the Company at the registered office of the Company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.

19. All documents referred to in the accompanying notice and Statutory Registers are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

20. The entire Annual Report is also available on the Company's website www.pfcindia.com.

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AND ALSO OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING.

Directors seeking re-appointment at 27th Annual General Meeting

Name	**Shri M. K. Goel**	**Shri Krishna Mohan Sahni**
Date of Birth and Age	17.09.1956/56 yrs	19.12.1946/66 yrs
Date of Appointment	27.07.2007	31.12.2010
Qualification	B.Tech. (Electrical)	M.A. (History), M.Sc (Eco)
Expertise in Functional Areas	He has experience in the power sector of around three decades. As Director (Commercial), he is in-charge of Commercial Division of the Company. He has been instrumental in inducing the reforms in State Power Sector and is steering the implementation of Restructured Accelerated Power Development & Reform Programme, a flagship reform programme of Government of India, besides heading our Entity Appraisal, Human Resource, Administration, Rajbhasha, Information Technology, Legal & Documentation and CSR & Sustainable Development activities.	He is a 1969 batch IAS officer of the Union Territory cadre. He held various positions such as Secretary, Ministry of Labour and Employment, GoI, Additional Secretary, Ministry of Agriculture, GoI, Principal Secretary, General Administration Department and Tourism, Government of NCT of Delhi, Principal Secretary (Power), GoI, Chairman and Managing Director of Delhi Transco Limited and Delhi Financial Corporation, Managing Director of Delhi Tourism Development Corporation Limited (now known as Delhi Tourism and Transportation Development Corporation Limited) and Delhi State Industrial Development Corporation Limited (now known as Delhi State Industrial and Infrastructure Development Corporation Limited).
Directorship in other companies	• PTC India Limited • Orissa Integrated Power Limited • Sakhigopal Integrated Power Company Limited • Ghogarpalli Integrated Power Company Limited • PFC Consulting Limited • Tatiya Andhra Mega Power Limited • PTC India Financial Services Limited • PFC Capital Advisory Services Limited • PFC Green Energy Limited	• Omnibus Industrial Development Corporation of Daman Diu And Dadra Nagar Haveli Ltd. • National Multi Commodity Exchange of India Ltd.
Chairman/Membership of Committees* across all public companies	**Power Finance Corporation Ltd**. - Member, Shareholders'/ Investors' Grievance Committee **PFC Green Energy Limited -** Member, Audit Committee	Nil
Number of shares held in the Company	12389	Nil

Directors appointed since last Annual General Meeting held on 21st September, 2012

Name	Shri J. N. Prasanna Kumar	Shri Vijay Mohan Kaul
Date of Birth and Age	4.09.1949/63 years	18.03.1952/61 years
Date of Appointment	22.12.2012	24.06.2013
Date of cessation	Continuing	Continuing
Qualification	B. Com., Chartered Accountant	B.Tech.(Mech), MBA
Expertise in Functional Areas	He was the former Director (Finance) of Neyveli Lignite Corporation Limited and also held additional charge of CMD of Neyveli Lignite Corporation Limited. He also held the position of Chairman, NLC Tamil Nadu Power Limited, Tuticorin. He carries with him vast experience in Power and Mining sectors. He was instrumental in formulating many funding strategies. At present he is practising as a Chartered Accountant and a partner in M/s. G. P. Ramachandran & Associates, Chartered Accountants, Bangalore.	Shri Kaul has over 38 years of work experience in multidisciplinary functions like Management of Power and Transmission projects, setting up of Joint Venture (PPP) projects, Contract Management & Quality Assurance, Human resource management, training & development, business development & International Business etc. in premier organizations like Power Grid Corporation of India Limited, NTPC, Engineers India Limited etc.
Directorship in other companies	• MIC Electronics Ltd.	• Uttar Haryana Bijli Vitran Nigam Limited • Jyoti Structures Limited
Chairman/ Membership of Committee* across all public companies	**Power Finance Corporation Ltd**. - Chairman, Shareholders'/ Investors' Grievance Committee and Member, Audit Committee	**Jyoti Structures Limited** – Member, Audit Committee
Number of shares held in the Company	Nil	Nil

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

DIRECTORS' PROFILE

Shri Satnam Singh
Chairman and Managing Director

Shri Satnam Singh, 54 years, is the Chairman and Managing Director (CMD) of PFC since August, 2008. As CMD, he heads the company and provides strategic direction and guidance to all the activities of the company.

Shri Satnam Singh holds a Bachelor's degree in Commerce and a Master's degree in Business Administration. Shri Satnam Singh has varied experience of 33 years in power and financial sector. He joined PFC in 1996 and became a member of the board as Director (Finance & Financial Operations) in February 2005.

Under his leadership, PFC has shown consistent business growth and profitability, as a result, PFC has become the largest NBFC in India based on the size of networth. He was not only instrumental in the success of Initial Public Offer (IPO) of PFC but also spear headed the subsequent Further Public Offer (FPO), which saw success despite toughest market conditions. He has redefined PFC's strategy as a company seeking accelerated growth year after year. This approach is manifested in PFC's diversification into areas like consortium lending, financing renewables, equity financing, acquisition advisory services and funding backward linkages to power sector like fuel supply, gas, coal etc and promoting forward linkages to power sector like power exchanges.

Additionally, he is playing a critical role in the development of power sector through implementation of Ultra Mega Power Projects (UMPPs) and Restructured APDRP programme, which are the key GoI programmes of significant national importance. He is also a member of High Level Committees, approved at the level of Prime Minister of India, on (1) "Financial Position of Distribution Utilities" to look into the financial problems of SEBs and to identify corrective steps and (2) "Financing Infrastructure" to assess XII plan infrastructure investment required and suggest measures to facilitate investment flows.

Considering his contribution to development of power sector and financial industry and also his unique leadership abilities, he was conferred with various prestigious awards namely "Leading Energy Personality – Finance 2012", "Outstanding Entrepreneurship Award, 2011", "Power Today Person of the Year, 2010", "Distinguished Fellowship Award", "Bharat Siromani Award 2009" and "Achiever Excellence Award". Some of the recipients of such awards were A P J Abdul Kalam, Mother Teresa, Montek Singh Ahuluwalia, Justice P.N. Bhagwati etc.

Shri Satnam Singh was holding 25155 equity shares in the Company as on 31st March, 2013.

Shri M.K. Goel
Director (Commercial)

Shri Mukesh Kumar Goel, 56 years, holds a Bachelor's degree in Technology specializing in Electrical Engineering from Kanpur University. Shri Goel has power sector experience of over thirty five years. He was working with NHPC Limited, prior to joining PFC on November 22, 1988. He joined the Board on July 27, 2007. As Director (Commercial), he is in-charge of Commercial Division of the Company. He has been instrumental in inducing the reforms in State Power Sector and is steering the implementation of Restructured Accelerated Power Development & Reform Programme, a flagship reform programme of Government of India, besides heading our Entity Appraisal, Human Resource, Administration, Rajbhasha, Information Technology, Legal & Documentation and CSR & Sustainable Development activities.

Shri M.K. Goel was holding 12389 equity shares in the Company as on March 31, 2013.

Shri R. Nagarajan
Director (Finance)

Shri Radhakrishnan Nagarajan, 56 years, holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant, Cost Accountant and a certified associate of Indian Institute of Bankers. Shri Nagarajan has more than three decades of experience having worked in Andhra Bank and in PFC at different positions. He joined PFC in the year 1995 and had been holding the post of Executive Director (Finance) since January 2008 before joining the Board in July, 2009.

During his tenure as Executive Director (Finance) in PFC, Shri Nagarajan had overseen various business activities relating to Initial Public Offer, Resource Mobilization, Banking, Treasury, Disbursement, Recovery, Internal Audit, Power Exchange, Asset Liability and Risk Management etc. As Director (Finance), he is responsible for all functions of the finance division of the Company.

He is also President of the Project Monitoring Society and Treasurer of the World Energy Council, India.

Shri R. Nagarajan was holding 26869 equity shares in the Company as on March 31, 2013.

Shri A. K. Agarwal
Director (Projects)

Shri Anil Kumar Agarwal, 56 years, is B.E. (Elect.) with Hons. from MNREC, Allahabad. As Director (Projects), he is responsible for appraisal, sanction and disbursement of financing proposals in the state and private sectors, which include generation, transmission, distribution and renewable energy projects of the utilities and increasing focus on consortium lending & expanding PFC's business through funding of backward & forward linkages i.e. coal gas, oil & equipment manufacturing.

Shri Agarwal has spent more than 32 years in the power sector in various capacities in BHEL and PFC. In BHEL he was responsible for commissioning of Thermal plants upto 210 MW at various project sites in Northern India. Shri Agarwal has been serving PFC for more than 22 years and has been actively involved in assisting utilities in procurement of goods under ADB/WB financing, thermal appraisal, entity appraisal of private sector projects, renewable energy, fixing of sanction and disbursement targets and their achievement, coordinating activities of Projects Division and was also looking after Tadri and Krishnapattnam UMPP. He was also holding the charge of CEO, PFC GEL a 100% subsidiary of PFC.

His major areas of interest are power sector reforms and renewable energy projects. He has been on a number of important assignments including the one he currently holds as Chairman of EESL.

Shri Anil Kumar Agarwal, was holding 25859 equity shares in the Company as on March 31, 2013.

Shri B.N.Sharma

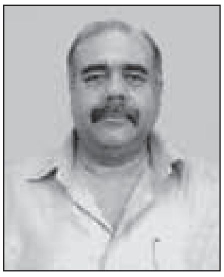
Govt. Nominee Director

Shri B.N.Sharma, 54 years, is presently Joint Secretary to the Ministry of Power, Government of India. He holds a bachelor's degree and a master's degree in financial management. He has been an IAS officer of the Rajasthan cadre and has experience in the civil services for about 27 years. Prior to joining MoP, he has served as the principal secretary in medical, health and family welfare department in Rajasthan. Shri Sharma has also served as the commissioner of the commercial taxes department at Rajasthan, managing director of Rajasthan State Industrial and Investment Corporation Limited, chairman and managing director of Rajasthan Financial Corporation and as the secretary of the finance department and elementary, secondary and Sanskrit education department in Rajasthan. Prior to that he has worked as collector and district magistrate of Jaipur, Alwar and Tonk districts in Rajasthan, as chariman and managing director of Jaipur Vidhyut Vitran Nigam Limited, Jaipur, and as secretary, Rajasthan State Electricity Board, Jaipur. Shri Sharma has also served as a director on the boards of various companies including Rajasthan Drugs and Pharmaceuticals Limited, Rajasthan Medical Services Corporation Limited, Rajasthan Small Industries Corporation Limited, Rajasthan Asset Management Company Private Limited, Rajasthan Trustee Company Private Limited and Rajasthan Electronics and Instruments Limited.

Shri B.N.Sharma was holding nil equity shares in the Company as on March 31, 2013.

Shri Ajit Prasad

Independent Director



Shri Ajit Prasad, 55 years, holds a Master's degree in Economics from University of Delhi and a Post Graduate Diploma in Management from the International Management Institute. He also holds a Ph.D. from Patna University and has done MSc from the London School of Economics. Presently, he is Dean & Professor of Strategy of the Indian Institute of Management, Raipur. His publications and research interests are in the areas of corporate planning, strategic thinking and governance inclusive of issues on ethics and Corporate Social Responsibility.

Shri Ajit Prasad was holding nil equity shares in the Company as on March 31, 2013.

Shri Krishna Mohan Sahni

Independent Director

Shri Krishna Mohan Sahni, 66 years, holds a Bachelor's degree in English literature and a Master's degree in History from University of Delhi. He is a 1969 batch IAS officer of the Union Territory cadre. He held various positions such as Secretary, Ministry of Labour and Employment, GoI, Additional Secretary, Ministry of Agriculture, GoI, Principal Secretary, General Administration Department and Tourism, Government of NCT of Delhi, Principal Secretary (Power), GoI, Chairman and Managing Director of Delhi Transco Limited, Managing Director of Delhi Tourism Development Corporation Limited (now known as Delhi Tourism and Transportation Development Corporation Limited) and Managing Director of Delhi State Industrial Development Corporation Limited (now known as Delhi State Industrial and Infrastructure Development Corporation Limited) and Delhi Financial Corporation.

Shri Krishna Mohan Sahni was holding nil equity shares in the Company as on March 31, 2013.

Shri J. N. Prasanna Kumar

Independent Director

Shri J. N. Prasanna Kumar, 63 years, holds a bachelor's degree in commerce and is a qualified Chartered Accountant. He retired as Director (Finance) of Neyveli Lignite Corporation Limited (NLC) and has held additional charges as CMD in NLC for six months during his tenure. He is presently a partner in G.P Ramachandran and Associates (CA firm).

Shri J.N. Prasanna Kumar was holding nil equity shares in the Company as on March 31, 2013.

Shri Vijay Mohan Kaul

Independent Director

Shri Vijay Mohan Kaul, 61 years, holds a Bachelor's degree in Mechanical Engineering from IIT, Delhi and a MBA Degree. Shri Kaul has over 38 years of experience in multidisciplinary functions like management of power and transmission projects, joint ventures, contract management, quality assurance, human resource management etc. in premier organisations like Power Grid Corporation Of India Limited, NTPC Limited, Engineers India Ltd etc. He superannuated as Director (personnel) Power Grid Corporation of India Limited in March, 2012.

Shri Vijay Mohan Kaul was holding nil equity shares in the Company as on March 31, 2013.

DIRECTORS' REPORT 2012-2013

To

The Members,

Power Finance Corporation Limited

On behalf of Board of Directors, I have pleasure in presenting 27th Annual Report on the performance of your company for the financial year ended March 31, 2013 along with Audited Statements of Accounts, Auditor's Report & review of accounts by the Comptroller and Auditor General of India.

1. FINANCIAL HIGHLIGHTS

(a) PROFITABILITY

(₹ in crore)

Particulars	2012-13	2011-12
Profit Before Tax	5967.04	4104.25
Provision for Income Tax (current year)	(-) 1543.57	(-) 1070.87
Provision for Income Tax (earlier years)	128.49	2.82
Provision for Deferred Tax Liability	(-) 132.36	(-) 4.46
Profit After Tax	4419.60	3031.74
Appropriations of Profit after Tax:		
Reserve for Bad & Doubtful Debts u/s 36(1) (viia) (c) of Income Tax Act, 1961	250.40	173.73
Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	1155.90	776.20
Debenture Redemption Reserve	219.06	55.73
CSR Reserve	18.36	0.00
SD Reserve	0.49	0.00
General Reserve	442.00	304.00
Interim Dividend	792.01	659.97
Proposed Final Dividend	132.00	132.00
Corporate Dividend Tax paid on Interim Dividend	128.48	107.06
Proposed Corporate Dividend Tax on Final Dividend	22.43	21.41
Balance carried to Balance Sheet	1258.47	801.64

(b) LENDING OPERATIONS

(₹ in crore)

Particulars	2012-13	2011-12
Sanction	75147	59429
Disbursement	45151	39818

(c) R-APDRP OPERATIONS

(₹ in crore)

Particulars	2012-13	2011-12
Sanctioned project cost	3728	9595
Disbursement	1217	1600

2.0 FINANCIAL PERFORMANCE

2.1 REVENUE

The highest ever total income achieved by your company during the FY 2012-13 was ₹17,272.55 crore registering an increase of 33% over the total income of ₹13,037.11 crore achieved last fiscal. Operating income for the current year increased from ₹13,014.85 crore to ₹17,260.27 crore registering an increase of 33% over last fiscal. Interest income including lease income for the year increased from ₹12,621.06 crore to ₹16,917.04 crore.

2.2 EXPENSES

The total expenditure for the FY 2012-13 amounted to ₹11,305.51 crore as against expenditure of ₹8,932.86 crore during last fiscal. Interest, finance and other charges including bond issue expenses incurred during FY 2012-13 amounted to ₹11,088.41 crore as against ₹8,661.55 crore in the previous year. These expenses constituted 98% of total expenditure in the FY 2012-13 as compared to 97% in the previous year. Employee Benefit and other administrative expenses for the FY 2012-13 reduced from 1.39% of total expenses during last fiscal to 1.23% of total expenses. Further, these Employee Benefit and other administrative expenses amounted to 0.09% of the Loan assets in the FY 2012-13 as against 0.10% of loan assets last fiscal.

2.3 PROFIT

During the FY 2012-13, your Company earned its highest ever net profit of ₹4,419.60 crore registering a growth of 46% over the net profit of ₹3,031.74 crore earned by your company during FY 2011-12.

2.4 SHARE CAPITAL

As on April 1, 2012, the paid-up share capital of the Company was ₹1,319.93 crore comprising of 1,31,99,31,705 equity shares of face value ₹10 each.

During FY 2012-13, 83,306 equity shares of face value ₹10/- each were allotted to the employees under the Company's Employee Stock Option Scheme i.e. PFC ESOP 2010. Consequent to this allotment, the paid-up equity share capital of the Company stands increased to ₹1,320.02 crore comprising of 1,32,00,15,011 equity shares of face value ₹10 each as on March 31, 2013.

Further, the Board of Directors in its meeting held on July 15, 2013 has allotted 21,820 equity shares of face value of ₹10 each. Consequent to this allotment, the paid-up equity share capital of the Company stands increased to ₹1,320.04 crore comprising of 1,32,00,36,831 equity shares of face value ₹10 each.

2.5 DIVIDEND

Your Directors have recommended a final dividend of ₹1 per equity share in addition to an interim dividend of ₹6 per equity share paid on February 13, 2013.

The total dividend for the FY 2012-13 thus aggregates to ₹7 per equity share as against ₹6 per equity share paid for the previous year. The final dividend will be paid after approval at the Annual General Meeting. The total dividend pay-out for the year 2012-13 amounts to ₹924.01 crore as against a dividend pay-out of ₹791.97 crore in the preceding year.

2.6 ISSUE OF TAX FREE BONDS

Your company came out with the public issue of Tax Free Bonds Tranche-I from December 14, 2012 till December 27, 2012 in two series i.e. Series 1 & 2. The interest rate of Series 1 was 7.19% and of Series 2 was 7.36%. An additional interest of 0.50% p.a. has been made available to the original allottees under retail category for bonds of both the series. The company mobilized resources to the tune of ₹699.75 crore in both the series from the market. The date of allotment of said public issue of Tax Free Bonds was January 4, 2013. These bonds have been listed on Bombay Stock Exchange (BSE). The funds raised from the above said issue were utilized towards lending purposes and working capital requirements.

Your Company also came out with the Public issue of Tax free Bonds Tranche-II from February 18, 2013 till March 19, 2013 in two series i.e. Series 1 & 2. The interest rate of Series 1 was 6.88% and of Series 2 was 7.04%. An additional interest of 0.50% p.a. has been made available to the original allottees under retail category for bonds of both the series. The Company mobilized resources to the tune of ₹165.37 crore in both the series from the market. The date of allotment of said public issue of Tax Free Bonds was March 28, 2013. These bonds have also been listed on Bombay Stock Exchange (BSE) w.e.f. April 10, 2013. The funds raised from the above said issue will be utilized towards lending purposes, debt servicing and working capital requirements.

Your Company also came out with the Private placement of Tax free Bonds issue in the month of November, 2012 in two series i.e. Series 94 (A&B) & Series 95 (A&B). The interest rate of Series 94 (A&B) for 10 years and 15 years was 7.21% p.a. and 7.38% p.a. respectively and of Series 95 (A&B) for 10 years and 15 years were 7.22% p.a. and 7.38% p.a. respectively. The Company mobilized resources to the tune of ₹410 crore in both the series. The date of allotment of these Private placements of Tax Free Bonds series 94 & 95 (A&B) was November 15, 2012 and November 29, 2012 respectively. These bonds are listed on National Stock Exchange (NSE).

3.0 LENDING OPERATIONS

Your Company issued its highest ever sanctions of loans amounting to ₹75,147 crore during the FY 2012-13 to State, Central and Private Sector entities. In addition to above, projects worth ₹3,728 crore were sanctioned under R-APDRP scheme during 2012-13. With this, cumulative sanctions amount to ₹9,52,979 crore including ₹35,143 crore under R-APDRP scheme.

An amount of ₹45,151 crore was disbursed to State, Central, Private and Joint Sector entities during the FY 2012-13 in addition to disbursement of ₹1,217 crore under R-APDRP scheme. With this the cumulative disbursements amount to ₹2,60,836 crore including cumulative disbursements of ₹6,720 crore under R-APDRP scheme.

3.1 Financial Assistance

3.1.1 Sector-wise

(₹ in crore)

Category	2012-13		Cumulative upto March, 2013	
	Sanctions	Disbursements	Sanctions	Disbursements
State Sector	55410	34781	294970	184950
Central Sector	474	1577	33665	30731
Private Sector	19263	6731	71972	25810
Joint Sector	-	2062	17229	12625
Total	**75147**	**45151**	**417836**	**254116**

3.1.2 Discipline-wise

(₹ in crore)

Category	2012-13		Cumulative upto March, 2013	
	Sanctions	Disbursements	Sanctions	Disbursements
Thermal Generation	31546	22743	239544	132162
Hydro Generation	4484	1952	37669	24997
Wind, Solar, Bagasse and Biomass	2240	417	4089	1589
Renovation and Modernization of Thermal Power Stations	13	462	7753	6360
Renovation & Uprating of Hydro Power Projects	69	7	1615	1080
Transmission	8278	2033	39801	21138
Distribution	460	1265	16192	12231
Short Term Loans	4760	3120	38880	37090
Counterpart funding for R-APDRP Part B	890	15	4666	15
Transitional Finance	18188	12818	18188	12818
Others*	4219	319	9439	4636
Total	**75147**	**45151**	**417836**	**254116**

* Others include Decentralized Management, Project Settlement, Pre Investment Fund, Technical Assistance Project, Medium Term Loan, Buyers Line of Credit, Equipment Manufacturing Loan, Loan for Asset Acquisition, Bill Discounting, Studies, Loan for Redemption of bonds, Purchase of power through PXI, Loan for Promoter's Equity, Computerization, Fuel Sources Development, funding of Regulatory assets, Loan against receivables etc.

3.1.3 Product-wise

(₹ in crore)

Category	2012-13		Cumulative upto March, 2013	
	Sanctions	Disbursements	Sanctions	Disbursements
Term Loans	51468	28933	353355	198461
Short Term Loans	4760	3120	38880	37090
Leasing	-	-	1043	795
Grants	-	1	73	55
Transitional Finance	18188	12818	18188	12818
Others **	731	279	6297	4897
Total	**75147**	**45151**	**417836**	**254116**

** Others include Debt Refinancing, Bridge Loan, Loan to Equipment Manufacturers, Buyers Line of Credit, Bill Discounting, Purchase of power through PXI etc.

3.2 Financial Assistance under R-APDRP

(₹ in crore)

Category	2012-13		Cumulative upto March, 2013	
	Sanctioned project cost	Disbursements	Sanctioned project cost	Disbursements
Part A (IT)	47	282	5243	2043
Part A (SCADA)	27	111	1470	412
Part B	3654	824	28430	4265
Total	**3728**	**1217**	**35143**	**6720**

3.3 GENERATION PROJECTS

3.3.1 THERMAL PROJECTS

Thermal Power generation comprises a major proportion of India's total installed capacity. During the FY 2012-13, the Company has sanctioned loans amounting to ₹31,546 crore and disbursed an amount of ₹22,743 crore for thermal power projects. The cumulative financial support provided by the Company for thermal generation schemes is ₹2,40,644 crore out of which ₹1,32,162 crore has been disbursed till March 31, 2013.

The major thermal generation projects sanctioned by your Company during the year include: OBRA-C Extension TPS (2x660 MW), Bellary TPS (1x700 MW), SDSTPS Unit III at Krishnapatnam (1x800 MW), 2x660MW TPS at Angul Distt, Odisha, 5x270 MW phase-II TPP at Nasik.

3.3.2 HYDRO PROJECTS

Hydro generation capacity in the country needs significant augmentation for overall systems to have optimal energy mix. During the FY 2012-13, loans amounting to ₹4,484 crore were sanctioned and an amount of ₹1,952 crore was disbursed by your company. The cumulative financial support provided by the Company for hydro generation scheme is ₹37,669 crore out of which ₹24,997 crore has been disbursed till March 31, 2013.

3.4 RENOVATION, MODERNISATION AND LIFE EXTENSION

3.4.1 THERMAL PROJECTS

During the FY 2012-13, loans worth ₹13 crore were sanctioned for R&M and life extension of thermal power plants and an amount of ₹462 crore was disbursed. Cumulatively, an amount of ₹7,753 crore has been sanctioned and ₹6,360 crore stands disbursed till March 31, 2013.

3.4.2 HYDRO PROJECTS

During the FY 2012-13, loans worth ₹69 crore were sanctioned for R&M of Hydro power projects and an amount of ₹7 crore was disbursed. Cumulatively, an amount of ₹1,615 crore has been sanctioned and ₹1,080 crore stands disbursed till March 31, 2013.

3.5 TRANSITIONAL LOANS

In August 2012, your company formulated Broad Guidelines for "Transitional Financing to Discoms for supplementing the Financial Restructuring Scheme approved by GoI" by providing funding towards the yearly cash gap as per Financial Restructuring Plan (FRP). The objective is to provide financial support to meet the temporary liquidity crunch being faced by the Discoms and to enable these Discoms to bring financial turnaround over a specified period. While formulating the scheme, terms and conditions were stipulated to enable the Distribution companies to convert into a financially stable entity which will pave the way for further sustainable investment in power sector. Your Company has already sanctioned transitional loans of ₹18,188 crore to various Discoms in the states of Punjab, Haryana, Uttar Pradesh, Rajasthan and Tamil Nadu. Further, an amount of ₹12,818 crore has already been disbursed under these loans as on March 31, 2013.

4.0 REALISATION

Your Company gives utmost priority to the realisation of its dues towards principal, interest etc. Out of ₹31,158.72 crore to be recovered towards principal, interest etc. under rupee term loans, bill discounting, working capital, lease financing, foreign currency loan, loans for equipment financing and guarantee fee, an amount of ₹30,894.97 crore was actually realised. This works out to an overall recovery rate of 99.15% (previous year 98.91%). The overall recovery rate has been consistently maintained at 96-99% for past decade. Your company has achieved recovery rate of 99.39% in respect of principal amount due during the year.

In terms of Prudential Norms applicable, the provisioning on Non Performing Loan Assets has been reduced by an amount of ₹22.39 crore during the year. The Company has made a total provision amounting to ₹121.48 crore for Non-Performing Assets (NPA) against Loan Assets in its Annual Accounts upto the year 2012-13. After making provision on NPA, the level of net Non-Performing Assets (NPA) has been recorded at ₹1,013.04 crore which is 0.63% to the Total Loan Assets as on March 31, 2013.

In addition to above, the company has also made a provision of ₹132.79 crore on standard assets outstanding as on March 31, 2013, which would strengthen PFC's balance sheet by providing a buffer provisioning and inspire higher levels of confidence amongst investors, regulators and other stakeholders in your company.

5.0 RESTRUCTERED LOANS

The details of loans restructured during the FY 2012-13 are as follows:

Particular		FY 2012-13	FY 2011-12
Standard Loans Restructured	No. of Borrowers	7	4
	Amount Outstanding	3699.84	2868.46
Sub-Standard Loans Restructured	No. of Borrowers	1	1
	Amount Outstanding	325.00	227.61
Doubtful Loans Restructured	No. of Borrowers	-	-
	Amount Outstanding	-	-
Total	**No. of Borrowers**	**8**	**5**
	Amount Outstanding	**4024.84**	**3096.07**

* The restructured loan amount includes ₹ 3,735.57 crore wherein the first repayment date was extended due to delayed commissioning of the respective project.

6.0 BORROWINGS

6.1 BORROWINGS FROM DOMESTIC MARKET

Your Company mobilized funds amounting to ₹37,751.21 crore from the domestic market during FY 2012-13 as against ₹36,318.57 crore mobilized during FY 2011-12 comprising of ₹31,142.01 crore through issue of unsecured/secured taxable/Tax free bonds in the nature of debentures, ₹1,700 crore by way of long/medium term loans from Banks/FIs, and ₹4,909.20 crore by issue of Commercial Paper and Short Term Loans.

6.2 EXTERNAL BORROWINGS

During the FY 2012-13, your company raised External Commercial Borrowing (ECB) of USD 500 million through syndicated loans as detailed here in below:

Amount (USD in Million)	Rate of Interest	Tenor of the Loan (Years)	Average Tenor (Years)
250	6 month LIBOR + 175 bps	3	3
250	6 month LIBOR + 145 bps	4	3

6.3 CASH CREDIT/ OVERDRAFT FACILITIES

For day to day operations, your company continued to follow prudent strategies for optimum utilization of fund based resources. To hedge any financial liquidity bottlenecks, ample credit lines to the tune of ₹8,339.93 crore were maintained with various scheduled commercial banks for short term funding which do not bear any commitment charges towards unutilized limits. The said limits have been utilized to the extent of ₹2,959.22 crore as on March 31, 2013.

7.0 CREDIT RATINGS

Domestic

During the FY 2012-13, your Company's long term domestic borrowing programme (including bank loans) was awarded the highest rating of CRISIL AAA, ICRA AAA and CARE AAA by CRISIL, ICRA and CARE respectively. The Company's short term domestic borrowing programme (including bank loans) was awarded the highest rating of CRISIL A1+, ICRA A1+ and CARE A1+ by CRISIL, ICRA and CARE respectively.

International

During the FY 2012-13, the international credit rating agencies Moody's, Fitch and Standard and Poor's have given long term currency issuer ratings of Baa3, BBB- and BBB- respectively to your company, which are at par with sovereign rating for India.

8.0 RISK MANAGEMENT

8.1 ASSET LIABILITY MANAGEMENT

Your Company has put in place an effective Asset Liability Management System and constituted an Asset Liability Management Committee (ALCO) headed by Director (Finance). ALCO monitors risks related to liquidity and interest rate and also monitors implementation of decisions taken in the ALCO meetings. The Asset Liability Management framework includes periodic analysis of long term liquidity profile of asset receipts and debt service obligations. Such analysis is made every month in yearly buckets for the next 10 years, and is used for critical decisions regarding the time, volume and maturity of profile of the borrowings, creation of new assets and mix of assets and liabilities in terms of time period (short, medium and long-term). While the liquidity risk is being monitored with the help of liquidity gap analysis, the interest rate risk is managed by analysis of interest rate sensitivity gap statements, evaluation of Earning at Risk (EaR) on change of interest rate and creation of assets and liabilities with the mix of fixed floating interest rates.

The maturity profile of major items of assets and liabilities as at March 31, 2013 is set out below:

(₹ in crore)

Maturity pattern of certain items of Assets and Liabilities based on Audited Balance Sheet as on March 31, 2013

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	Beyond 2017-18	Total
Rupee Loan Assets	12834	12330	13829	14741	14747	91526	**160007**
Foreign Currency Assets	39	39	34	29	192	27	**360**
Investments	0	0	0	0	0.03	191	**191**
Foreign Currency Liabilities	240	3403	1810	1794	1005	172	**8424**
Rupee Liabilities (Bonds + RTL + STL)	22435	16125	13687	8062	11195	59655	**131159**

8.2 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 currency forward, option, principal swap, interest rate swap and forward rate agreements.

As on March 31, 2013, the total foreign currency liabilities were USD 1040.30 million, JPY 41,643.20 million and Euro 22.80 million. On an overall basis, the currency exchange rate risk is covered to the extent of 15% through hedging instruments and lending in foreign currency.

8.3 INTEGRATED ENTERPRISE WIDE RISK MANAGEMENT

Your Company has put in place a mechanism to ensure that the risks are monitored carefully and managed efficiently. In this regard, your company had constituted the Risk Management Committee of Directors to monitor various risks, examine risk management policies & practices and initiate action for mitigation of risks arising in the operations. To facilitate this, the Company had put in place an Integrated Enterprise – Wide Risk Management Policy (IRM Policy).

The Company has identified 26 risks (11 quantifiable risks and 15 non quantifiable risks) which may have an impact on profitability/business of the Company. In order to implement IRM policy, the Risk Management Committee of Directors constitutes Risk Management Compliance Committee and a separate unit namely CRM (erstwhile CRA unit) for monitoring of the identified risks. CRM unit continuously monitors the risks from time to time and ensures that the risks are being mitigated on time.

9.0 ULTRA MEGA POWER PROJECTS (UMPPs) AND INDEPENDENT TRANSMISSION PROJECTS (ITPs)

9.1 UMPPs

UMPP is the initiative of Government of India with Ministry of Power as the 'facilitator' for the development of these UMPPs while Central Electricity Authority (CEA) is the 'Technical Partner'. Your Company has been designated as the 'Nodal Agency' for development of Ultra Mega Power Projects (UMPPs), with a capacity of about 4,000 MW each. Sixteen (16) such UMPPs were identified to be located at Madhya Pradesh (Sasan), Gujarat (Mundra), Andhra Pradesh (Krishnapatnam), Jharkhand (Tilaiya), Chhattisgarh (Surguja), Karnataka, Maharashtra (Munge), Tamil Nadu (Cheyyur), Odisha (Sundargarh), 2 Additional UMPPs in Odisha and 2nd UMPPs in Andhra Pradesh (Prakasam), Tamil Nadu, Gujarat and Jharkhand (Deoghar) and Bihar. So far, 13 Special Purpose Vehicles (SPVs) have been established by the Company for UMPPs to undertake preliminary site investigation activities necessary for conducting the bidding process for these projects. These SPVs shall be transferred to successful bidder(s) selected through Tariff Based International Competitive Bidding Process for implementation and operation.

Four (4) SPVs have been transferred to the successful bidders as indicated below:

S. No.	Name of SPV	Successful Bidder	Date of Transfer
1	Coastal Gujarat Power Ltd.	The Tata Power Company Ltd.	April 22, 2007
2	Sasan Power Ltd.	Reliance Power Ltd.	August 7, 2007
3	Coastal Andhra Power Ltd.	Reliance Power Ltd.	January 29, 2008
4	Jharkhand Integrated Power Ltd.	Reliance Power Ltd.	August 7, 2009

Out of the remaining nine (9) SPVs namely Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Ltd.), 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 and Deoghar Mega Power Limited, Request for Qualification (RfQ) for Chhattisgarh UMPP was issued in March, 2010 and RfQ for Odisha UMPP was issued in June, 2010. The last date for submission of response to RfQ for Chhattisgarh UMPP has been extended several times on the advice of MoP due to forest related issues concerning coal blocks and is now October 3, 2013. Responses for RfQ for Odisha UMPP were received on August 1, 2011. RfP for this project would be issued once revised standard bid document (SBDs) to be followed are notified by Ministry of Power.

9.2 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 completed 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 and to conduct bidding process etc.

So far nine (9) Special Purpose Vehicles (SPVs), two (2) by PFC and other seven (7) (including four (4) in the year under report) by PFC Consulting Limited, the wholly owned subsidiary of your company, have been established for ITPs. Out of these nine (9) SPVs, four (4) SPVs have been transferred to the successful bidders as detailed here in below:

S. No.	Name of SPV	Successful Bidder	Date of Transfer
1	East North Interconnections Company Limited (ENICL)	Sterlite Technologies Limited	March 31, 2010
2	Jabalpur Transmission Company Limited (JTCL)	Sterlite Transmission Projects Private Limited	March 31, 2011
3	Bhopal Dhule Transmission Company Limited (BDTCL)	Sterlite Transmission Projects Private Limited	March 31, 2011
4	Nagapattinam-Madhugiri Transmission Company Limited (NMTCL), Package A	Power Grid Corporation of India Limited (POWERGRID)	March 29, 2012

The bidding process for the independent transmission project viz. 'Transmission Project associated with DGEN TPS (1200MW) of Torrent Power Limited and Interconnection between Srinagar and Tehri' was re-initiated during the year since the scope of project was revised where under the transmission scheme associated with Interconnection between Srinagar and Tehri was deleted. The said transmission project with the revised scope was re-notified by Ministry of Power and the name of the SPV incorporated for the said transmission project was changed from "DGEN & Uttrakhand Transmission Company Limited" to "DGEN Transmission Company Limited".

During the year, Ministry of Power appointed PFC Consulting Limited, the wholly owned subsidiary of your company, as Bid Process Coordinator (BPC) for four (4) new Independent Transmission Projects to be implemented through Tariff Based Competitive Bidding Process. During the year under report, PFC Consulting Limited incorporated following four (4) SPVs as its wholly owned Subsidiaries

(i) Patran Transmission Company Limited, SPV established for Transmission System for Patran 400 kv S/S

(ii) RAPP Transmission Company Limited, SPV established for Part ATS of RAPP U-7&8 in Rajasthan

(iii) Darbhanga-Motihari Transmission Company Limited, SPV established for Eastern Region System Strengthening Scheme – VI

(iv) Purulia & Kharagpur Transmission Company Limited, SPV established for Eastern Region System Strengthening Scheme – VII.

The bidding processes for these Independent Transmission Projects are under progress.

Further, PFCCL has also been appointed as 'Bid Process Cordinator' by MoP, GoI, to undertake work on 2 new Independent Transmission Project viz. "Northern Region System Strengthening Scheme-XXXIII" "ATS for Tanda Expansion TPS (2×660MW)" in June 2013. Incorporation of SPVs for the said two ITPs is in progress.

10.0 RESTRUCTURED ACCELERATED POWER DEVELOPMENT AND REFORM PROGRAMME (R-APDRP)

As a part of R-APDRP, for the first time, Information Technology (IT) is being deployed in identified 1,402 towns of the country for establishment of accurate, reliable & sustainable baseline data, business process automation, carrying out energy audit for identifying AT&C losses and better consumer services etc. in the power distribution sector.

Also under Part-A, projects for Supervisory Control and Data Acquisition (SCADA) System/ Distribution Management System (DMS) is being established in big towns in the country (67 towns envisaged) for real time operation and control of Distribution Network for improvement of efficiency, quality and reliability of power supply.

Further, under Part-B, projects for Distribution Strengthening and Improvement are being implemented in over 1,100 towns of the country. The main focus of the scheme is reduction of AT&C losses to 15% or below.

Your Company, as nodal agency, has contributed significantly during the year in implementation of R-APDRP programme during the FY 2012-13. Your company has cumulatively sanctioned, Part-A(IT) schemes of all eligible 1,402 towns, Part-A (SCADA) schemes for 65 towns out of 67 envisaged towns and Part-B schemes for 1,171 towns out of envisaged 1,200 towns till March 31, 2013. During the year, your company sanctioned ₹3,728 crore of projects against the MoU targets of ₹1,084 crore set for R-APDRP. The cumulative sanction under R-APDRP is ₹35,143 crore as on March 31, 2013.

Your company has also disbursed the entire amount of ₹1,217 crore released by Ministry of Power (MoP) under R-APDRP during the FY 2012-13 to the state utilities. The cumulative disbursement under R-APDRP is ₹6,720 crore as on March 31, 2013.

With the measures taken so far, as on March 31, 2013, Data Centers in cumulatively 15 States have been commissioned. Further, 170 towns have gone live in seven states, namely, Andhra Pradesh (24), Gujarat (43), Karnataka (10), Maharashtra (16), Madhya Pradesh (45), Uttarakhand (2) & West Bengal (30). In such towns, all business process software modules are functional and energy audit reports are being derived from the system.

During the year, for implementation of Part-B projects of R-APDRP, utilities have tied up counterpart funding amounting to ₹5,901 crore. With this, cumulative counterpart funding tied up amounts to ₹14,665 crore of which ₹4,666 crore is from PFC. Implementation work has commenced cumulatively in 822 towns, to strengthen & improve distribution system and reduce AT&C losses to 15% or below.

For capacity building and to recognize the need and to keep pace with technology, contemporary knowledge and skill, your company imparted training on various themes to 16,457 personnel of Power Utilities against MoU target of 8,000 personnel.

Cumulatively, as on March 31, 2013, 1356 towns have been ring fenced & baseline AT&C losses have been established in 1014 towns.

The reduction in AT&C losses are likely to be visible in R-APDRP towns in the utilities in next one to five years with establishment of IT system and Part-B completion in various towns coupled with administrative and other measures. Thus, your company shall be contributing largely in improvement of financial health of Distribution utilities which shall consequently improve health of Transmission and Generation Power Utilities, resulting in improvement of quality of assets of your company for such borrowers in the State Power Sector.

11.0 EXTERNALLY AIDED PROJECTS

Your Company has a Line of Credit of Euro 100.56 million from KfW to finance renovation modernization and upgradation (RM&U) of Hydro Electric Projects (HEPs) which envisaged financing RM&U schemes of six HEPs of Uttrakhand Jal Vidyut Nigam Ltd. (UJVNL). Out of six projects, Notice for Inviting Tenders (NIT) has already been issued for the Kulhal, Dhakrani and Dhalipur projects. Upon request by UJVNL in FY 2012-13, it has been agreed that Line of Credit would cover only those three projects for which NIT has been issued. Subsequently, UJVNL has shown inclination to close the loan as the repayment schedule and other conditions of KW loan are not favorable to them. Further course of action in the matter is being examined by your company.

12.0 INITIATIVE TOWARDS REFORMS AND RESTRUCTURING

Your Company has been assisting the State Power Utilities (SPUs) in their reform and restructuring program. During the year, your company disbursed an amount of ₹1 crore to Bihar State Electricity Board (BSEB) for Reform & Restructuring assignment. Government of Bihar vide their Notification dated October 30, 2012 have unbundled BSEB as per the provisions of the Electricity Act, 2003.

The changing environment has necessitated the power utilities to be more responsive to market requirements by way of enhancing efficiency by introducing latest technologies as part of ongoing IT initiatives. During the year, an amount of ₹163 crore has been sanctioned and ₹9 crore disbursed for computerization schemes of State Power Utilities in addition to the computerization schemes covered under R-APDRP.

Categorization of Utilities

Your Company classifies State Power Utilities, its principal borrowers, into A+, A, B and C categories. The categorization is based on the pre-determined parameters including operational & financial performance of the utilities. The categorization enables the company to determine credit exposure limits and pricing of loans to the state power utilities. This categorization is carried out biannually. As on March 31, 2013, out of 101 utilities categorized, 29 were categorized as "A+", 29 as "A", 28 as "B" and 15 as "C".

The Company is also stipulating appropriate conditions relating to implementation of reforms and improvement of performance while sanctioning financial assistance to the said State Power Utilities based on their appraisal.

The Ministry of Power in July 2012 formulated an Integrated Rating Methodology covering the State Power Distribution Utilities. The main objective of the integrated rating system for the state distribution utilities is to develop a mechanism for incentivising/dis-incentivising the distribution entities in order to improve their operational and financial performance, evaluate all utilities in power distribution sector on the basis of current levels of performance as well as on relative improvements in performance achieved on a year to year basis, facilitate realistic assessment by Banks/FIs and enable funding with appropriate loan covenants and serve as a guiding factor for Govt. of India's assistance to the state power distribution sector under various initiatives.

The Integrated Rating framework covers all state distribution utilities (including SEBs/utilities with integrated operations) except state power departments. The integrated ratings shall be carried out on an annual basis by independent credit rating agencies.

Your Company has been nominated by MoP as the nodal agency for coordinating the activities relating to integrated rating of state distribution utilities by independent credit rating agencies.

The first Integrated Rating exercise covering all the 39 state distribution utilities was carried out by ICRA and CARE and the same were declared on March 19, 2013.

Quarterly and Annual Report of State Power Utilities

Your Company is compiling brief research report on the performance of each of the state power utilities (SPUs) on a quarterly basis. The report is acknowledged as a useful effort from the SPUs as they can compare performance of their utility vis-à-vis other utilities and take mid term corrective measures for the overall improvement of the sector. The report contains key operational and financial parameters, reforms status, the status of implementation of Electricity Act 2003, areas of concern and conditions for improvement of performance etc. The report is sent to the stakeholders in the Power Sector such as the SPUs and Power Secretaries of the States.

During the FY 2012-13, your company issued performance reports for the quarters January-March 2012 covering 42 utilities, April-June 2012 for 41 utilities and for July-September 2012 and October-December 2012 covering 42 utilities each.

In addition, during FY 2012-13, your Company released 9th edition of its report on the performance of SPUs for the years 2008-09 to 2010-11 covering 93 utilities. The report is an integral part of your Company's constant endeavour towards analyzing the performance of State Power Sectors in the areas of financial and operational performance e.g. profitability, gap between average cost of supply and average realization (₹/kwh), net worth, capital employed, receivables, payables, capacity (MW), generation (Mkwh), AT&C losses (%) etc. at utility, state, regional and national level. The report provides a reliable database and helps in determining the results associated with the reforms in the sector and is also recognized by various stakeholders as a useful source of information regarding the state power sector. The Report for the years 2009-10 to 2011-12 covering 77 utilities has been prepared and submitted to Ministry of Power as per the targets set in MoU. The final report (10th) on the performance of all SPUs for the period 2009-10 to 2011-12 is under finalization.

13.0 POLICY INITIATIVES

Your Company constantly reviews and revises its lending & operational policies/ procedures to suitably align these with market requirements as also with its corporate objectives and introduces new policies/products to meet the dynamic business requirements.

During the year, your company introduced various new policies/ schemes/ guidelines like transitional financing to discoms, funding grid connected solar thermal private sector power generation projects, underwriting of debt, investment in equity of power projects and guarantee for credit enhancement etc.

Your company also reviewed its policy guidelines for Rupee Short Term Loan (STL), Buyer's Line of Credit, issue/ extension of Letter of Comfort for opening of Letter of Credit (LC) under term loan sanctions, levy of commitment charges/upfront fee, with a view to make the same more borrower friendly.

The interest rates in respect of term loan and short term loan were reviewed and revised periodically during the financial year. The financial charges/fees were also reviewed and modified. Further, advisory fee and revalidation fee payable by investee company in case of PFC's Equity Investment commitment and fees for underwriting of debt have been introduced.

In spite of growing competition in the market as well as concerns on interest rates on account of factors like high inflation levels, tight liquidity in the market etc., PFC judiciously balance its objectives of business growth and profitability.

14.0 PRIVATE EQUITY FUND

In order to exhibit persistent growth and to enter new areas of business so as to keep pace with market developments, your company has decided to enter Private Equity business. Your Company plans to shortly launch a private equity fund for the power sector along with Tata Capital Limited (TCL) to facilitate flow of institutional funds in equity of power projects leading to faster financial closure of such projects and thus enabling accelerated capacity addition in the sector. The fund would enable your company to take an indirect exposure to equity assets in addition to earning other income (through fee based earnings of the Asset Management Company (AMC). The fund is proposed to be registered as an Alternate Investment Fund (AIF) under SEBI's AIF regulations. TCL and your company have signed the 'Head of Terms" (containing major terms and conditions) on the basis of which a Joint Venture Agreement will be signed by the parties.

15.0 FACILITATION SERVICES

The Facilitation Group (FG) has been set up to expand PFC's financing business beyond its traditional products into new areas of Forward & Backward linkages to the Power sector like Fuel Sources Development, setting up of Equipment Manufacturing facilities, Nuclear Power Projects, among others. The Facilitation Group (FG) is also mandated to explore the opportunities of expanding PFC's business in new geographies like Hydel projects in Bhutan & Nepal, JVs in Sri Lanka etc.

The ambitious capacity addition programme of Government of India envisaged for XII Plan requires augmentation of country's equipment manufacturing capacity in all the spheres of power sector viz., Generation, Transmission and Distribution. Also existing thermal power projects (coal & gas based) are already facing shortage of fuel (coal & gas) and based on current projections of demand and supply of fuel, the gap is likely to widen and there is need to enhance fuel supply so as to ensure efficient utilization of existing capacity as well as proposed/expected capacity addition in future. Considering these aspects, GoI has already initiated steps including the allocation of various coal blocks/mines to both State Sector as well as private sector entities to develop and produce coal for power sector. The port facilities are also being enhanced to facilitate more import of coal, gas and oil. These developments offer an opportunity to your company for venturing into these areas e.g., financing of development/ expansion of fuel supply sources (Coal, Gas & Oil) and its distribution (rail network, pipelines, ports, jetties etc), equipment manufacturing etc.

Fuel Sources Development & Distribution (FSD&D) Scheme

As a pro-active step for facilitating the availability of finance for these projects, your company has evolved a Scheme for financing of projects in the area of Fuel Sources Development & its Distribution (FSD&D) for Power Projects. The objective of the scheme is to provide financial assistance for development/expansion of fuel supply sources and its distribution for Power Sector; covering development/expansion of Coal Blocks/mines, Coal Bed Methane, Coal Washeries, Coal Beneficiation Projects, Re-gasification & Liquefaction Projects, etc. and Development/expansion of Coal/Oil/Gas transportation facilities including ports/jetties for import of coal/oil/gas, gas pipelines etc.

Equipment Manufacturing (EM) Scheme for Power Sector

Concurrently, a scheme for financing of projects in the area of Equipment Manufacturing (EM) for Power Sector has also been introduced. The objective of this scheme is to provide financial assistance for setting up/expansion of equipment manufacturing capacity for power sector; covering of main plant equipments, balance of plant equipments, Transmission & Distribution equipments, non-conventional energy sources, nuclear power plants' equipments and other relevant projects such as projects aimed at Demand Side Management (DSM) etc.

16.0 DIVERSIFICATION IN BANKING SECTOR

Your Company is exploring the possibility to acquire a substantial stake in a Public Sector Bank. In this regard, your company has sought consent of the Ministry of Power for your company's diversification into banking sector.

17.0 RENEWABLE ENERGY AND CLEAN DEVELOPMENT MECHANISM (RE&CDM)

With rapid economic growth, the prospect of new demand being served by fossil fuels poses a serious concern for future global emissions, as well as India's energy security. In response to these challenges, the Indian government has formulated various plans/incentives to increase the share of renewable energy sources through ambitious plan of capacity addition, in excess of 20,000 MW in 12th Plan, in particular, the Jawaharlal Nehru National Solar Mission (JNNSM) has set a target of installing 22 GW (22,000 MW) of solar power capacity by 2022. In order to facilitate achieving this ambitious target, state regulators have set Renewable Purchase Obligations (RPOs) for both solar and non-solar category, which will increase each year.

Considering the emerging prospects in the development and financing of renewable energy sector, your company has set up a wholly owned subsidiary exclusively for funding renewable energy sector. While there is separate subsidiary for financing of renewable energy projects, your Company still continues to fund larger renewable energy projects and has a dedicated Renewable Energy Group to focus and accelerate the development of business in the Renewable Energy Sector which include Wind, Biomass, Small Hydro, Solar etc. The company offers special interest rates for Renewable Energy Generation Projects and is considering funding all types of Renewable Energy Projects.

Your Company has sanctioned ₹2,313 crore and made disbursement of ₹461 crore in its renewable portfolio, supporting a capacity of 612 MW, during the FY 2012-13.

As of March 31, 2013, your company has cumulatively supported a total generation capacity of 1,674 MW, extending financial assistance of ₹5,373 crore and disbursed ₹2,616 crore to all kinds of renewable energy projects with an aggregate project cost of ₹13,000 crore.

18.0 PROMOTION OF POWER TRADING THROUGH POWER EXCHANGE

In the FY 2008-09, the Central Electricity Regulatory Commission had granted its permission to set up power exchanges in the country. As on date two power exchanges, namely, Power Exchange India Ltd. (PXIL) and Indian Energy Exchange Ltd. (IEX) are in operation. These power exchanges have a nationwide presence in the form of electronic exchange for trading in power. The trading through power exchanges have certainly lent an impetus for power sector development since it acts as an open and transparent mechanism for buyers and sellers and provides investment signal to the prospective investors. Further with the presence of these exchanges, the available resources shall be used optimally.

Your company has also contributed ₹2.80 crore (being 6.08% of paid up equity upto March 31, 2013) towards equity contribution in Power Exchange India Ltd., promoted by NSE and NCDEX.

Further, your company has promoted National Power Exchange Ltd (NPEX), jointly with NTPC, NHPC and TCS. Your company has contributed ₹2.19 crore (being 16.66% of paid up equity upto March 31, 2013) towards equity contribution. This exchange is yet to start its commercial operations.

19.0 EQUITY FINANCING

Equity investment business is generally considered as a logical extension of debt business. Your Company is endeavoring to make a mark in the area of equity investment so as to capitalize on its vast domain experience, attained during it's over 25 years of operations in power sector debt financing. PFC aims to leverage its financial strength, large debt providing capability and power sector expertise to invest in equity of attractive power projects. Over a period of time, your company proposes to build an equity portfolio of power assets which could provide consistent gains in the form of dividend and/or capital appreciation. The Board of Directors of your company has approved a policy for investment in equity of power projects, as per which, your company may look at investments ranging between 0.5% to 5% of its own net worth in a single company. The company has started the appraisal of a few proposals for investment in equity.

20.0 SUBSIDIARIES

To focus on additional business in the areas of consultancy, renewable energy, consortium lending, equity financing, etc. following wholly owned subsidiaries have been incorporated by your Company, as on date:

(i) PFC Consulting Limited

(ii) PFC Green Energy Limited

(iii) PFC Capital Advisory Services Limited

(iv) Power Equity Capital Advisors Private Limited

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 date, the following Special Purpose Vehicles (SPVs) have been incorporated as subsidiaries/ deemed subsidiary 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) DGEN Transmission Company Limited *(a wholly owned subsidiary of PFC Consulting Limited)*

(xi) Patran Transmission Company Limited *(a wholly owned subsidiary of PFC Consulting Limited)*

(xii) RAPP Transmission Company Limited *(a wholly owned subsidiary of PFC Consulting Limited)*

(xiii) Darbhanga-Motihari Transmission Company Limited

(a wholly owned subsidiary of PFC Consulting Limited)

(xiv) Purulia & Kharagpur Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)

21.1 PFC CONSULTING LIMITED

Background

Aiming to provide professional consultancy support to the Power Sector and recognizing the potential of such services in the reforming Power Sector, your company incorporated PFC Consulting Limited (PFCCL) as a wholly owned subsidiary of your company on March 25, 2008, in order to give it requisite autonomy in functions and flexibility in operations. PFCCL is mandated to promote, organize and carry out consultancy services to the Power Sector and is also undertaking the work related to the development of UMPPs and ITPs. PFCCL has been nominated as the 'Bid Process Coordinator' for selection of developer for the Independent Transmission Projects (ITPs) by Ministry of Power, GoI.

Range of Services Offered

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

- Procurement of Power by Distribution Licensees through Tariff based competitive bidding
- Implementation of Govt. of India initiatives like UMPPs, ITPs etc.
- Assignments from State Power Utilities, Licensees/ IPPs, State Govt., PSUs & SERCs
- Renewable and Non-Conventional Energy Schemes
- Coal Block JVs and selection of developers for Coal Blocks and linked Power Projects
- Project Advisory including Selection of EPC Contractor
- Reform, Restructuring and Regulatory Aspects
- Capacity Building and Human Resource Development
- Preparation of DPRs and Project Management Consultancy for projects including projects covered under R-APDRP
- Strategic Studies for Power Sector

Client Base

Till date, consultancy services have been rendered to 42 clients spread across 21 States/UTs namely Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Puducherry, Punjab, Rajasthan, Tripura, Uttar Pradesh and West Bengal. The profile of clients is as below:

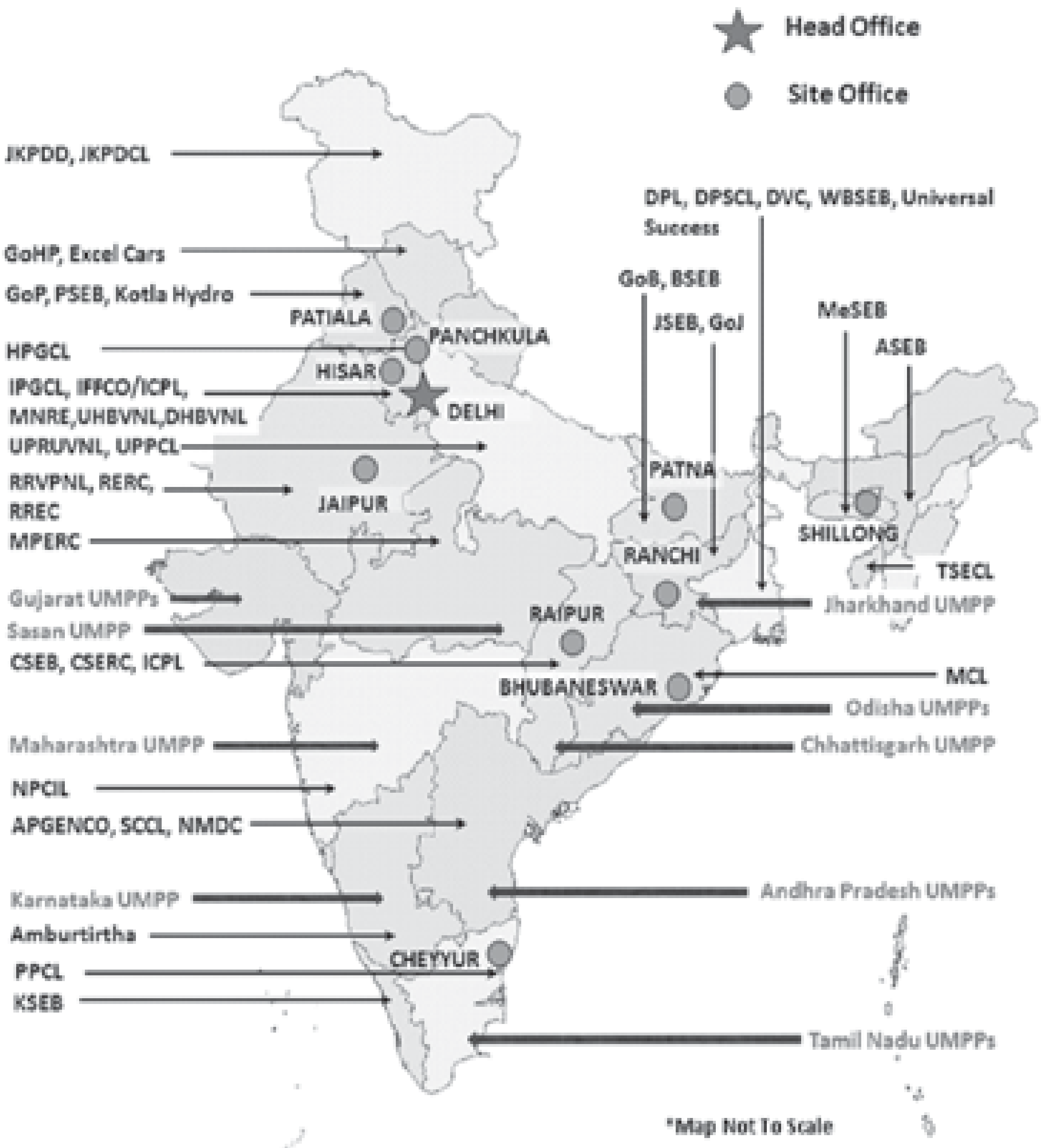
Clients	Nos.
State Utilities	21
Licensees/ IPPs	7
Public Sector Undertakings	6
State Governments	4
Regulatory Commissions	3
Central Govt. departments/Ministries	1
Total	**42**

During the FY 2012-13, the total income of PFCCL is ₹36.49 crore and net profit is ₹16.38 crore.

A dedicated website of PFCCL, 'www.pfcclindia.com', was launched in July, 2012 to provide a much needed platform for external interface and to reach out to present and prospective clients through internet. This website also provides snapshot of the operations of PFCCL as also displays all notifications related to ITPs (for which PFCCL has been nominated as Bid Process Coordinator) and other tenders etc.

PFCCL has signed an MoU with Central Mine Planning & Design Institute Limited (CMPDI) for jointly providing comprehensive consultancy solutions for the power projects involving coal mine related activities to various clients in Power Sector.

PFCCL is moving towards tapping the opportunities available in technical consulting domain by envisaging a Joint Venture (JV) with a consulting organisation having international experience of providing consulting solutions in Thermal Generation segment of Power Sector. In this regard Global Expression of Interest (EoI) were invited from consulting organisations having expertise in the area. EoIs have been received and are being scrutinized for finalizing the eventual JV partner.



Total No. of Assignments undertaken: 78

21.2 PFC GREEN ENERGY LIMITED

During the FY 2012-13, PFC Green Energy Limited (PFC GEL) received its certificate of registration to function as a Non Banking Financial Company (NBFC) from the Reserve Bank of India on October 1, 2012. With the receipt of the NBFC status, the Company has commenced its business operations in March 2013 and further it has also made its first sanction of a term loan to a small hydro project of 6 MW. The company is getting geared up to take up further sanction of loans & is targeting to have substantial market share in the renewable energy sector in the coming years.

Since the Company is dedicated for renewable energy projects such as wind, solar, bio mass, hydro etc., it is expected to mobilise dedicated green funds available in the market. During the FY 2012-13, the company has been approached by various foreign funding agencies for providing funds for renewable energy sector. With the flow of funds dedicated for green energy, the company is in a position to provide more loans at competitive interest rates in future.

At present PFC GEL has an authorised share capital of ₹1200 crore and during the year the paid up capital has been increased from ₹4.99 crore to ₹109.99 crore.

During the first quarter of 2013-14, PFC GEL has further increased the paid-up share capital from ₹109.99 crore to ₹177.99 crore comprising of 3.95 crore equity shares of ₹10/- each and 13.84 crore Fully Convertible Preference Sharesa of ₹10/- each.

21.3 PFC CAPITAL ADVISORY SERVICES LIMITED

Background

Your Company has a presence in debt syndication business since August 2008 and is well known for its strong appraisal capabilities. The Company is also managing the Power Lenders' Club, an exclusive set of Banks & FIs financing power projects under a consortium arrangement. In line with the above, PFC Capital Advisory Services Ltd. (PFCCAS) was incorporated as a wholly owned subsidiary of your company on July 18, 2011 to focus on sectoral requirements for financial advisory services, including syndication services. The company obtained the Certificate of Commencement of Business on September 2, 2011 and has started its operations.

Services offered

PFCCAS is presently focusing on debt syndication services for power sector. The various activities/ services under debt syndication are as follows:

- Identification of Lenders,
- Preparation of IM/ Term Sheets,
- Approach Lenders and facilitate Due Diligence by Lenders,
- Assistance in Documentation.

Presently, the company is handling syndication proposals in various types of power generation projects, such as thermal, hydro, wind and solar.

Other than the above, the company is looking at business opportunities in advisory in line with its area of competence such as:

- Preparation of project profiles, project reports, pre-investment studies etc.
- Act as lead manager on behalf of banks, institutions etc. in respect of project assignments and to act as adviser in the management of undertakings, businesses etc.
- Consultancy in investment and capital markets
- Advice on restructuring, business strategy, financial policies and long term planning in the areas of power, energy and infrastructure.
- Fund raising, Currency Risk Management, Project Appraisal and Modeling.

21.4 POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

An advisory company namely Power Equity Capital Advisors Private Limited (PECAP) was incorporated to provide advisory services related to equity investments in Indian power sector, where your Company held 30% stake and the remaining being held by individuals. However, being largely owned by individuals, the company was not able to transact any business as it was unable to provide the requisite comfort to its clients. Therefore, in order to provide the requisite comfort to the clients and to substantially improve the possibility of PECAP to do meaningful business, the Board of Directors of PFC in February, 2011 approved a proposal for acquiring 100% stake in PECAP and accordingly on October 11, 2011 the balance 70% stake held by individuals was transferred to PFC, making PECAP a wholly owned subsidiary of PFC.

Your Company has sought an approval from Ministry of Power (MoP) for dissolving and getting the name of the Company struck off from the records of Registrar of Companies under the provisions of Section 560 of the Companies Act, 1956. Such approval from MoP is awaited.

22.0 JOINT VENTURES AND ASSOCIATE COMPANIES

22.1 NATIONAL POWER EXCHANGE LIMITED

In order to promote short term trading through power exchange, your company has promoted National Power Exchange Ltd (NPEX), jointly with NTPC, NHPC and TCS and has contributed ₹2.19 crore (being 16.66% of paid up equity of NPEX upto March 31, 2013) towards equity contribution. This exchange is yet to start its commercial operations. Recently, NTPC and NHPC have expressed their intention to exit from JV Company. A final decision on the exit of NTPC and NHPC is yet to be taken by other promoter companies.

22.2 PTC INDIA LIMITED

PTC India Limited (PTC) was jointly promoted by Power Grid Corporation of India Limited (POWERGRID), NTPC, NHPC and PFC. Your Company has invested ₹12 crore which is 4.07% of total equity of PTC. PTC is the leading provider of power trading solutions in India. Government of India initiated public-private partnership, whose primary focus is to develop a commercially vibrant power market in the country.

22.3 ENERGY EFFICIENCY SERVICES LIMITED

Energy Efficiency Services Limited (EESL) was incorporated on December 10, 2009. EESL was jointly promoted by Power Grid Corporation of India Limited (POWERGRID), NTPC, REC and PFC with equal equity participation of ₹25 crore each for implementation of Energy Efficiency projects in India and abroad. EESL would be one of the main implementation arms of the National Mission on Enhanced Energy Efficiency (NMEEE), which is one of the eight National Missions announced by the Hon'ble Prime Minister as a part of "National Action Plan on Climate Change".

23.0 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 2012-13, your Company is likely to be accorded 'Excellent' rating.

24.0 PRESIDENTIAL DIRECTIVES

The Company has not received any Presidential directives during the FY 2012-13.

25.0 CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABLE DEVELOPMENT (SD) ACTIVITIES

25.1 CSR

Your company has implemented its CSR policy with all its earnest and zeal. The aim of the CSR policy of your company is to become a socially responsible corporate entity contributing towards improving the quality of life of the society at large. The CSR activities of the company have been planned in such a way that its benefits should reach upto the village level and deprived sections of the society in all corners of India. To oversee the activities of CSR, the company has in place a Board level CSR Committee of Directors headed by an Independent Director.

The company had entered into a MoU with Govt. of India for spending 0.5% of PAT towards CSR activities as part of its Corporate Social Responsibilities.

The company had allocated ₹15.29 crore for CSR initiatives in the FY 2012-13. However PFC had sanctioned projects/ activities worth ₹19.34 crore in FY 2012-13 and disbursed ₹16.09 crore for the projects sanctioned in FY 2012-13 & FY 2011-12. During the year PFC had implemented wide range of activities in the field of Solar energy, Skill Development, Relief to the victims of Natural Calamities in various states etc.

Your company sanctioned a project for construction of 100 Toilet-cum-bathroom facilities for the cloud burst victims at Leh which was implemented through Hindustan Prefab Ltd., ₹0.26 crore sanctioned for Solar lantern distribution to shepherds in Kargil (J&K) through Kargil Renewal Energy Development Agency (KREDA). Your Company also sanctioned ₹3.79 crore for Skill Development Programme for SC/ST/OBC/Women & EWS of society (1400 persons) which were implemented by Construction Industry Development Council, Larsen & Toubro Construction Skill Training Institute, Indo German Institute of Advanced Technology ITI, Guwahati. PFC had allocated ₹3.50 crore for Project of Adopting entire colony constructed for flood victims of Rajoli Village of Waddepally Mandal in Andhra Pradesh for providing street lighting using Solar Power LED lights through AP Housing Corporation Ltd, ₹0.22 crore for Financial assistance for project to distribute the appliances for the benefit of the Persons with Disabilities (PwD) through Artificial Limbs Manufacturing Corporation of India (ALIMCO) in NCR of Delhi and Maharashtra.

Your Company had also sanctioned ₹3.80 crore for Street Lighting/ High Mast Light for Kargil Town and District Headquarters (J&K) through Jammu & Kashmir Power Development Department (JKPDD), ₹2.04 crore for Project for Installation of solar home lighting systems on the looms of prestigious Chanderi Saree weavers through Madhya Pradesh Urja Vikas Nigam Ltd (MPUVNL), ₹3.77 crore for Project for Supply, Installation and Commissioning of SPV Power Plants with aggregate capacity of 245 KW in the schools of Punjab through Punjab Energy Development Agency (PEDA) and ₹0.05 crore for Impact assessment studies of various projects that were completed in FY 2010-11 and FY 2011-12. All the initiatives under CSR activities were reported to National CSR Hub.

25.2 SD

The aim of PFC's Sustainable Development Policy is to ensure that the Corporation becomes a socially responsible corporate entity by finding ways to develop social, financial and environmental resources that meet the needs of the present without compromising the ability of future generations to meet their own needs.

Your Company has entered into an MoU with Government of India for spending ₹50 lakh plus 0.1% of Profit After Tax (consolidated) exceeding ₹100 crore of the previous year towards Sustainable Development activities for FY 2012-13. During the year PFC had formulated Sustainable Development policy and reconstituted the earlier Board level CSR Committee as CSR&SD Committee of Directors headed by an Independent Director to oversee the activities of CSR as well as Sustainable Development.

During the FY 2012-13, PFC had allocated ₹3.46 crore for SD initiatives. However, PFC sanctioned projects/activities worth ₹4.32 crore in FY 2012-13 and disbursed ₹3.47 crore in the FY 2012-13.

During the year, PFC had allocated funds for various activities related to Waste Management, Energy Management, afforestation etc. PFC sanctioned ₹0.43 crore to Hindustan Prefab Ltd. for Project for construction of Sanitary toilets in Shillong, Meghalaya, ₹3.29 crore through The Energy and Resource Institute (TERI) for Project for Providing Clean Lighting and ICT Services in identified schools in Meghalaya, AP and Orissa through Solar energy and ₹0.28 crore for Providing Solar water heating and Solar Steam generating cooking systems in Rajiv Gandhi Navodaya Vidyalaya in Uttarakhand. PFC has also sanctioned ₹0.24 crore for Afforestation activity in New Delhi for planting 3,400 number of trees in Budha Jayanti Park through CPWD, PFC had also spent ₹0.02 crore towards training on Sustainable Development activities for PFC employees and ₹0.07 crore for installation of energy efficient LED lamps in PFC premises.

26.0 EMPLOYEES STOCK OPTIONS PLAN (ESOP)

Stock Options have been recognized world over as an effective instrument to attract and retain the talent in the organization and to align the interest of employees with those of the organization. Stock Options provide an opportunity to employees to share the growth of the Company and create long term wealth. They also promote the culture of employee ownership in the company.

The Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Govt. of India, through its directions on pay revision had also 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 Board of Directors of your company had formulated an Employee Stock Option Plan titled as 'PFC-ESOP 2010'. Shareholders had also approved this Employee Stock Option Plan in their 24th Annual General Meeting held on September 21, 2010. Subsequently, the Board of Directors had decided that 25% of the PRP of the employees should be given in the form of ESOPs.

During the FY 2012-13, the Company has granted 92,964 options for the FY 2010-11, convertible into equal number of equity shares to the eligible employees under PFC-ESOP 2010 Scheme. These options have vested with the employees on April 30, 2013 and shall be exercisable by them within two years from the date of vesting by paying ₹10/-(face value per equity share) as exercise price.

However, in view of a clarification issued by DPE, the Board of Directors of Power Finance Corporation Limited in its Meeting held on November 9, 2012 had approved modification in PFC's Employee Stock Option Scheme i.e. PFC- ESOP 2010 by making it optional.

During the year, 71,526 options granted under PFC- ESOP 2010 Scheme for the FY 2010-11 were cancelled including 69,954 options having been settled in cash consequent upon employees excersing the option under the above modified scheme. Further, for the FY 2009-10, out of 87,888 Options granted during the FY 2011-12, the company has allotted 83,306 equity shares during the current year upon exercise of the stock options by the employees of the Company.

The disclosure in respect of the ESOP scheme pursuant to Clause 12 of SEBI (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999 is annexed herewith.

27.0 HRD INITIATIVES

TRAINING & DEVELOPMENT

In the field of Human Resource Development, your company stresses on the need to continuously upgrade the competencies of its employees and equip them to keep abreast of latest developments in the sector. The Company operates in a knowledge intensive business and is committed to enhancing these skills of its employees. In order to achieve this, the Company has an annual training plan to assess the various training needs. Necessary professional skills are also imparted across all levels of employees through customized training interventions.

Employee Training

During the year 2012-13, your company organized 26 in-house programs. A total of 1,416 mandays were achieved during the period under review of which 957 were through in-house programs and 459 were through nominations to open programmes organized by other training institutes.

28.0 HUMAN RESOURCE MANAGEMENT

Your Company lays great emphasis on upgrading the skills of its Human Resource. It benchmarks its practices with the best practices being followed in the corporate world. This, apart from other strategic interventions, lead to an effective management of Human Resource thereby ensuring high level of productivity. Your Company enjoys a very cordial and harmonious relationship with its employees. There were no man-days lost during the year under review.

29.0 WELFARE MEASURES

Your Company follows good management practices to ensure welfare of its employees through a process of inclusive growth & development. The Company follows an open door policy whereby the employees can access the top management thereby contributing in the management and growth of the company. Commitment of the workforce is ensured through an effective package of welfare measures which include comprehensive insurance, medical facilities and other amenities which in turn lead to a healthy workforce.

During the FY 2012-13, various camps in association with eminent hospitals/institutes were organized by your company for its employees which included comprehensive eye check up, health check up, ENT checkup, health talks etc. A blood donation camp in association with Lions Club International was also organized.

30.0 RESERVATION OF POSTS FOR SC/ST/OBC/EX-SERVICEMEN AND PHYSICALLY HANDICAPPED PERSONS IN THE SERVICES OF COMPANY

Your Company as a part of its social responsibility makes all-out efforts to ensure compliance of the Directives and Guidelines issued by the Government for the reservation to be allowed for SC/ST/OBC/Persons with disabilities. The steps taken include due reservations and relaxation as applicable under the various directives.

In the year 2012-13, total 58 new employees were recruited, of which 13.8% are SC (8), 6.9% are ST (4), 5.2% are PWD (3) and 29.3% are OBC (17).

31.0 REPRESENTATION OF WOMEN EMPLOYEES

Your Company provides equal growth opportunities for its women employees and today the Company can boast of women heading certain critical functional areas. There is no discrimination of employees on the basis of gender. The women employees represent 20.14% of the total work force.

32.0 DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the annual accounts for the FY 2012-13, the applicable accounting standards had been followed;
- Accounting policies selected were applied consistently, judgments and estimates made 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 March 31, 2013 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- Annual Accounts for FY 2012-13 have been prepared on a going concern basis.

33.0 AUDITORS

M/s. Raj Har Gopal & Co., Chartered Accountants and M/s. N. K. Bhargava & Co., Chartered Accountants were appointed as Joint Statutory Auditors of the Company for the FY 2012-2013 by the Comptroller & Auditor General of India.

The Joint Statutory Auditors have audited the accounts of the Company for the FY 2012-13 and have given their audit report without any qualification. The copy of the audit report is annexed herewith.

34.0 COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India 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 under Section 619(4) of the Companies Act, 1956. The copy of the report of C&AG is annexed herewith.

35.0 FOREIGN EXCHANGE EARNINGS AND OUTGO

During the FY 2012-13, the foreign exchange outgo aggregating ₹262.90 crore was made on account of debt servicing, financial & other charges, travelling and training expenses. Earning in foreign currency is nil.

36.0 PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

During the year 2012-13, the details of the employees who were in receipt of gross remuneration in excess of ₹60 Lakh per annum or ₹5 Lakh per month and above, is annexed herewith.

37.0 DEBENTURE TRUSTEES

The Debenture Trustees appointed by the company for the different series of Bonds are annexed herewith.

38.0 REDEMPTION AND STATUS OF UNCLAIMED AMOUNTS REGARDING BONDS

The unclaimed balance amount of bonds (principal and interest) as on March 31, 2013 was ₹7.92 crore (previous year ₹8.82 crore). No amount is liable to be transferred to Investor Education Protection Fund as 7 years have not elapsed since the date of redemption.

39.0 VIGILANCE

During the FY 2012-13, the Vigilance unit functioned as an effective tool of management, the thrust being on preventive vigilance. This aspect was emphasized by conducting periodic & surprise inspections of various units and by issuing effective guidelines to streamline systems with the aim of eliminating gaps and ensuring transparency in day to day operations. Vigilance Unit also undertook the review of operational manuals of various activities of the Company. A number of comprehensive manuals on different areas of company's activities have already been notified after review and some other manuals are in process of finalization. Detailed investigations were carried out in respect of registered complaints during this period.

In accordance with the directives of CVC, Vigilance Awareness Week was observed from October 29, 2012 to November 3, 2012 in the head office and regional offices of the Company. As part of a sequence of events during the 'Vigilance Awareness Week' a one day workshop on "Business and Corporate Governance with special emphasis on procurement" was organized for the employees in the company. In order to educate and increase vigilance awareness among the employees, three workshops were held viz. "Provisions of RTI Act", "Public Interest Disclosure and Protection of Informers Resolution" and "Conduct, Discipline & Appeal Rules" during the year 2012-13.

In compliance to the instructions of CVC, the sensitive posts in the Company were identified afresh and the concerned officers were rotated. Agreed lists were finalized in consultation with the CBI. Prescribed periodical statistical returns were sent to CVC, CBI, MoP on time.

Thus, the vigilance unit endeavoured for systematic improvements with a view to bring about greater transparency, objectivity and accountability thereby contributing to the overall efficiency and effectiveness of the organization.

40.0 OFFICIAL LANGUAGE

In PFC it is believed that success is the sum of small efforts, repeated day in and day out and it is best reflected in your company while working in Hindi. Year 2012-13 had been yet another year of success with continuous efforts of all employees in the area of Official Language Policy implementation. Meetings of Official Language Implementation Committee were organized regularly where at progress of implementation of official language policy in your company was reviewed, suggestions were made and implemented to achieve the annual targets.

During the period under review, six workshops were organized for 145 executives. Special thrust was given to organize workshops for senior officials. Workshops were also organized for Senior Managers, Nodal Officers and newly joined officers, to sensitize them of their duties for implementation of official language policy and to guide them to make progressive use of Hindi in their day to day work.

Your company spent 50% of total amount spent on advertisements, on publishing of advertisements in Hindi and other regional languages and 56% of total expenditure on purchase of books was incurred on purchase of Hindi books.

Internal inspections of 17 units and both the regional offices were conducted. Officers of Rajbhasha Vibhag also conducted the inspection of Head office and the Parliamentary Committee on Official Language conducted the inspection of Regional Office at Chennai of the company and appreciated the steps taken.

Hindi month was observed from September 14, 2012 to October 13, 2012. During the month, several competitions like, Vartani shodhan, Chitrabhivyhakti, Quiz, Katha Vistaran, Sansmaran lekhan, Antyakshari, Kavya Goshthi etc. were organized.

PFC's website is in bilingual form. Annual Report of PFC and its 12 subsidiaries was published in Bilingual. PFC's quarterly magazine 'Urja Deepti' was published on regular intervals.

41.0 RIGHT TO INFORMATION ACT

Information is an integral part of our life to upgrade ourselves on various issues which may either have a direct or indirect influence on our day to day life. Without information, it would not be possible to exercise our valuable fundamental right of 'Freedom of Speech and Expression' as guaranteed under Article 19(1)(a) of the Indian Constitution. Every democratic country attributes much importance to the freedom of speech and expression and in order to exercise such right more effectively and efficiently. The people of the country are entitled to know about the functioning for the welfare of the people and development of the country. The main objective of the Right to Information Act, 2005, is to ensure greater and more effective access to information and to maintain transparency and improve accountability in the working of the public departments both Central and State.

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), an Appellate Authority and also one Transparency Officer at its registered office for effective implementation of the RTI Act.

During the FY 2012-2013, all 108 applications received under the RTI Act, were duly processed and replied to. In compliance with Section 4 of the RTI Act, requisit disclosures have been updated and hosted on PFC website. Your company has also complied with the directions of Central Information Commission (CIC) regarding filing of online Quarterly/Annual Return for the FY 2012-2013.

42.0 GLOBAL COMPACT

Your Company is a socially conscious organization and fully endorses the nine principles of Global Compact enunciated by the United Nations Organisation (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. Your Company has been an active participant in various endeavors of the Global Compact.

Your Company lays special emphasis on medical facilities and health care for its employees and their families whereby they can avail best health care facilities. In pursuit of making the Company a learning organization it also supports integrated learning of its employees through a variety of measures. Other aspects like promotion of sports, cultural heritage, community development etc. are also given due importance in our working by organizing various events etc. and also by providing sponsorship support on relevant occasions.

43.0 GRIEVANCE REDRESSAL

Your Company has Grievance Redressal Systems for dealing with the grievances of the employees, its customers and the public at large. The systems are duly notified and are easily accessible. A designated Nodal Officer is responsible to ensure quick redressal of grievances within the permissible time frame. The company also has a notified Citizen's Charter to ensure transparency in its work activities. This Charter is available on the website of the Company to facilitate easy access.

44.0 BOARD OF DIRECTORS

Following are the changes in Board of Directors of your company since April 1, 2012:

- Shri A. K. Agarwal assumed the charge of Director (Projects) w.e.f. July 13, 2012
- Shri B. N. Sharma, Joint Secretary, Ministry of Power took over as Government Nominee Director vice Shri Devender Singh w.e.f. August 28, 2012.
- Shri P. Murali Mohana Rao, Non Official Part Time (Independent) Director and Shri Ravindra H. Dholakia, Non Official Part Time (Independent) Director ceased to be the Directors of the Company consequent upon completion of their tenure w.e.f. December 21, 2012.
- Shri S.C. Gupta, Non Official Part Time (Independent) Director ceased to be the Director of the Company consequent upon completion of his tenure w.e.f. February 24, 2013.
- Shri J.N. Prasanna Kumar took over the charge as Non Official Part Time (Independent) Director w.e.f. December 22, 2012.
- Shri Vijay Mohan Kaul took over the charge as an Non Official Part Time (Independent) Director w.e.f. June 24, 2013.

The Board placed on record its deep appreciation for the commendable contributions made by Shri Devender Singh, Shri P. Murali Mohana Rao, Shri Ravindra H. Dholakia and Shri S.C. Gupta in the deliberations of Board and its committees during their association with the Company.

The Board also welcomes Shri B. N. Sharma, Shri J.N. Prasanna Kumar, Shri Vijay Mohan Kaul & Shri A. K. Agarwal and expresses confidence that the Company shall immensely benefit from their rich and varied experience.

46.0 STATUTORY AND OTHER INFORMATION

Information required to be furnished as per the Companies Act, 1956, Listing Agreement with Stock exchanges, Guidelines on Corporate Governance for CPSEs etc. is annexed to this report as follows:

Particulars	Annexure
Management Discussion and Analysis Report	I
Report on Corporate Governance	II
Business Responsibility Report	III
Non-Banking Financial Companies Auditors' certificate	IV
Statement pursuant to Section 212 of the Companies Act, 1956	V

47.0 ACKNOWLEDGEMENT

The Board of Directors acknowledge and place on record their appreciation for the guidance, co-operation 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 as well as from various domestic and international financial institutions/banks, agencies 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 for their constructive suggestions and co-operation.

We would also like to place on record our appreciation for the untiring efforts and contributions made by the employees to ensure excellent all round performance of the Company.

For and on behalf of the Board of Directors

Satnam Singh

(Satnam Singh)
Chairman & Managing Director

Place : New Delhi
Dated : 21.08.2013

Disclosures pursuant to the provisions of Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, as on March 31, 2013

S.No.	Particulars	PFC-ESOP 2010
(a)	Options Granted	109326
(b)	The Pricing Formula	Face Value ₹10
(c)	Options Vested	4,582
(d)	Options Exercised	83,306
(e)	Total number of shares arising as a result of exercise of options	83,306
(f)	Options Lapsed	0
(g)	Variation in terms of ESOP	Nil
(h)	Money realised by exercise of options	₹ 8,33,060
(i)	Total Number of Options in force	26020
(j)	Employee-wise details of options granted during	FY 2012-13
	i) Senior managerial personnel :	
	Name	**No. of options granted***
1	Satnam Singh	-
2	M.K. Goel	-
3	R. Nagarajan	-
4	A K Agarwal	-
5	Arunava Chakravarti	-
6	Ashok Gupta	-
7	C. Gangopadhyay	-
8	D. Ravi	-
9	Dinesh Vij	394
10	Nalini Vanjani	-
11	Naveen Kumar	-
12	N D Tyagi	-
13	P.K. Bhargava	-
14	R.R. Khan	-
15	V.K. Shah	580
	(ii) Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year	
	Name	**No. of options granted**
	NIL	NA
	(iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	
	Name	**No. of options granted**
	NIL	NA
(k)	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	33.48

(l)	where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2012 to March 31, 2013 is ₹82,16,872. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the total cost to be recognised in the financial statements for the period April 1, 2012 to March 31, 2013 would be ₹77,18,045. The effect of adopting the fair value method on the net income and earnings per share is presented below:	
	Pro Forma Adjusted Net Income and Earning Per Share	
	Particulars	₹
	Net Income as reported	44,19,60,13,422
	Add: Intrinsic Value Compensation Cost	8,216,872
	Less: Fair Value Compensation Cost	7,718,045
	Adjusted Pro Forma Net Income	44,19,65,12,249
	Earning Per Share: Basic	
	As Reported	33.48
	Adjusted Pro Forma	
	Earning Per Share: Diluted	
	As Reported	33.48
	Adjusted Pro Forma	
(m)	**I Weighted average exercise price of Options granted during the year whose**	
	(i) Exercise price equals market price	Nil
	(ii) Exercise price is greater than market price	Nil
	(iii) Exercise price is less than market price	10
	II Weighted average fair value of options granted during the year whose	
	(i) Exercise price equals market price	Nil
	(ii) Exercise price is greater than market price	Nil
	(iii) Exercise price is less than market price	150.12
(n)	**Method and Assumptions used to estimate the fair value of options granted during the year :**	
	The fair value has been calculated using the Black Scholes Option Pricing model. **The Assumptions used in the model are as follows:**	
	Date of grant	**30-Apr-12**
	Risk Free Interest Rate	8.38%
	Expected Life (years)	2
	Expected Volatility	41.54%
	Dividend Yield	3.53%
	Price of the underlying share in market at the time of the option grant (₹)	170.15

* Although options were granted the same have been settled in cash

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

Name	Designation and Nature of Duties	Remuneration (In ₹)	Qualification	Date of Commencement of Employment	Exp. (Yrs.)	Age as on March 31, 2013 (Yrs.)	Last Employment held	Remarks
Employed for whole of the Year								
Shri Satnam Singh	Chairman and Managing Director	64,31,963	MBA	20.09.1996	33	55	SJVNL (NJPC Ltd.)	-
Employed for part of the Year								
Shri Ashok Gupta	Executive Director	46,72,048	ICWA, LLB, CS	22.02.1988	37	60	NHPC Ltd.	Superannuated
Shri S. N. Budhiraja	General Manager	11,63,678	CA	01.02.1990	33	60	CIMMCO Ltd.	Superannuated
Shri Jyotishubhra Amitabh	Additional General Manager	30,10,383	CS, LLB	29.06.1994	23	47	Modi Cement Ltd.	Resigned
Smt. Kalpana Kaul	General Manager	26,43,198	MBA	30.12.1994	27	50	ITDC Ltd.	Resigned

Note:
1. Persons named above were regular employees of the Company.
2. None of the employees listed above is related to any director of the company.
3. The amount shown above is inclusive of all the payment made to them during the whole of FY 2012-13

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

Sl. No.	Name & Address of Trustee	Bond Series
1.	**IL&FS Trust Company Limited** The IL&FS Financial Centre, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051	9.60% TAXU PFC Bonds (2017)-XIII Series 8.21% TAXU PFC Bonds (2017)-XVII Series 7.87% TAXU PFC Bonds (2017)-XVIII Series Zero Coupon Bonds-(2022) XIX Series 7.19% 10YRS TAX FREE BONDS 12-13 TR -I SERIES 1 7.69% 10YRS TAX FREE BONDS 2012-13 TR-I SERIES-1 7.36% 15YRS TAX FREE BONDS 2012-13 TR-I SERIES-2 7.86% 15YRS TAX FREE BONDS 2012-13 TR-I SERIES-2 6.88% TR-2 TAX FREE BONDS 12-13 7.38% tr-2 TAX FREE BONDS 12-13 7.04% TR-2 TAX FREE BONDS 12-13 7.54% TR 2 TAX FREE BONDS 12-13
2.	**IDBI Trusteeship Services Ltd** Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai- 400 001	7.00% TAXU PFC Bonds (2011)-XXI-B Series 8.85% TAXU PFC Bonds (2021)-XXVIII Series 8.80% TAXU PFC Bonds (2016)-XXIX-A Series 8.78% TAXU PFC Bonds (2016)-XXXI-A Series 9.90% TAXU PFC Bonds (2017)-XXXIII-B Series 9.90% TAXU PFC Bonds (2017)-XXXIV Series 9.60% TAXU PFC Bonds (2013)-XLVII- B Series 9.68% TAXU PFC Bonds (2018)-XLVII- C Series 10.70% TAXU PFC Bonds (2013)-XLVIII- B Series 10.55% TAXU PFC Bonds (2018)-XLVIII- C Series 10.90% TAXU PFC Bonds (2013)-XLIX- A Series 10.85% TAXU PFC Bonds (2018)-XLIX- B Series 10.75% TAXU PFC Bonds (2013)-50- B Series 10.70% TAXU PFC Bonds (2015)-50- C Series 11.10% TAXU PFC Bonds (2013)-51- B Series 11.00% TAXU PFC Bonds (2018)-51- C Series 11.40% TAXU PFC Bonds (2013)-52- A Series 11.30% TAXU PFC Bonds (2015)-52- B Series 11.25% TAXU PFC Bonds (2018)-52- C Series 8.90% TAXU PFC Bonds (2014)-54-A Series 7.50% TAXU PFC Bonds(2014)-55-B-Series 8.60% TAXU PFC Bonds(2014)-57-B Series 8.60% TAXUPFC Bonds(2019)-57-B-Series 8.60% TAXU PFC Bonds(2024)-57-B-Series 8.45% TAXUPFC Bonds(2014)-58-B-Series 8.45% TAXU PFC Bonds(2014)-Series-59A 8.80% TAXU PFC Bonds(2019)-59B-Series INCMTBMK linked TAXU PFC Bonds(2019)-60-B-Series 8.50% TAXU PFC Bonds(2014)-61- Series 8.50% TAXU PFC Bonds (2019)-61- Series 8.50% TAXU PFC Bonds(2024)-61-Series 8.70% TAXU PFC Bonds (2020)-62-A-Series 8.80% TAXU PFC Bonds(2025)-62-B-Series 8.90% TAXU PFC Bonds(2015)-63-Series 8.90% TAXU PFC Bonds (2020)-63-Series 8.90% TAXU PFC Bonds (2025)-63-Series 8.95% TAXU PFC Bonds(2015)-64-Series 8.95% TAXU PFC Bonds(2020)-64-Series 8.95% TAXU PFC Bonds(2025)-64-Series

3.	**The Western India Trustee & Executor Co. Ltd.** c/o IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai-400 001	7.60% TAXU PFC Bonds (2015)-XXV Series 7.95% TAXU PFC Bonds (2016)-XXVI Series 8.20% TAXU PFC Bonds (2016)-XXVII-A Series 9.96% TAXU PFC Bonds (2017)-XXXV Series 9.28% TAXU PFC Bonds (2017) – XL –C Series
4.	**PNB Investment Services Ltd.** 10, Rakesh Deep 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 7.10% TAXU PFC Bonds-67-Series 8.25% TAXU PFC Bonds-68 A-Series 8.70% TAXU PFC Bonds-68 B-Series 8.78% TAXU PFC Bonds-70-Series 9.05% TAXU PFC Bonds-71 Series 8.97% TAXU PFC Bonds-72 A-Series 8.99% TAXU PFC Bonds-72 B-Series Long Term Infrastructure Bonds 2011-12 -Series-I Long Term Infrastructure Bonds 2011-12 -Series-II Long Term Infrastructure Bonds 2011-12 -Series-III Long Term Infrastructure Bonds 2011-12 -Series-IV Long Term Infrastructure Bonds 2011-12 -Series-86A Long Term Infrastructure Bonds 2011-12 -Series-86B Long Term Infrastructure Bonds 2011-12 -Series-86C Long Term Infrastructure Bonds 2011-12 -Series-86D 8.70%TAXU PFC Bonds – Series 73 9.70% TAXU PFC Bonds – Series 74 9.64% TAXU PFC Bonds – Series 75-A 9.62% TAXU PFC Bonds – Series 75-B 9.61% TAXU PFC Bonds – Series 75-C 9.36% TAXU PFC Bonds – Series 76-A 9.46% TAXU PFC Bonds – Series 76-B 9.41% TAXU PFC Bonds – Series 77-A 9.45% TAXU PFC Bonds – Series 77-B 9.43% TAXU PFC Bonds – Series 78-A 9.44% TAXU PFC Bonds – Series 78-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 9.49% TAXU PFC Bonds – Series 81 9.63% TAXU PFC Bonds – Series 82-A 9.64% TAXU PFC Bonds – Series 82-B 9.70% TAXU PFC Bonds – Series 82-C 9.55% TAXU PFC Bonds – Series 83 9.33% TAXU PFC Bonds – Series 84 9.51% TAXU PFC Bonds – Series 85-A 9.30% TAXU PFC Bonds – Series 85-C 9.26% TAXU PFC Bonds – Series 85-D 9.62% TAXU PFC Bonds – Series 87-A 9.72% TAXU PFC Bonds – Series 87-B 9.59% TAXU PFC Bonds – Series 87-C 9.42% TAXU PFC Bonds – Series 87-D 9.61% TAXU PFC Bonds – Series 88-A 9.66% TAXU PFC Bonds – Series 88-B 9.48% TAXU PFC Bonds– Series 88-C

5.	**GDA Trusteeship Ltd.** "GDA HOUSE", Plot No.85, Survey No. 94/95 Paud Road, Pune-411038	Long Term Infrastructure Bonds 2011-Series-I Long Term Infrastructure Bonds 2011-Series-II Long Term Infrastructure Bonds 2011-Series-III Long Term Infrastructure Bonds 2011-Series-IV Tax Free Bonds 2011-12 Series I Tax Free Bonds 2011-12 Series II 9.52% TAXU PFC Bonds – Series 89-A 9.46% TAXU PFC Bonds – Series 89-B 9.61% TAXU PFC Bonds – Series 90-A 9.41% TAXU PFC Bonds – Series 90-B 9.40% TAXU PFC Bonds – Series 91-A 9.39% TAXU PFC Bonds – Series 91-B 9.21% TAXU PFC Bonds – Series 92-A 9.27% TAXU PFC Bonds – Series 92-B 9.29% TAXU PFC Bonds – Series 92-C 8.85% TAXU PFC Bonds – Series 93-A 8.91% TAXU PFC Bonds – Series 93-B 7.21% TAX FREE PFC Bonds – Series 94-A 7.38% TAX FREE PFC Bonds – Series 94-B 7.22% TAX FREE PFC Bonds – Series 95-A 7.38% TAX FREE PFC Bonds – Series 95-B 8.90% TAXU PFC Bonds – Series 96 8.75% TAXU PFC Bonds – Series 97 8.72% TAXU PFC Bonds – Series 98-A (STRPPs) 8.72% TAXU PFC Bonds – Series 98-B (STRPPs) 8.72% TAXU PFC Bonds – Series 98-C (STRPPs) 8.77% TAXU PFC Bonds – Series 99-A 8.82% TAXU PFC Bonds – Series 99-B 8.86% TAXU PFC Bonds – Series 100-A 8.84% TAXU PFC Bonds – Series 100-B 8.95% TAXU PFC Bonds – Series 101-A 9.00% TAXU PFC Bonds – Series 101-B 8.90% TAXU PFC Bonds – Series102(A)-I (STRPPs) 8.90% TAXU PFC Bonds – Series 102(A)-II (STRPPs) 8.90% TAXU PFC Bonds – Series 102(A)-III (STRPPs) 8.87% PFC BOND SERIES 102-B 8.87% TAXU PFC Bonds – Series 103

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 year 2012-13.

Industry Structure and Development

In an economy, the sustainable growth emanates with progress of all sectors for which growth of infrastructure sector is of paramount importance. Power is one of the most critical components of infrastructure that affects economic growth and the well-being of our nation. The demand of power in India is enormous and is growing steadily due to the diffusion of advanced technology including information technology in day to day chores as well as growth in industrial and commercial activities. Therefore, Power Sector is a key enabler for India's economic growth. The Twelfth Five Year Plan lays special emphasis on development of theinfrastructure sector including energy, as the availability of quality infrastructure is important not only for sustaining high growth but also for inclusive growth.

Generation

Installed Capacity

As on March 31, 2013, India's total installed capacity was 2,23,343.60 MW. Thermal sources continued to have a dominant share at 67.8 per cent (1,51,530.49 MW) followed by Hydro 17.7 per cent (39,491.40 MW), renewable12.3 per cent (27,541.71 MW) and nuclear 2.1 per cent (4,780 MW).The installed capacity stood at 89,124.62 MW (39.90%) in state sector, 65,359.94 MW (29.26 %) in central sector and 68,859.04 MW (30.84%) in private sector.

Capacity addition

The capacity addition during the Twelfth Plan period is estimated at 88,537 MW comprising 26,182 MW in the central sector, 15,530 MW in the state sector, and 46,825 MW in the private sector respectively. The capacity addition target for the year 2012-13 was set at 17,956 MW. However, the actual capacity addition achieved during the year 2012-13 surpassed the target by 2,666.80 MW(15%). The details of capacity addition of 20,622.80MW during the financial year 2012-13 are as follows:

Transmission

Over decades, a robust inter-state and inter- regional transmission system has evolved in the country which facilitates widespread reach of power over the vast area of the country.However, the per capita consumption of electricity in the country has increased manifold due to which there is an urgent need to augment transmission and distribution network. Accordingly about 1,07,440 ckt. Km of transmission lines have been planned to be constructed during the Twelfth Plan period (2012-17) while 2,70,000 MVA of transformer capacity and 12,750 MW of high voltage direct current (HVDC) systems are likely to be added during the said period. The power system in the country is demarcated into five regions. Four regional grids have been operating in synchronous mode as a single system for the past few years. Only the southern grid is yet to be connected to the rest of the system. Grid synchronization works is expected to be completed by the year 2014.With the completion of grid synchronization, the Indian national grid will become the largest such network in the world, both in terms of grid size and system capacity. Further development of high voltage transmission lines of 765 kV and 1,000-1,200 kV will play a key role in rationalizing land requirement and reducing transmission losses.

During the Twelfth Plan period (2012-17), transmission network development for hydropower projects in the northern eastern states will be a key priority as the region does not have adequate transmission infrastructure to evacuate power from hydro projects that will be commissioned during the next four-five years. Cross border transmission projects are another area of focus. These include transmission links with Bhutan and Nepal to facilitate energy exchange and harnessing the region's hydropower potential. The targets for augmentation of transmission network would depend on, among other factors, strengthening of the National Load Despatch Centre/regional load dispatch centres/state load dispatch centres; reduction in the land requirement for projects using technologies like gas-insulated switchgear(GIS) and compact tower and development of ancillary power markets.

(MW)

Source	Central	State	Private	Total	Share (%)
Hydro	374.00	57	70.00	501.00	2.43
Thermal	5023.30	3911	11187.50	20121.80	97.57
Nuclear	-	-	-	-	-
RES	-	-	-	-	-
Total	5397.30	3968	11257.50	**20622.80**	
Share (%)	26.17	19.24	54.59		

(Source: CEA)

Distribution

In the overall functioning of the power sector, Distribution segment plays a crucial role since it is the part of the system which generates the revenues needed to pay generation and transmission utilities. Therefore, the viability of power sector depends upon the distribution sector. The sector has been afflicted by high distribution losses coupled with theft of electricity, low metering levels and poor financial health of utilities with low cost recovery. In order to address the issue of reducing losses and improving the quality of power delivery, the Government has focused on implementing distribution reforms and has introduced several measures to further the process. Electricity Act, 2003, National Electricity Policy and National Tariff Policy are important regulations governing the sector with an aim to bring competition in the sector and improve the services to the end consumers. The other programs focused on improvement of this sector includes interalia Restructured Accelerated Power Development and Reform Programme (R-APDRP), Financial Restructuring Plan (FRP).The focus of the Restructured Accelerated Power Development Reforms Programme (R-APDRP) is on actual, demonstrable performance in terms of reduction in aggregate technical and commercial (AT&C) losses. Projects under the scheme are taken up in urban areas and cities with population of more than 30,000(10,000 in case of special category states). Further, rural areas with heavy loads requiring feeder segregation may also be included in the project areas. Part-A of the scheme includes projects for establishment of baseline data and information technology (IT) application for energy accounting/auditing and IT based consumer service centres. Part-B of the scheme includes regular distribution-strengthening projects and cover system improvement, strengthening and augmentation etc. Further there is an enabling component called Part C for implementation of R-APDRP for facilitating the process of reform in power sector. Further a scheme for Financial restructuring of Discoms has been formulated and approved by the Government to enable the turnaround of the State Discoms and to ensure their long term viability. The scheme contains measures to be taken by the State Discoms and State Government for achieving financial turnaround by restructuring their debt with support through a Transitional Finance Mechanism by Central Government.

Opportunities /Threats /Risks /Concerns

A capacity addition of 88,537 MW (comprising 72,440 MW conventional and 5,300 MW renewable) has been envisaged during 12th Plan period (2012-17) corresponding to the generation requirement and 8.2% GDP growth. The total investment in the infrastructure sector during the Twelfth Five Year Plan (2012-17) will be nearly double that was made during the Eleventh Five Year Plan and is estimated at about ₹55 lakh crore including ₹18 lakh crore (including ₹3 lakh crore in renewable) in power sector. The demand for power is expected to grow manifold in the coming years as a result of industrial and urban expansion. This offers massive opportunity in power sector for being associated with the implementation of power development programmes.

PFC is well positioned to take advantage of these opportunities. PFC is a leading financial institution in India predominantly focused on the power sector. PFC provides a comprehensive range of financial products and related advisory and other services from project conceptualization to the post-commissioning stage for its clients in the power sector, including for generation (conventional and renewable), transmission and distribution projects as well as for related renovation and modernization projects. PFC provides various fund based financial assistance, including project finance, short-term loans, buyer's line of credit and debt refinancing schemes, as well as non-fund based assistance including default payment guarantees and letters of comfort. PFC also provides various fee-based technical advisory and consultancy services for power sector projects.

PFC works closely with power sector utilities, other power sector intermediaries and private sector clients for the development and implementation of policies and structural & procedural reforms for the power sector in India. In addition, PFC is involved in various GoI programs for the power sector, including acting as the nodal agency for the Ultra Mega Power Projects & R-APDRP and as a bid process coordinator for the ITP scheme. PFC has also expanded its focus areas to include projects that represent forward and backward linkages to the core power sector projects, including procurement of capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development.

Reforms in the power sector, to make it efficient and more competitive, have been under way for several years and while there has been some progress, shortage of power and lack of access continues to be a major constraint on economic growth. The persistent shortages of electricity both for peak power and energy indicate the need for improving performance of the power sector in the country. Although power generation capacity has increased substantially in recent years, it has not kept pace with the continued growth of the Indian economy.

In recent years, in light of persistent power shortages and given the estimated rate of increase in demand for electricity in India, the GoI has taken significant action to restructure the power sector, increase capacity, improve transmission, sub-transmission and distribution, and attract investment to the sector. PFC contributes to the development and implementation of GoI policies relating to the power sector in India and plays an integral role in the supervision of the implementation of reforms by State Power Utilities and government agencies. PFC has also formulated broad guidelines for transitional financing to Discoms for supplementing the Financial Restructuring Scheme approved by GoI by providing funding towards the yearly cash gap as per Financial Restructuring Plan. These guidelines have been formulated with an objective to enable the Distribution Companies to convert into a financially stable entity which will pave the way for further sustainable investment in power sector.

Indian Power sector has achieved a lot over the last decade in the areas of Policy reforms, Private sector participation in Generation and Transmission, new generation technology and capabilities, but there is still much to achieve and a number of challenges to overcome before the opportunities can be optimally leveraged.

Outlook

In the last decade, Indian Power Sector has made considerable progress and has evolved from a nascent market to a developing market led by policy reforms. The Industry has responded strongly to the reform measures undertaken by the Government such as enactment of the Electricity Act, 2003, National Electricity Policy, competitive guidelines, ultra mega power projects, APDRP, R-APDRP, Rajiv Gandhi Grameen Vidyutikaran Yojana etc. These measures have been providing necessary impetus to the Indian Power Sector. However in view of the future economic growth and significant increase in industrial activities, the demand of power will continue to grow in future. An 8-9 per cent growth of the economy warrants an equitable growth in the nations' power sector. The Working Group on Power had estimated a capacity addition requirement of 75,785 MW corresponding to 9 per cent GDP growth during the Twelfth Plan period. However, in order to bridge the gap between peak demand and peak deficit and provide for faster retirement of the old energy-inefficient plants, the target for the Twelfth Plan has been fixed at 88,537 MW. Further, focus is increasingly shifting to cleaner forms of generation such as renewable, hydro or nuclear sources with the Govt. proactively encouraging adoption of Renewable Purchase Obligation (RPO) scheme; this ensures that they obtain a specified portion of their total energy consumption from renewable resources.

Corporate Social Responsibility and Sustainable Development (CSR&SD)

PFC has implemented its CSR policy with all its earnest and zeal. The aim of the CSR policy of PFC is to become a socially responsible corporate entity contributing towards improving the quality of life of the society at a large. The CSR activities of PFC have been planned in such a way that the benefits should reach upto the village level and targeted sections of the society in all corners of India.The company had allocated ₹ 15.29 crore for CSR initiatives in the FY 2012-13. However PFC had sanctioned projects/activities worth ₹19.34 crore in FY 2012-13 and disbursed ₹16.09 crore for the projects sanctioned in FY 2012-13 & FY 2011-12. During the year PFC had participated in wide range of activities in the field of Solar energy, Skill Development, Relief to the victims of Natural Calamities in various states. During the year, PFC had formulated Sustainable Development policy and reconstituted the earlier Board level CSR Committee as CSR&SD Committee of Directors headed by an Independent Director to oversee the activities of CSR as well as Sustainable Development. The aim of PFC's Sustainable Development Policy is to ensure that the Corporation becomes a socially responsible corporate entity by finding ways to develop social, financial and environmental resources that meet the needs of the present without compromising the ability of future generations to meet their own needs.During the FY 2012-13, PFC had allocated ₹3.46 crore for SD initiatives. However, PFC sanctioned projects/activities worth ₹4.32 crore in FY 2012-13 and disbursed ₹3.47 crore in the FY 2012-13.

Internal control system and its adequacy

The Company maintains a robust system of Internal Control including suitable monitoring procedures which ensures accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and company policies. Suitable delegation of power and guidelines for accounting has been issued for uniform compliance. 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. Besides, Company's Audit Committee periodically reviews the important findings of different Audits keeping a close watch on compliance with Internal Control System.

PFCs internal audit system is strong & independent and works on a continuous basis, covering the entire gamut of operations and services. The internal control system has been designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets. The internal control systems are supplemented by management reviews and documented policies, guidelines and procedures. There exists a reliable internal check system, which helps in improving the efficiency and effectiveness of internal control system.

PFC is an ISO 9001:2008 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.

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 segment.

Financial and Operational performance

The company continued to accomplish a healthy growth during the financial year 2012-13. The total revenues grew by 33% from ₹13,037.11 crore to ₹ 17,272.55 crore in financial year 2012-13. Profit before Tax (PBT) grew by 45% from ₹4,104 crore to ₹ 5,967 crore in financial year 2012-13. Profit after Tax (PAT) grew by 46% from ₹3,032 crore to ₹4,420 crore in financial year 2012-13.

Further, Net Worth of the company grew by 15% in 2012-13 to ₹22,351 crore as compared to ₹19,493 crore in 2011-12 and the total loan assets (net) as at March 31, 2013 grew by 23% to ₹1,60,367 crore from ₹1,30,072 crore as at March 31, 2012. However, the gross Non Performing Assets (NPAs) decreased to ₹1,135 crore in 2012-13 as compared to ₹1,358 crore in 2011-12.

Renewable and Clean Development Mechanism (RE&CDM)

Considering the emerging prospects in the development and financing of renewable energy sector, a wholly owned subsidiary has been set up exclusively for funding renewable energy sector. While there is separate subsidiary for financing of renewable energy projects, Company still continues to fund larger renewable energy projects and has a dedicated Renewable Energy Group to focus and accelerate the development of business in the Renewable Energy Sector which include Wind, Biomass, Small Hydro, Solar etc. The company offers special interest rates for Renewable Energy Generation Projects and is considering funding all types of Renewable Energy Projects.

Your Company has sanctioned ₹2,313 crore and made disbursement of ₹461 crore in its renewable portfolio, supporting a capacity of 612 MW, during the FY 2012-13. As of March 31, 2013, your company has cumulatively supported a total generation capacity of 1,674 MW, extending financial assistance of ₹5,373 crore and disbursed ₹2,616 crore to all kinds of renewable energy projects with an aggregate project cost of ₹13,000 crore.

Foreign Exchange Earnings and Outgo

During the FY 2012-13, the foreign exchange outgo aggregating ₹262.90 crore was made on account of debt servicing, financial & other charges, travelling and training expenses. Earning in foreign currency is nil.

Human Resources

Your Company considers its employees as most valuable resource and stresses upon the development of its human resources. In order to enhance the competencies of its employees in alignment with the business needs, the Company lays great emphasis on upgrading the skills of its employees. Towards this direction, the Company has an annual training plan system to assess the various training needs. Requisite skills are also imparted across all level of employees through customized training interventions. The Company has very cordial and harmonious relationship with its employees. There were no man-days lost during the period under review. The Company had 427 employees on its rolls as on March 31, 2013.

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.

REPORT ON CORPORATE GOVERNANCE

Corporate governance primarily hinges on transparency, integrity and accountability of the management with major focus on investor protection and public interest. Your company believes that the spirit of Corporate Governance lies in adherence of highest standards of transparency, trust & integrity, performance orientation, responsibility & accountability, professionalism, social responsiveness, ethical business practices and commitment to the organization for sustainable enrichment of value for stakeholders.

Your Company has always endeavored to promote, implement and maintain highest standards of Corporate Governance norms and has been practicing the principles of good Corporate Governance. Your Company is committed to achieve the best standards of Corporate Governance which emphasizes on authority and freedom of the management coupled with transparency, accountability and professionalism in their working with the aim of enhancing long term economic value of all stakeholders and society at large.

A report in line with the requirements of the Listing Agreement 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 the Certificate issued by a Practicing Company Secretary regarding compliance with the provisions of Corporate Governance:

1. **Brief Statement on company's philosophy on the code of governance**

   Company's Corporate Governance initiative 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 a framework of effective accountability.

   Our corporate structure, conduct of business and disclosure practices have been aligned to our Corporate Governance Philosophy.

2. **Board of Directors**

   The Board of Directors of PFC provide leadership and strategic guidance, objective judgment and exercises control over the Company, while remaining pragmatic at all times. The Board draws upon its powers and manages the affairs of the Company within the framework set out in the Companies Act 1956, Articles of Association of the company, Listing agreement with the Stock Exchanges and internal codes/ procedures of the company etc.

Composition

As on March 31, 2013 the Company's Board comprised of eight (8) Directors which included Chairman and Managing Director, three (3) Whole Time Functional Directors, one (1) Part Time Government Nominee Director and three (3) Non Official Part Time (Independent) Directors.

During the year 2012-13, while Shri A. K. Agarwal was appointed as Director (Projects) w.e.f July 13, 2012, Shri B. N. Sharma, Joint Secretary, Ministry of Power joined the Board of Directors of your company as Part Time Government Nominee Director vice Shri Devender Singh w.e.f August 28, 2012. Further, Shri P. Murali Mohana Rao, Shri Ravindra H. Dholakia and Shri S.C. Gupta, Non Official Part Time (Independent) Directors ceased to be the Directors of the Company consequent upon completion of their tenure w.e.f. December 21, 2012, December 21, 2012 and February 24, 2013 respectively. Also Shri J.N. Prasanna Kumar was appointed as Independent Director w.e.f. December 22, 2012.

The composition of Board of Directors as on March 31, 2013 was as follows:

Whole Time Directors		
i)	Shri Satnam Singh	Chairman and Managing Director
ii)	Shri M.K. Goel	Director (Commercial)
iii)	Shri R. Nagarajan	Director (Finance)
iv)	Shri A. K. Agarwal	Director (Projects)
Government Nominee Director		
v)	Shri B. N. Sharma	Director (Government Nominee)
Non Official (Independent) Directors		
vi)	Shri Ajit Prasad	Independent Director
vii)	Shri Krishna Mohan Sahni	Independent Director
viii)	Shri J.N. Prasanna Kumar	Independent Director

Subsequently, Shri Vijay Mohan Kaul has been appointed as an Independent Director of the Company by the President of India vide Ministry of Power, Government of India w.e.f. June 24, 2013.

Number of Board Meetings

During the year under review, the Board met 9 times on the following dates:

(i) April 30, 2012 (ii) May 22, 2012 (iii) June 22, 2012 (iv) August 8, 2012 (v) September 20, 2012 (vi) November 9, 2012 (vii) December 11, 2012 (viii) January 30, 2013 & February 11, 2013* (ix) March 22, 2013

*Date of Adjourned Board Meeting

The maximum time gap between two board meetings was less than three months.

Annual General Meeting

The Last Annual General Meeting of the Company was held on September 21, 2012.

Directors' attendance at the Board Meetings during the year 2012-13 and also at the last Annual General Meeting, number of directorships in other companies and Membership/Chairmanship in other committees etc. are as follows:

Name and Designation	Board Meetings		No of other Directorships as on March 31, 2013*	Membership in the committees of other companies as on March 31, 2013**		Attendance at the last AGM held on September 21, 2012
	Held during the tenure	Attended		As Member	As Chairman	
Shri Satnam Singh Chairman and Managing Director	9	9	3	0	0	Present
Shri M.K. Goel Director (Commercial)	9	9	9	1	0	Present
Shri R. Nagarajan Director (Finance)	9	9	6	1	0	Present
Shri A. K. Agarwal Director (Projects) (w.e.f. July 13, 2012)	6	6	4	0	0	Present
Shri Devender Singh Director (Government Nominee) (upto August 28, 2012)	4	4	NA	NA	NA	NA
Shri B. N. Sharma Director (Government Nominee) (w.e.f. August 28, 2012)	5	4	1	0	0	Present
Shri Ravindra H. Dholakia Independent Director (upto December 21, 2012)	7	7	NA	NA	NA	Absent
Shri P. Murali Mohana Rao Independent Director (upto December 21, 2012)	7	7	NA	NA	NA	Present
Shri S. C. Gupta Independent Director (upto February 24, 2013)	8	7	NA	NA	NA	Present
Shri Ajit Prasad Independent Director	9	7	0	0	0	Present
Shri Krishna Mohan Sahni Independent Director	9	9	2	0	0	Present
Shri J.N. Prasanna Kumar Independent Director (w.e.f. December 22, 2012)	2	2	1	0	0	NA

N.A. indicates that concerned person was not a Director on PFC's Board on the relevant date.

* Does not include Directorship in Private Companies, Section 25 Companies and Foreign Companies.

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

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.

Information placed before the Board of Directors

Detailed Agenda Notes with necessary information were circulated in advance to the Board.

During the year, all the relevant information as mentioned in Clause 49 of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises was placed before the Board for its consideration. The following information is generally supplied to the Board, if any:

- Annual operating plans, budgets and any updates therein.
- Capital budgets and any updates therein.
- Quarterly results for the Company and its operating divisions or business segment.
- Minutes of meetings of Audit Committee and other Committees of the board.
- Information on recruitment/remuneration of senior officers just below the Board level.
- Material show cause, demand, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, if any.
- Details of any joint venture or collaboration agreement.
- Transactions involving substantial payment towards goodwill, brand equity or intellectual property, if any.
- Significant labour problems and their proposed solutions, if any. Any significant development in human resources/ industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc, if any.
- Sale of material nature, of investments, subsidiaries, assets which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service.
- Other materially important information.

Compliance with applicable laws

The company has a robust system in place for monitoring of various statutory and procedural compliances. The Board periodically reviews the status of Statutory, Policy & Procedural compliances to ensure proper compliance of all laws applicable to the company.

3. a) 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 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. A copy of the Code has been placed on the website of the Company i.e. 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 given below:

Declaration as required under Listing Agreement 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, 2013."

Sd/-

Satnam Singh

Chairman & Managing Director

b) **Code for Prevention of Insider Trading**

In pursuance of Securities and Exchange Board of India (Insider Trading) Regulations, 1992 as amended from time to time, the Company has formulated a comprehensive "Code for Prevention of Insider Trading" to preserve the confidentiality and to prevent misuse of un-published price sensitive information. Every director, officer and designated employees of the Company has 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 regarding the Company 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 shares 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 'Code for Prevention of Insider Trading'.

In order to facilitate the employees to file the disclosures under the "Company's Code for Prevention of Insider Trading", a system was introduced during the year wherein some of the disclosures under the Insider Trading Code can be submitted electronically by the Employees through Company's employee portal.

In line with the requirement of Code for Prevention of Insider Trading, trading window was closed from time to time, whenever some price sensitive information was submitted to the Board. Notice of closure of trading window was issued to all the employees well in advance restraining all the employees not to deal in the shares of the Company when the trading window is closed.

c) **Anti Fraud Policy**

The Company has 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 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.

4. Committees of the Board of Directors

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board of Directors and its committees meet at regular intervals. All decisions pertaining to the constitution of Board Committees, appointment(s) of members and fixation of terms of service for members of Committees are taken by the Board of Directors

As on March 31, 2013 the Board had following committees:

i) Audit Committee
ii) Remuneration Committee
iii) Shareholders'/Investors' Grievance Committee
iv) Loans Committee
v) Committee of Functional Directors
vi) Risk Management Committee
vii) Committee for Investment in IPO of Central Power Sector Undertakings (CPSUs)
viii) Ethics Committee
ix) CSR Committee of Directors

4.1 Audit Committee

The role and terms of reference of Audit Committee is in line with the requirements of Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises.

The terms of reference of the Audit Committee includes the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain legal or other professional advice.

- To secure attendance of outsiders with relevant expertise, if it is considered necessary.
- Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statement before submission to the Board, focusing primarily on :-
  - Any change in accounting policy and practices.
  - Major accounting entries based on exercise of judgment by the management.
  - Qualification in draft audit report.
  - Significant adjustment arising out of audit.
  - Compliance with accounting standard.
  - Compliance with Stock Exchange and Legal requirement concerning financial statement.
  - Any related party transaction i.e. transaction of the Company of material nature, with promoters or the management, their subsidiary or relatives etc. that may have potential conflict with the interest of the company at large.
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
- Reviewing with management, external and internal auditor, the adequacy of internal control system and suggestion for implementation for the same.
- Reviewing the adequacy of internal audit function including the structure of internal audit department, staffing and seniority of the officials heading the departments, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditor and significant finding and follow up thereon.
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matters to the Board.
- Discussion with statutory auditor before the audit commences, and nature of scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policy.
- To look into the reasons for substantial default in the payment to the depositors, debentures holders, shareholders and creditors.
- It shall have discussion with auditors periodically about internal control system, the scope of audit including the observation of the auditors & review the quarterly, half yearly & annual financial statement before submission to the Board, it shall ensure compliance of internal control system.
- Approval of payment to statutory auditors for any other services rendered by statutory auditors.
- Reviewing the Management discussion and analysis of financial condition and results of operations.
- Formulation of whistle blower policy and recommending the same to Board for approval and review the functioning of the whistle blower mechanism and also to protect the whistle blowers.
- To review the follow up action on the audit observations of the CAG audit.
- To review the follow up action taken on the recommendations of the Committee on Public Undertakings (COPU) of the Parliament.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

As on March 31, 2013, the Audit Committee comprised of the following members:

1.	Shri Ajit Prasad	Chairman
2.	Shri J. N. Prasanna Kumar	Member
3.	Shri A. K. Agarwal	Member

During the year 2012-13, Shri P. Murali Mohana Rao and Shri Ravindra H. Dholakia ceased to be the Directors of the Company w.e.f December 21, 2012. Consequently, Shri P. Murali Mohana Rao and Shri Ravindra H. Dholakia also ceased to be the Chairman and Member of the Audit Committee respectively. Accordingly, the Audit Committee was re-constituted on January 28, 2013 and Shri Ajit Prasad and Shri J. N. Prasanna Kumar have been appointed as the Chairman and Member of the Audit Committee respectively.

During the FY 2012-13 four (4) meetings of the Audit Committee were held i.e. (i) May 21, 2012 (ii) August 7, 2012 (iii) November 9, 2012 (iv) January 30, 2013.

The detail of the meetings attended by members during the year 2012-13 is as follows:

Name of the Members	**Designation**	**No. of Meetings**	
		Held during the tenure	**Attended**
Shri Ajit Prasad	Chairman/ Independent Director (w.e.f. January 28, 2013)	1	1
	Member/ Independent Director	3	3
Shri P. Murali Mohana Rao (upto December 21, 2012)	Chairman/Independent Director	3	3
Shri J. N. Prasanna Kumar (w.e.f. January 28, 2013)	Member/Independent Director	1	1
Shri A. K. Agarwal (w.e.f. July 13, 2012)	Member/ Director (Projects)	3	3
Shri Ravindra H. Dholakia (upto December 21, 2012)	Member/ Independent Director	3	3

Director (Finance), head of internal audit and representative of the statutory auditor(s) are invited to the Audit Committee Meetings for interacting with the members of the committee. Senior functional executives were also invited as and when required to provide necessary inputs to the committee.

The Chairman of the Audit Committee was present at the Annual General Meeting held on September 21, 2012 to answer shareholder queries.

The Company Secretary of the Company acts as the Secretary to the Committee.

The Chairman of the Audit Committee possesses accounting and financial management expertise and all other members of the committee are financially literate.

4.2 Remuneration Committee

Company being a Central Public Sector Undertaking, the appointment of CMD & Directors and fixation of their remuneration are decided by President of India as per the Articles of Association of the Company.

However, as per the provisions of the Department of Public Enterprises (DPE) guidelines on Corporate Governance for CPSEs, the company constituted a Remuneration Committee comprising of three independent directors. The terms of reference of the Remuneration Committee include deciding the quantum of annual bonus/variable pay and policy for its distribution, formulation of ESOP scheme, pension scheme etc. within the prescribed limits across the whole time directors, executives and non unionized supervisors.

As on March 31, 2013, the Remuneration Committee comprised of the following members:

1. Shri Ajit Prasad — Chairman
2. Shri Krishna Mohan Sahni — Member
3. Shri J.N. Prasanna Kumar — Member

During the year 2012-13, Shri P. Murali Mohana Rao and Shri Ravindra H. Dholakia w.e.f December 21, 2012 and Shri S. C. Gupta w.e.f. February 24, 2013 ceased to be the Directors of the Company. Consequently, Shri Ravindra H. Dholakia ceased to be the Chairman and Shri P. Murali Mohana Rao and Shri S. C. Gupta, ceased to be the Members of the Remuneration Committee respectively. Accordingly, the Remuneration Committee was re-constituted on March 30, 2013 and Shri Ajit Prasad has been appointed as the Chairman and Shri Krishna Mohan Sahni and Shri J. N. Prasanna Kumar have been appointed as Members of the Remuneration Committee respectively.

Further, Shri M. K. Goel, Director (Commercial) and Shri R. Nagarajan, Director (Finance) are permanent invitees to the Remuneration committee.

During the FY 2012-13, two (2) meetings of the Remuneration Committee were held i.e. (i) April 30, 2012 (ii) July 17, 2012.

Name of Members	**Designation**	**No. of Meetings**	
		Held during the tenure	**Attended**
Shri Ajit Prasad (w.e.f. March 30, 2013)	Chairman/Independent Director	NA	NA
Shri Ravindra H. Dholakia (upto December 21, 2012)	Chairman/Independent Director	2	2
Shri Krishna Mohan Sahni (w.e.f. March 30, 2013)	Member/Independent Director	NA	NA
Shri J. N. Prasanna Kumar (w.e.f. March 30, 2013)	Member/Independent Director	NA	NA
Shri P. Murali Mohana Rao (upto December 21, 2012)	Member/Independent Director	2	2
Shri S. C. Gupta (upto February 24, 2013)	Member/Independent Director	2	2

N.A. indicates that concerned person was not a Chairman/Member of the Remuneration Committee on the relevant date.

4.2A Remuneration Policy

The 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, Govt. of India, which, inter-alia, fixes the remuneration of such Whole Time Directors through their respective appointment orders/pay fixation orders.

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 the year 2012-13 are given below:

Name of the Director	**Salary (₹)**	**Benefits (₹)**	**Bonus/ Commission ex-gratia (₹)**	**Performance linked incentives (₹)**	**Stock Options (number of options)**	**Total (₹)**
Shri Satnam Singh	29,27,599	12,51,791	0	22,52,573	0	64,31,963
Shri M.K. Goel	25,80,314	12,73,711	0	18,05,670	0	56,59,695
Shri R. Nagarajan	22,60,943	10,62,104	0	16,59,962	0	49,83,009
Shri A. K. Agarwal (from July 13, 2012)	16,44,836	10,13,005	0	0	0	26,57,841

Notes:

1. During the FY 2012-13, the Company had granted options, convertible into equal number of equity shares to the Directors under PFC-ESOP 2010 Scheme for the FY 2010-11. However, in view of a clarification issued by DPE, the Board of Directors in its Meeting held on November 9, 2012 had approved modification in PFC's Employee Stock Option Scheme i.e. PFC- ESOP 2010 by making it optional. Consequently, the options granted under PFC- ESOP 2010 Scheme for the FY 2010-11 have been settled in cash.

2. The performance linked incentives are paid as per the Performance Evaluation System of the Company.

3. The appointment of Directors and payment of their remuneration are decided by President of India as per the Articles of Association of the Company. Therefore, there is no provision for notice period and severance fees for the directors.

4.2B Remuneration of 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 at a rate fixed by the Board within the limits as prescribed under the Companies Act, 1956 for attending the meetings of the Board and Committees of Directors. Presently, sitting fee of ₹20,000 for attending each meeting of the Board and Committees of Directors is being paid to each Independent Director.

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

4.3 Shareholders'/Investors' Grievance Committee

The Company has set up a Shareholders'/Investors' Grievance Committee of Directors to look into the redressal of the complaints of investors. The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

Shri J.N. Prasanna Kumar, Independent Director is the Chairman of the committee. Company Secretary of the Company acts as the secretary to the committee and is also the Compliance Officer of the Company.

As on March 31, 2013 the Shareholders'/Investors' Grievance Committee comprised of the following members:

Shri J. N. Prasanna Kumar (w.e.f. March 30, 2013)	Chairman
Shri M. K. Goel	Member
Shri R. Nagarajan	Member

During the FY 2012-13, three (3) meetings of the Shareholders'/Investors' Grievance Committee were held on (i) May 21, 2012 (ii) August 8, 2012 (iii) November 8, 2012.

Information on investor complaints pursuant to Clause 49 of the Listing agreement for the year ended March 31, 2013 is as follows:

	Equity
Pending at the beginning of the year	1
Received during the year	127
Disposed off during the year	125
Lying unresolved at the end of the year	3*

* *out of which 2 complaints were settled in April, 2013 and rest 1 is sub judice*

4.4 Loans Committee

The Loans Committee of the Directors has been constituted 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, subject to overall ceiling of ₹10,000 crore in a financial year.

As on March 31, 2013 the Committee comprised of the following members:

Shri Satnam Singh	Chairman
Shri B.N. Sharma (w.e.f. August 28, 2012)	Member
Shri Krishna Mohan Sahni	Member
Shri M.K. Goel	Member
Shri R. Nagarajan	Member

Shri A. K. Agarwal (w.e.f. July 13, 2012)	Member
Shri Devender Singh (upto August 28, 2012)	Member

During the FY 2012-13, three meetings of the Loans Committee were held on (i) April 30, 2012 (ii) July 5, 2012 (iii) January 7, 2013

4.5 Committee of Functional Directors

The Committee of Functional Directors has been constituted for sanctioning of financial assistance upto ₹100 crore to individual schemes or projects including enhancement of financial and lease assistance and relaxation of eligibility conditions, subject to overall ceiling of ₹4,000 crore in a financial year.

As on March 31, 2013, the Committee comprised of the following members:

Shri Satnam Singh	Chairman
Shri M.K. Goel	Member
Shri R. Nagarajan	Member
Shri A. K. Agarwal (w.e.f. July 13, 2012)	Member

During the FY 2012-13, five meetings of the Committee of Functional Directors were held on (i) April 23, 2012 (ii) September 4, 2012 and September 5, 2012* (iv) September 21, 2012 (v) December 20, 2012 (vi) March 20, 2013.

** Date of Adjourned Meeting*

4.6 Risk Management Committee

The Risk Management Committee's main function is to monitor various risks likely to arise and to examine the various risk management policies and practices adopted by the Company. Also to initiate action for mitigation of risk arising in the operation and other related matters of the Company.

As on March 31, 2013, the Committee comprised of the following members:

Shri M.K. Goel	Chairman
Shri R. Nagarajan	Member
Shri A. K. Agarwal (w.e.f. July 13, 2012)	Member

During the FY 2012-13, four meetings of the Risk Management Committee were held on (i) July 5, 2012 (ii) September 11, 2012 (iii) December 28, 2012 (iv) March 5, 2013.

4.7 Committee of Directors for Investment in IPO of Central Power Sector Undertakings (CPSUs)

The Committee of Directors for Investment in IPO of Central Power Sector Undertakings (CPSUs) has been formed for approving equity investment in IPOs of CPSUs 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, 2013 the Committee comprised of the following members:

Shri Satnam Singh	Chairman
Shri R. Nagarajan	Member
Shri Krishna Mohan Sahni	Member

During the FY 2012-13, four meeting of the Committee of Directors for Investment in IPO of Central Power Sector Undertakings were held on (i) June 22, 2012 (ii) September 20, 2012 (iii) December 11, 2012 (iv) March 22, 2013.

4.8 Ethics Committee of Directors

The Ethics committee has been constituted to act as a conscience keeper for the company and to ensure that ethical business practices are being followed in managing the affairs of the Company.

As on March 31, 2013 the Committee comprised of the following members:

Shri Satnam Singh	Chairman
Shri Ajit Prasad	Member

4.9 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, 2013 the Committee comprised of the following members:

Shri Krishna Mohan Sahni	Chairman
Shri Ajit Prasad	Member
Shri M. K. Goel	Member

During the FY 2012-13, four (4) meetings of the CSR Committee of Directors were held on (i) May 17, 2012 (ii) August 7, 2012 (iii) November 8, 2012 (iv) January 23, 2013.

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
24^{th}	September 21, 2010	Tuesday	10:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi-110010	• Fresh issue of equity shares along with Offer for Sale, if any, not exceeding 20% of existing paid up share capital. • Introduction of "PFC ESOP Scheme"
25^{th}	September 28, 2011	Wednesday	10:00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010	No Special Resolution was passed
26^{th}	September 21, 2012	Friday	10:00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010	No Special Resolution was passed

No Special Resolution was put through Postal Ballot during the FY 2012-13 and none of the business is proposed to be conducted through Postal Ballot.

6. Subsidiary Companies

The Company does not have any subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

The Minutes of the Board Meetings of unlisted subsidiary companies were reviewed by the Board of Directors of the Company. The financial results of the subsidiaries were reviewed by the Audit Committee and Board of Directors of the Company.

7. Disclosures

(1) The Company has not entered into any transaction of material nature with its promoters, the directors or the management, their relatives or its subsidiaries, that may have any potential conflict with the interest of the Company. Further, the details of related party transactions are presented in note no 7.1 in Part - C "Other Notes on Accounts" of Annual Accounts in the Annual Report.

(2) 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 year.

(3) Under the provisions of "Anti Fraud Policy' adopted by the Company, a whistle blower mechanism is in place for reporting of 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 with a business relationship with the Company. Further, the Company affirms that no personnel have been denied access to the Audit Committee.

(4) 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.

(5) Adoption/non adoption of the non mandatory requirements of the Clause 49 of the Listing Agreement are given under **Annexure I**.

(6) 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.

(7) In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and Companies (Accounting Standards) Rules, 2006 to the extent applicable.

8. 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 all external constituencies. The Company communicates with its shareholders through its annual report, general meeting, newspapers and disclosures through website. The Quarterly/annual financial results are published in national newspapers like The Financial Express, Jansatta (Hindi), The Hindustan Times, Hindustan (Hindi), Business Standard, Dainik Jagran (Hindi), The Hindu etc. The same are also available on the website of the Company, viz. www.pfcindia.com and have also been submitted to stock exchanges. The Company also communicates with its institutional shareholders through investor conferences.

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.

9. CEO/CFO certification

As required by the Clause 49 of the Listing Agreement, the Certificate duly signed by Shri Satnam Singh, Chairman & Managing Director and Shri R. Nagarajan, Director (Finance) was placed before the Board of Directors at the meeting held on May 30, 2013.

10. Shareholders Information

1) Annual General Meeting

Date	Time	Venue
September 26, 2013	10.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010

2) Financial calendar for FY 2013-14 (Tentative)

Particulars	Date
Financial year	April 1, 2013 to March 31, 2014
Un-audited financial results for the first three quarters Audited Financial Results	Will be announced within 45 days from the end of each quarter. Audited Accounts will be announced on or before May 30, 2014.
AGM (Next year)	September 2014

3) Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from September 12, 2013 to September 26, 2013 inclusive of both days.

4) **Payment of Dividend**

The Board of Directors of the Company, has recommended payment of final dividend of ₹1 per share for the financial year ended March 31, 2013 on the paid up equity share capital of the Company, which will be paid after your approval at the Annual General Meeting. This is in addition to the Interim Dividend of ₹6 per share already paid in February 2013 on the paid up equity share capital of the Company. Thus, the total dividend for the FY 2012-13 amounts to ₹7 per share.

The record date for the payment of Final Dividend for year 2012-13 is September 11, 2013. The Dividend, if declared at the AGM, would be paid to the shareholders within 30 days from the date of AGM.

5) **Dividend History**

Year	Total Paid-up Capital (₹ in crore)	Total Amount of Dividend paid (₹ in crore)	Rate of Dividend (%)	Date of Payment (Interim & Final)
2007-08	1147.77	401.72	35.00%	February 19, 2008 (Interim) & August 5, 2008 (Final)
2008-09	1147.77	459.11	40.00%	March 5, 2009 (Interim) & September 29, 2009 (Final)
2009-10	1147.77	516.50	45.00%	February 12, 2010 (Interim) & September 29, 2010 (Final)
2010-11	1147.77 (Interim)	401.72	35.00%	January 31, 2011 (Interim)
	1319.93 (Final)	197.99	15.00%	October 8, 2011 (Final)
	Total	599.71	50.00%	-
2011-12	1319.93 (Interim)	659.97	50.00%	February 17, 2012 (Interim)
	1320.00 (Final)	132.00	10.00%	October 3, 2012 (Final)
	Total	791.97	60.00%	-

6) **Listing on Stock Exchanges**

PFC shares are listed on the following stock exchanges:

National Stock Exchange of India Limited (NSE)	Bombay Stock Exchange Limited (BSE)
Scrip Code: PFC EQ	Scrip Code: 532810
Stock Code (ISIN) : INE134E01011	

The annual listing fees for the FY 2013-14 have been paid to NSE and BSE.

7) **Market Price Data**

NSE

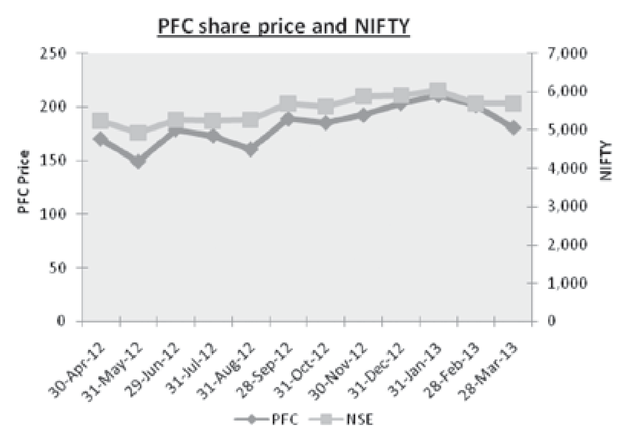
Month	High (₹)	Low (₹)	Closing (₹)
April'12	197.90	167.50	170.15
May'12	171.40	138.75	148.90
June'12	179.95	144.90	178.75
July'12	196.00	167.75	173.15
August'12	194.35	152.00	160.30
September'12	206.35	153.15	188.95
October'12	209.25	174.70	185.35
November'12	193.40	175.15	192.45
December'12	206.00	189.25	203.70

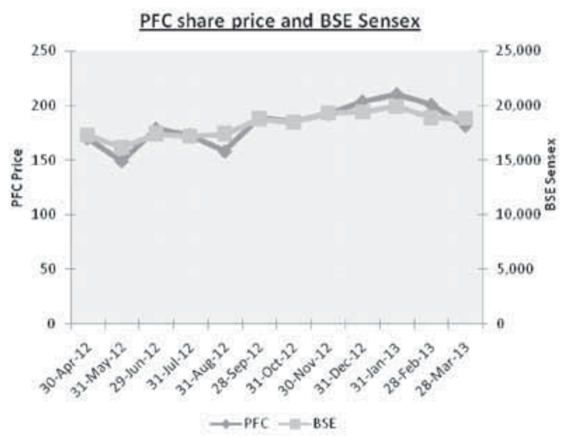
January'13	213.95	194.10	211.10
February'13	227.35	196.20	201.45
March'13	207.90	171.15	180.70

BSE

Month	**High (₹)**	**Low (₹)**	**Closing (₹)**
April'12	197.70	167.90	170.05
May'12	171.05	139.00	148.95
June'12	179.80	145.05	178.80
July'12	189.80	167.70	173.25
August'12	194.20	152.20	157.95
September'12	220.00	153.00	188.65
October'12	212.60	174.90	185.30
November'12	193.35	175.00	192.40
December'12	209.60	189.20	203.80
January'13	214.05	194.00	210.35
February'13	227.00	196.25	200.80
March'13	207.75	170.10	181.50

8) Performance in comparison to indices





9) Registrar and Transfer Agent

Registered Office

Karvy Computershare Private Limited
"Karvy House",
46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad 500034, India
Tel: +91 40 23312454
Toll Free: 1800 4258282
Fax: +91 40 23311968

Communication Address

17-24, Vittal Rao Nagar
Madhapur
Hyderabad-500 081
Andhra Pradesh, India
Tel: +91 40 23420815-28
Fax: +91 40 23420814/59
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

10) Share Transfer System

The shares under physical segment are transferred through Karvy Computershare Private Limited, our Registrar and Transfer Agent. It receives the request for transfer of shares to be transferred along with the transfer deed from transferee, verifies it, and prepares the Memorandum of Transfer etc. "Share Transfer and Investor Services Committee" has also been constituted by your Company to approve inter alia the transfer of shares of the Company.

Pursuant to Clause 47(C) of the Listing Agreement, certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from practicing Company Secretary have been submitted to the stock exchanges within the stipulated time. Further, Practicing Company Secretary also carries out the audit for reconciliation of share capital to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

11) Details of Demat Suspense Account

The details of shares in the Demat Suspense account as on March 31, 2013 is as follows:

S. No.	Description	No. of Cases	No. of Shares
i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2012	52	5618
ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2012-2013	1	136
iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2012-2013	1	136
iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2013	51	5482

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

12) Distribution of shareholding

- Distribution of shareholding as on March 31, 2013

Amount	Number of shareholders	% of shareholders	Total No. of shares	Amount	% of shares
1 - 5000	203600	96.53%	24223210	242232100	1.83%
5001 - 10000	4640	2.20%	3300347	33003470	0.25%
10001- 20000	1176	0.56%	1704660	17046600	0.13%
20001 - 30000	343	0.16%	861626	8616260	0.06%
30001 - 40000	143	0.07%	505343	5053430	0.04%
40001 - 50000	103	0.05%	476143	4761430	0.04%
50001 - 100000	226	0.11%	1671188	16711880	0.13%
100001 & Above	678	0.32%	1287272494	12872724940	97.52%
Total	210909	100%	1320015011	13200150110	100%

- Shareholding pattern as on March 31, 2013

Category	Total no. shares	% to Equity
President of India	973061665	73.72%
Foreign Institutional Investors	164507126	12.46%
Indian Financial Institutions	76117632	5.77%
Mutual Funds	35655403	2.70%
Resident Individuals	32639190	2.47%

Bodies Corporate	32314699	2.45%
Clearing Members	1546860	0.12%
HUF	1451881	0.11%
Employees	1038249	0.08%
Non Resident Indians	1025630	0.07%
Banks	547383	0.04%
Trusts	108553	0.01%
Foreign Nationals	740	0.00%
Total	1320015011	100.00%

13) Dematerialization of shares

Number of shares held in dematerialized form with NSDL, CDSL and physical mode as on March 31, 2013.

Category	**No. of shares**	**% of total capital issued**
NSDL	1310938533	99.31%
CDSL	9066223	0.69%
Physical	10255	0.00%
Total	1320015011	100.00%

14) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

- **Employee Stock Options**: For FY 2009-10, out of 87,888 Options granted during the FY 2011-12, the company has allotted 83,306 equity shares during the current year upon exercise of the stock options by the employees. The remaining 4,582 options are yet to be exercised by the employees. The Options can be exercised within a period of two years from the date of vesting i.e. July 29, 2012 by paying ₹10/- per option.

  For FY 2010-11, 92,964 options had been granted during the FY 2012-13 to the eligible employees. However, out of the 92,964 options granted, 69,954 options have been settled in cash and 1,572 options have been cancelled. Thus, remaining 21,438 options shall vest with the employees on April 30, 2013. The Options can be exercised within a period of two years from the date of vesting by paying ₹10/- per option.

  Each Option, upon exercise of the same, would give rise to one equity share of ₹10/- each fully paid up. The Options unexercised during the exercise period would lapse and would be available for re-grant as per the ESOP Scheme of the company. Members may refer to the disclosures set out under Annexure "A" to the Directors' Report with regard to particulars of Employees Stock Option.

- No GDRs/ADRs/Warrants have been issued by the Company.

15) 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

Annexure I

Non-Mandatory Requirements

The status of non-mandatory requirements of Clause 49 of the Listing Agreement is as follows:

1. **The Board:** The Company is headed by an executive Chairman. None of the Independent Directors on the Board of the Company has been appointed, in aggregate, for a period exceeding nine (9) years.
2. **Remuneration Committee:** The appointment of Chairman and Managing Director and other Directors and fixation of their remuneration are decided by President of India as per the Articles of Association of the Company. However, in line with the requirement under Department of Public Enterprises (DPE) guidelines on Corporate Governance for CPSEs, the company has constituted a Remuneration Committee comprising of three independent directors. The terms of reference of the Remuneration Committee include deciding the quantum of annual bonus/variable pay and policy for its distribution, formulation of ESOP scheme, pension scheme etc. within the prescribed limits across the whole time directors, executives and non unionized supervisors.
3. **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. Half yearly financial results are not separately circulated to the shareholders.
4. **Audit Qualifications:** There are no audit qualifications for the FY 2012-13.
5. **Training to Board members:** Various seminars, conferences, training programmes etc. are attended by the Board members from time to time. Further, under the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, a policy for training of Board members has been formulated.
6. **Mechanism for evaluating non-executive Board Members:** Not yet adopted by the Company.
7. **Whistle Blower Policy:** The Company has not adopted any separate "Whistle Blower policy". However, under the provisions of "Anti Fraud Policy' adopted by the Company, a whistle blower mechanism is in place for reporting of 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 with a business relationship with the Company.

CERTIFICATE ON CORPORATE GOVERNANCE

To,
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 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) as well as 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 review has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement(s) and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by DPE.

We further state that such compliance 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 Sanjay Grover & Associates
Company Secretaries

Sd/-
Sanjay Grover
C.P No. 3850

Date : 21.08.2013
Place : New Delhi

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	www.pfcindia.com
E-mail id	mb@pfcindia.com
Financial Year reported	2012-2013
Sector(s) that the Company is engaged in (industrial activity code-wise)	64990 (Other financial service activities, except insurance and pension funding Activities)
List three key products/services that the Company manufactures/provides (as in balance sheet)	PFC Finances Power Projects- Generation, Transmission, Distribution and Renovation & Modernisation. Its key products being Term Loans, Short Term Loans, buyers line of credit etc.
Total number of locations where business activity is undertaken by the Company **i. Number of International Locations** **ii. Number of National Locations**	 None 2 Regional offices- Mumbai, Chennai
Markets served by the Company - Local/State/National/ International	National

Section B: Financial Details of the Company (as on March 31, 2013)

Paid up Capital (INR)	₹ 1,320.02 crore
Total Turnover (INR)	₹ 17,272.55 crore
Total profit after taxes (INR)	₹ 4,419.60 crore
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.5%
List of activities in which expenditure in 4 above has been incurred:-	The major areas in which the above expenditure has been incurred includes *interalia* solar energy, skill development, relief to victims of natural calamities in various States etc.

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? If yes, then indicate the number of such subsidiary company(s)	Business Responsibility initiatives of the parent company are applicable to the subsidiary companies.
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

DIN Number	00239813
Name	Shri M. K. Goel
Designation	Director (Commercial)

b) Details of the BR head

S.No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Shri Manohar Balwani
3.	Designation	Company Secretary
4.	Telephone number	011- 23456020
5.	E-mail id	mb@pfcindia.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) 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 support inclusive growth and equitable development.

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	**Do you have a policy/ policies for....**	Y	PFC being an NBFC, this principle has limited applicability	Y	Y	The policy is embedded in company's HR policies and practices	Y	The policy is embedded in company's various policies and practices	Y	The policy is embedded in company's various policies and practices

2.	**Has the policy being formulated in consultation with the relevant stakeholders?**	Y	-	Y	Y	-	Y	-	Y	-
3.	**Does the policy conform to any national / international standards?**	Y	-	Y	Y	-	Y	-	Y	-
4.	**Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**	Y	-	Y	Y	-	Y	-	Y	-
5.	**Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?**	Y	-	Y	Y	-	Y	-	Y	-
6.	**Indicate the link for the policy to be viewed online?**	#	-	Policy being an internal document is accessible to employees only	#	-	#	-	#	-

7.	**Has the policy been formally communicated to all relevant internal and external stakeholders?**	Y	-	Y	Y	-	Y	-	Y	-
8.	**Does the company have in-house structure to implement the policy/ policies.**	Y	-	Y	Y	-	Y	-	Y	-
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	-

\# *http://www.pfcindia.com/Content/Code_of_Conduct.aspx*
http://www.pfcindia.com/Content/Anti_Fraud_Policy.aspx
http://www.pfcindia.com/Content/Fair_Practices_Code.aspx
http://www.pfcindia.com/Content/CSR%20and%20SD%20POLICY.aspx

2a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	NOT APPLICABLE								
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 (please specify)									

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. Within 3 months, 3-6 months, Annually, More than 1 year**

  CSR & Sustainable Development Committee headed by an Independent Director 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. During FY 2012-13, four meetings of the Committee were held.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

  This is the first year that the Company has published the Business Responsibility Report. The report shall also be available on company's website: www.pfcindia.com

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. 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 and an Anti Fraud Policy.

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? If so, provide details thereof, in about 50 words or so.**

Under the Anti Fraud Policy, the Company had not received any complaint during the FY 2012-13.

The company had received 127 complaints from the shareholders of the Company during the FY 2012-13 in addition to 1 complaint pending at the beginning of the year. Out of which 125 complaints (97.66%) were resolved by March 31, 2013 leaving a balance of 3 complaints of which 2 have since been resolved in April, 2013 and the remaining 1 is sub judice.

Further, the company had received 2015 complaints from the bondholders of the Company during the FY 2012-13 in addition to 68 complaints pending at the beginning of the year. Out of which 2077 complaints (99.71%) complaints were resolved by March 31, 2013 leaving a balance of 6 which have since been resolved.

Principle 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Being a Non Banking Financial Company (NBFC) engaged in financing the Power Sector, PFC provides financial assistance inter alia to renewable energy projects and has a dedicated Renewable Energy Group to focus and accelerate the development of business in the Renewable Energy Sector which includes Wind, Biomass, Small Hydro, Solar etc. The company offers special interest rates for Renewable Energy Generation Projects and considers providing financial assistance to all types of Renewable Energy Projects.

PFC has set up a wholly owned subsidiary viz. PFC Green Energy Limited to extend finance and financial services to promote green (renewable and non-conventional) sources of energy.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Since PFC is not a Manufacturing Company, the questions mentioned below are not applicable to the Company.

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?**

Not Applicable.

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?**

Not Applicable

Principle 3

1. **Please indicate the Total number of employees.**

As on March 31, 2013, there are 427 employees in PFC.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

PFC does not have any casual/contractual employees. However, PFC utilizes the services of Daily wagers through a placement agency based on requirement from time to time. Such Daily wagers are not on the rolls of PFC but are on the rolls of the placement agency.

3. **Please indicate the Number of permanent women employees.**

As on March 31, 2013, there were 86 women employees on the rolls of the company.

4. **Please indicate the Number of permanent employees with disabilities.**

   As on March 31, 2013, there were 10 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?**

   98.83% of our 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.**

S.No.	Category	No of complaints filed during the financial year	No of complaints pending as on March 31, 2013
1	Child labour/forced labour/involuntary labour	Not Applicable	Not Applicable
2	Sexual harassment	Nil	Nil
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 - 81%
- Permanent Women Employees - 79%
- Casual/Temporary/Contractual Employees - NIL
- Employees with Disabilities - 30%

Principle 4

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   All reserved category employees (SC/ST/OBC/PWD & Minorities) are identified as disadvantaged, vulnerable & marginalized stakeholders. As regards external stakeholders, the Company has identified SC/ST/OBC/PWD/EWS/Women/people living in naxal affected and remote areas/ people in areas where electricity access is poor, as disadvantaged, vulnerable & marginalized stakeholders

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   All Govt. of India directives are followed for recruitment and at various levels of career progression of these people. Various infrastructure arrangements were made for benefit of PWD 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 employee 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 employee of reserved categories.

   The projects undertaken by PFC under its CSR policy primarily target the underprivileged sectors of the society such as SC/ST/OBC/PWD/Women and people living in naxal affected and remote areas.

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 follows good management practices to ensure welfare of its employees through a process of inclusive growth & development. The Company follows an open door policy whereby the employees can access the top management thereby contributing in the management and growth of the company. Commitment of the workforce is ensured through an effective package of welfare measures which include comprehensive insurance, medical facilities and other amenities which in turn lead to a healthy workforce. PFC lays great emphasis on upgrading the skills of its Human Resource. It benchmarks its practices with the best practices being followed in the corporate world. The Company stresses on the need to continuously upgrade the competencies of its employees and equip them to keep abreast of latest developments in the sector. The Company operates in a knowledge intensive business and is committed to enhancing these skills of its employees. In order to achieve this, the Company has an annual training plan to assess the various training needs. Necessary professional skills are also imparted across all levels of employees through customized training interventions. This leads to an effective management of Human Resource thereby ensuring high level of productivity.

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 2012-13 are given herein below:

Particulars	No. of Complaints		
	Equity Shareholders	Bonds holders	Under Anti- Fraud Policy
Pending at the beginning	1	68	Nil
Received during the Year	127	2015	Nil
Disposed off during the Year	125	2077	Nil
Lying unresolved at the end of the Year	3	6	Nil
% of Complaints resolved	97.66%	99.71%	Nil

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?**

   PFC has framed Sustainable Development (SD) Policy to ensure that Company becomes a socially responsible corporate entity by finding ways to develop social, financial and environmental resources that meet the needs of the present without compromising the ability of future generations to meet their own needs. Through its Sustainable Development (SD) initiatives, the Company focuses on the need to reduce social and economic disparities of the society and protecting the ecological balance of the environment.

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 Organisation (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. Some of the initiatives taken by the Company under Sustainable development are as follows:

   i. Construction of sanitary toilets in Shillong, Meghalaya
   ii. Afforestation
   iii. Training related to sustainable development aspects
   iv. Providing clean lighting and ICT services to schools in Meghalaya, AP and Orissa through solar energy
   v. Solar water heating and solar steam generating cooking systems in Rajiv Gandhi Navodaya Vidyalaya in Uttarakhand

3. **Does the company identify and assess potential environmental risks? Y/N**

   Since PFC is not a manufacturing company, the question is not applicable.

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, considering the emerging prospects in the development and financing of renewable energy sector, Company has set up a wholly owned subsidiary exclusively for funding renewable energy sector. While there is separate subsidiary for financing of renewable energy projects, your Company still continues to fund larger renewable energy projects and has a dedicated Renewable Energy Group to focus and accelerate the development of business in the Renewable Energy Sector which include Wind, Biomass, Small Hydro, Solar etc. The company offers special interest rates for Renewable Energy Generation Projects and is considering funding all types of Renewable Energy Projects.

During the FY 2012-13, PFC has sanctioned ₹ 2,313 crore and made disbursement of ₹ 461 crore in its renewable portfolio, supporting a capacity of 612 MW. As of March 31, 2013, your company has cumulatively supported a total generation capacity of 1,674 MW, extending financial assistance of ₹ 5,373 crore and disbursed ₹ 2,616 crore to all kinds of renewable energy projects with an aggregate project cost of ₹ 13,000 crore

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.**

   No.

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, 2013.**

   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 SCOPE, FICCI, PHD Chambers of Commerce & Industry and Central Board of Irrigation and Power.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   PFC supports the initiatives taken by above Associations in their endeavors.

Principle 8

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   With the aim of integrating social and business goals of the company, PFC has framed its Corporate Social Responsibility (CSR) Policy to undertake projects for sustainable development. The aim of the CSR Policy is to ensure that the Company becomes a socially responsible corporate entity contributing towards improving the quality of life of the society at large. The approach in the implementation of the CSR Policy is to facilitate development by maintaining a healthy relation between people, planet and profit. PFC has also framed Sustainable Development(SD) Policy to ensure that Company becomes a socially responsible corporate entity by finding ways to develop social, financial and environmental resources that meet the needs of the present without compromising the ability of future generations to meet their own needs.

   In alignment with vision of the Company, PFC through its CSR initiatives shall continue to undertake projects for sustainable development, mainly focusing to fulfill power and energy needs of the society. Further through its SD initiatives, PFC shall continue to undertake initiatives for the sustainable development of the community, mainly focusing on the need to reduce social and economic disparities of the society and protecting the ecological balance of the environment.

   The Company has in place Board Level CSR&SD Committee headed by an independent Director to oversee the CSR and SD activities of the Company and to make recommendations to the Board of Directors for taking up various CSR & SD projects.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   The CSR & SD projects are undertaken in the identified thrust areas through various sources i.e. Central Government agencies, Semi Govt. agencies and other reputed organizations etc.

3. **Have you done any impact assessment of your initiative?**

   The CSR unit monitors the projects and ensures the projects get completed within the specified time period and as per the specified and recognized quality standards. The progress report of the activities undertaken is reported on a quarterly basis to the CSR& SD Committee and annually to the Board of Directors of the Company. After completion of the project, an Impact Assessment Study of the project is carried out by an external agency, wherever applicable, to assess the socio economic impact of the project.

   The following impact assessments were carried out during the FY 2012-13:

   - DUSIB project (for FY 2011-12) for setting up to 15 temporary night shelters in Delhi by Kirorimal College, Delhi University.

- Skill development programme conducted in J&K region by Kashmir University.
- Solar Lighting Service provided through TERI by Tata Institute of Social Science.

4. **What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?**

   PFC has allocated ₹ 15.29 crore for CSR initiatives in the FY 2012-13. However, PFC had sanctioned projects/activities worth ₹ 19.38 crore in FY 2012-13 and disbursed ₹ 16.09 crore for the projects sanctioned in FY 2012-13 & FY 2011-12. During the year, PFC had implemented wide range of activities in the field of Solar energy, skill development, relief to the victims of natural calamities in various States.

   PFC had sanctioned a project for construction of 100 nos. Toilet-cum-bathroom facilities for the cloud burst victims at Leh which was implemented through Hindustan Prefab Ltd., ₹0.26 crore for Solar lantern distribution to shepherds in Kargil (J&K) through Kargil Renewal Energy Development Agency (KREDA).

   PFC also sanctioned ₹ 3.79 crore for Skill Development Programme for SC/ST/OBC/Women & EWS of Society (1400 persons) which were implemented by Construction Industry Development Council, Larsen & Toubro Construction Skill Training Institute, Indo German Institute of Advanced Technology, IT Guwahati. PFC had allocated ₹3.54 crore for Project of Adopting entire colony constructed for flood victims of Rajoli Village of Waddepally Mandal in Andhra Pradesh for providing street lighting using Solar Power LED lights through AP Housing Corpn. Ltd., ₹ 0.223 crore for Financial assistance for Project to distribute the appliances for the benefit of the Persons with Disabilities (PwD) through Artificial Limbs Manufacturing Corporation of India (ALIMCO) in NCR of Delhi and Maharashtra.

   PFC had also sanctioned ₹ 3.80 crore for Street Lighting/High Mast Light for kargil Town and District Headquarters (J&K) through Jammu & Kashmir Power Development Department (JKPDD), ₹2.04 crore for Project for Installation of solar home lighting systems on the looms of prestigious Chanderi Saree Weavers through Madhya Pradesh Urja Vikas Nigam Ltd. (MPUVNL), ₹3.77 crore for Project for Supply, Installation and Commissioning of SPV Power Plants with aggregate capacity of 245 KW in the schools of Punjab through Punjab Energy Development Agency (PEDA) and ₹ 0.05 crore for Impact assessment studies of various projects that were completed in 2010-11 and 2011-12.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The projects sanctioned by PFC were implemented by reputed Govt. Agencies/ Pvt. Agencies. The implementation mechanism is as per the norms best in the industry and accordingly the benefit to the community is ensured by the Implementing Agency in letter and spirit. Further, as per PFC policy, the Impact Assessment Study on the projects, wherever necessary shall be carried out after certain gestation period to assess the impact created on the society at large.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

   As on 31st March, 2013, there were no pending customer complaints.

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, 2013. If so, provide details thereof, in about 50 words or so**

   Not Applicable.

4. **Did your company carry out any consumer survey/consumer satisfaction trends?**

   In PFC, customer complaints/feedback 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.

   Customer Feedback exercise is also carried out at least once in a year by sending Customer Feedback Form. The feedback forms are compiled to arrive at overall rating of satisfaction level of customer for PFC. The results of measurement of customer feedback along with trends is placed before the Management Review Meeting (MRM) for taking decisions for systemic improvements.

   Based on the response, a corrective and Preventive Action Record (CAPR) is initiated. Upon initiation of the same, the customer is intimated about the required corrective action, if any, taken for systemic improvements.

BALANCE SHEET

POWER FINANCE CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in crore)

Description	Note Part A	As at 31.03.2013		As at 31.03.2012	
A EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(i) Share Capital	1	**1,320.02**		1,319.93	
(ii) Reserves & Surplus	2	**22,734.10**	**24,054.12**	19,387.59	20,707.52
(2) Non-Current Liabilities					
(i) Long Term Borrowing	3				
Secured		**6,636.67**		5,361.55	
Un-secured		**1,14,514.19**	**1,21,150.86**	90,505.43	95,866.98
(ii) Deferred Tax Liabilities (Net) (Refer Note No. 14 of Part-C - Other Notes on Accounts)			**219.79**		87.43
(iii) Other Long Term Liabilities	4		**539.80**		550.64
(iv) Long Term Provisions	5		**162.33**		41.98
(3) Current Liabilities					
(i) Current Maturity of Long term Borrowing (Unsecured)	3	**9,612.08**		10,187.73	
(ii) Short -Term Borrowing	3				
Secured		**860.55**		294.47	
Un-secured		**7,959.22**		3,776.73	
(iii) Other Current Liabilities	4	**5,063.82**		3,799.68	
(iv) Short Term Provisions	5	**193.99**	**23,689.66**	261.90	18,320.51
Total			**1,69,816.56**		1,35,575.06
B ASSETS					
(1) Non-Current Assets					
(i) Fixed Assets	6				
Tangible Assets		**101.39**		98.88	
Less: Accumulated Depreciation		**30.83**	**70.56**	27.13	71.75
Intangible Assets		**7.87**		6.86	
Less: Accumulated Amortization		**4.09**	**3.78**	2.60	4.26
Capital Works in Progress			**0.00**		0.45
(ii) Non Current Investments	7				
Trade		**12.00**		12.00	
Others		**175.18**	**187.18**	43.34	55.34
(iii) Long Term Loans	8				
Secured		**1,07,157.80**		73,480.17	
Un-Secured		**35,336.84**	**1,42,494.64**	38,536.75	1,12,016.92
(iv) Other Non Current Assets	9		**376.07**		133.52
(v) Foreign Currency Monetary Item Translation Difference A/c (Refer Note No. 12 of Part-C - Other Notes on Accounts)			**477.97**		515.41
(2) Current Assets					
(i) Current Investments	10	**3.83**		3.83	
(ii) Cash and Bank Balances	11	**4,753.81**		1,988.20	
(iii) Current Maturity of Long Term Loans	8				
Secured		**12,318.01**		9,411.32	
Un-Secured		**3,137.84**		2,465.71	
(iv) Short Term Loans	8				
Secured		**1,000.00**		2,267.02	
Un-Secured		**1,416.11**		3,910.85	
(v) Other Current Assets	9	**3,576.76**	**26,206.36**	2,730.48	22,777.41
Total			**1,69,816.56**		1,35,575.06

SIGNIFICANT ACCOUNTING POLICIES **Part B**
OTHER NOTES ON ACCOUNTS **Part C**
Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

MANOHAR BALWANI	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 30.05.2013	**Membership No - 080624**	**Membership No - 81085**

POWER FINANCE CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in crore)

	Description	Note Part A		Year ended 31.03.2013		Year ended 31.03.2012
I.	**Revenue from Operations**					
	Interest	12	**17,243.75**		12,975.70	
	Other Financial Services	12	**16.52**	**17,260.27**	39.15	13,014.85
II.	**Other Income**					
	Other Income	13		**12.28**		22.26
III	**Total Revenue (I + II)**			**17,272.55**		**13,037.11**
IV.	**EXPENSES**					
	Interest, Finance and Other Charges	14		**10,991.08**		8,464.66
	Bond Issue Expenses	15		**97.33**		196.89
	Employee Benefit Expenses	16		**80.94**		72.08
	Provision for contingencies			**80.85**		142.79
	Provision for decline in value of investments			**(0.003)**		(0.02)
	Depreciation and Amortization expenses	6		**5.70**		5.42
	Other Expenses	17		**58.42**		51.87
	Prior Period Items (Net)	18		**(8.81)**		(0.83)
	Total Expenses			**11,305.51**		**8,932.86**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**			**5,967.04**		**4,104.25**
VI.	Exceptional Items			**0.00**		0.00
VII.	**Profit before extraordinary items and tax (V-VI)**			**5,967.04**		**4,104.25**
VIII.	Extraordinary Items			**0.00**		0.00
IX.	**Profit Before Tax (VII-VIII)**			**5,967.04**		**4,104.25**
X.	**Tax Expenses**					
	(1) Current Tax					
	for current year		**1,543.57**		1,070.87	
	for earlier years		**(128.49)**	**1,415.08**	(2.82)	1,068.05
	(2) Deferred Tax liability(+) / Asset(-)			**132.36**		4.46
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**			**4,419.60**		**3,031.74**
XII.	**Earnings per equity share of ₹10/- each (Refer Note No. 15 of Part-C - Other Notes on Accounts)**					
	(1) Basic (₹)			**33.48**		**23.41**
	(2) Diluted (₹)			**33.48**		**23.41**
	SIGNIFICANT ACCOUNTING POLICIES	**Part B**				
	OTHER NOTES ON ACCOUNTS	**Part C**				

Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

MANOHAR BALWANI	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 30.05.2013	**Membership No - 080624**	**Membership No - 81085**

NOTE - Part A - 1
SHARE CAPITAL

(₹ in crore)

	Description	As at 31.03.2013	As at 31.03.2012
A	**Authorized :**		
	200,00,00,000 Equity shares of ₹10/- each (Previous year 200,00,00,000 equity shares of ₹10/- each)	**2,000.00**	2,000.00
		2,000.00	2,000.00
B	**Issued, subscribed and paid up :**		
	131,99,31,705 Equity shares of ₹10/- each fully paid-up (Previous year 114,77,66,700 equity shares of ₹10/- each fully paid up)	**1,319.93**	1,147.77
	Add: 83,306 Equity shares of ₹10/- each fully paid-up (previous year 17,21,65,005 equity shares of ₹10/- each fully paid-up)	**0.09**	172.16
	Total	**1,320.02**	1,319.93

Notes:-

1. Information on Shares in the company held by each shareholder holding more than 5 percent of paid -up equity share capital :

Name of Holders		31.03.2013	31.03.2012
President of India	% of Share Holding	**73.72**	73.72
	No. of Shares Held	**973,061,665**	973,061,665
	Amount (₹ in crore)	**973.06**	973.06
Life Insurance Corporation of India	% of Share Holding	**5.77**	5.83
	No. of Shares Held	**76,164,471**	76,890,731
	Amount (₹ in crore)	**76.16**	76.89

2. Under the Company stock option plan titled as PFC - ESOP 2010, the Remuneration Committee in their meeting held on 23rd December, 2011 had given its approval for FY 2009-10 for grant of 88,040 options, effective from 29th July 2011 and in their meeting held on 30th April 2012 had given its approval for FY 2010-11 for the grant of 92,964 options effective from 30th April 2012 to regular employees of the Company through PFC Employees Welfare Trust, at a price of ₹ 176.05/- per option for FY 2009-10 and ₹ 160.75/- per option for FY 2010-11, exclusive of the face value of ₹ 10/- per share, convertible into equivalent number of equity shares of ₹ 10/- each on payment of ₹ 10 per share.

   Out of 88,040 options, 87,888 options has been granted for FY 2009-10, the Company has allotted 83,306 equity shares during the current year upon exercising the stock option under the scheme. For FY 2010-11, out of 92,964 options granted, 69,954 options have been settled in cash and 1,572 options have been cancelled.

NOTE - Part A - 2
RESERVES & SURPLUS

(₹ in crore)

		Description		As at 31.03.2013		As at 31.03.2012
(A)		**Securities Premium Reserve**				
		Opening balance	**4,092.67**		851.10	
		Add : Addition during the year	**1.51**		3,261.48	
		Less: Issue Expenses (FPO)	**(0.32)**	**4,094.50**	19.91	4,092.67
(B)		**Debenture Redemption Reserve**				
		Opening balance	**55.79**		0.06	
		Add : Transfer from Profit and Loss Appropriation (Refer Note No. 5 of Part-C - Other Notes on Accounts)	**219.06**	**274.85**	55.73	55.79
(C)		**Others**				
	(i)	**Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income-Tax Act,1961**				
		Opening balance	**1,158.61**		984.88	
		Add : Transfer from Profit and Loss Appropriation	**250.40**	**1,409.01**	173.73	1,158.61
	(ii)	**Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97**		**599.85**		599.85
	(iii)	**Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98**				
		Opening balance	**5,982.06**		5,204.32	
		Add : Transfer from Profit and Loss Appropriation	**1,155.90**		776.20	
		Add : Transfer from General Reserve	**1.91**		3.57	
		Less : Transfer to Profit and Loss Appropriation (Balance Sheet head)	**0.00**	**7,139.87**	2.03	5,982.06
	(iv)	**CSR Reserve**				
		Opening balance	**0.00**		0.00	
		Add : Transfer from Profit and Loss Appropriation (Refer Note No. 21.2 of Part-C - Other Notes on Accounts)	**18.36**	**18.36**	0.00	0.00

(v)	**Sustainable Development Reserve**				
	Opening balance	**0.00**		0.00	
	Add : Transfer from Profit and Loss Appropriation (Refer Note No. 21.3 of Part-C - Other Notes on Accounts)	**0.49**	**0.49**	0.00	0.00
(vi)	**General Reserve**				
	Opening balance	**2,594.40**		2,293.97	
	Add : Transfer from Profit and Loss Appropriation	**442.00**		304.00	
	Less: Transferred to Special Reserve	**1.91**	**3,034.49**	3.57	2,594.40
(D)	**Surplus**				
	Opening balance	**4,904.21**		4,100.54	
	Add : Transfers from Special Reserve under Income Tax Act, 1961	**0.00**		2.03	
	Add : Surplus retained from the Profit and Loss Appropriation for the year	**1,258.47**	**6,162.68**	801.64	4904.21
			22,734.10		**19,387.59**
Note :	**Profit and Loss Appropriation**				
	Profit after tax for the year		**4,419.60**		**3,031.74**
	Less : CSR Reserves				
	Transfer to CSR Reserve (relating to earlier years)	**16.39**		0.00	
	Transfer from CSR Reserve (relating to earlier years)	**9.30**		0.00	
	Transfer to CSR Reserves (relating to current year)	**11.27**	**18.36**	0.00	**0.00**
	Less: Sustainable Development (SD) Reserve				
	Transfer to SD Reserves	**0.49**	**0.49**	0.00	**0.00**
	Less : Transfer to Reserves				
	Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1)(viia)(c) of Income Tax Act, 1961	**250.40**		173.73	
	Transfer to Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	**1,155.90**		776.20	
	Debenture Redemption Reserve	**219.06**		55.73	
	General Reserve	**442.00**	**2,067.36**	304.00	**1,309.66**
	Less : Dividend & Corporate Dividend Tax				
	Interim Dividend	**792.01**		659.97	
	Proposed Final Dividend	**132.00**		132.00	
	Corporate Dividend Tax on Interim Dividend	**128.48**		107.06	
	Proposed Corporate Dividend Tax	**22.43**	**1,074.92**	21.41	**920.44**
	Total		**1,258.47**		**801.64**

NOTE - Part A - 3
BORROWING

(₹ in crore)

Description	As at 31.03.2013 Current	Non-Current	Total	As at 31.03.2012 Current	Non-Current	Total
A. Long Term Borrowing						
I. Secured						
Bonds						
Infrastructure Bonds (Refer note no. from 1 to 12)	**0.00**	**361.55**	**361.55**	0.00	361.55	361.55
Tax Free Bonds (Refer note no. from 13 to 30)	**0.00**	**6,275.12**	**6,275.12**	0.00	5,000.00	5,000.00
Sub Total (I)	**0.00**	**6,636.67**	**6,636.67**	**0.00**	**5,361.55**	**5,361.55**
II. Unsecured						
a) Bonds						
Other Bonds / Debentures (Refer Note No. 31 and 32)	**3,262.90**	**95,434.62**	**98,697.52**	9,753.90	68,804.44	78,558.34
Foreign Currency Notes (Refer Note No. 34)	**0.00**	**986.40**	**986.40**	0.00	927.54	927.54
	3,262.90	**96,421.02**	**99,683.92**	**9,753.90**	**69,731.98**	**79,485.88**
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India)	**19.98**	**251.49**	**271.47**	17.71	262.03	279.74
Syndicated Foreign Currency Loans from banks / Financial Institutions	**0.00**	**6,946.68**	**6,946.68**	0.00	4,176.92	4,176.92
Foreign Currency Loans (FCNR(B) from banks)	**219.20**	**0.00**	**219.20**	206.12	0.00	206.12
	239.18	**7,198.17**	**7,437.35**	**223.83**	**4,438.95**	**4,662.78**
c) Rupee Term Loans						
Rupee Term Loans (From Banks)	**4,480.00**	**10,895.00**	**15,375.00**	210.00	14,704.50	14,914.50
Rupee Term Loans (From Financial Institutions)	**1,630.00**	**0.00**	**1,630.00**	0.00	1,630.00	1,630.00
	6,110.00	**10,895.00**	**17,005.00**	**210.00**	**16,334.50**	**16,544.50**
Sub Total (II)	**9,612.08**	**1,14,514.19**	**1,24,126.27**	**10,187.73**	**90,505.43**	**1,00,693.16**
B. Short Term Borrowing						
Rupee Term Loans						
I. Secured						
Loan against FD	**860.55**	**0.00**	**860.55**	294.47	0.00	294.47
Sub Total (I)	**860.55**	**0.00**	**860.55**	**294.47**	**0.00**	**294.47**
II. Unsecured						
Commercial Paper	**5,000.00**	**0.00**	**5,000.00**	0.00	0.00	0.00
Working Capital Demand Loan / OD / CC / Line of Credit	**2,959.22**	**0.00**	**2,959.22**	3,776.73	0.00	3,776.73
Sub Total (II)	**7,959.22**	**0.00**	**7,959.22**	**3,776.73**	**0.00**	**3,776.73**
Total (A) + (B)	**18,431.85**	**1,21,150.86**	**1,39,582.71**	**14,258.93**	**95,866.98**	**1,10,125.91**

Notes:-

The details of Infrastructre Bonds outstanding as at 31.03.2013 are as follows:

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹in crore)	Date of Redemption	Redemption details	Nature of Security
1	Infrastructure Bonds (2011-12) Series-III	21.11.2011	8.75%	3.23	22-Nov-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
2	Infrastructure Bonds (2011-12) Series - IV	21.11.2011	8.75%	8.83	22-Nov-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
3	Infrastructure Bonds (2010-11) Series-3	31.03.2011	8.50%	6.13	1-Apr-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹4,539.03 crore as on 31.03.2013 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
4	Infrastructure Bonds (2010-11) Series-4	31.03.2011	8.50%	22.75	1-Apr-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
5	Infrastructure Bonds 86 C Series	30.03.2012	8.72%	0.95	31-Mar-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
6	Infrastructure Bonds 86 D Series	30.03.2012	8.72%	2.75	31-Mar-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
7	Infrastructure Bonds 86 A Series	30.03.2012	8.43%	9.04	31-Mar-17	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
8	Infrastructure Bonds 86 B Series	30.03.2012	8.43%	17.81	31-Mar-17	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹in crore)	Date of Redemption	Redemption details	Nature of Security
9	Infrastructure Bonds (2011-12) Series-I	21.11.2011	8.50%	32.43	22-Nov-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
10	Infrastructure Bonds (2011-12) Series-II	21.11.2011	8.50%	51.15	22-Nov-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, 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-1	31.03.2011	8.30%	66.80	1-Apr-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹4,539.03 crore as on 31.03.2013 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
12	Infrastructure Bonds (2010-11) Series-2	31.03.2011	8.30%	139.68	1-Apr-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	

The details of Tax Free Bonds outstanding as at 31.03.2013 are as follows:

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Nature of Security
13	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.04%	1.93	28-Mar-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
14	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.54%	67.28	28-Mar-28	
15	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.36%	126.96	4-Jan-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
16	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.86%	230.04	4-Jan-28	
17	TAX FREE BONDS SERIES 95 B	29-11-2012	7.38%	100.00	29-Nov-27	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables/ loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
18	TAX FREE BOND SERIES 94 B	22-11-2012	7.38%	25.00	22-Nov-27	
19	Tax Free Bonds (2011-12) tranche -I - Series II	01.02.2012	8.30%	1280.58	1-Feb-27	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
20	Tax Free Bonds Series 80 B	25.11.2011	8.16%	209.34	25-Nov-26	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
21	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15-Oct-26	
22	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	6.88%	46.92	28-Mar-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
23	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	7.38%	49.24	28-Mar-23	
24	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.19%	173.27	4-Jan-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
25	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.69%	169.48	4-Jan-23	
26	TAX FREE BONDS SERIES 95 A	29-11-2012	7.22%	30.00	29-Nov-22	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables/ loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
27	TAX FREE BOND SERIES 94 A	22-11-2012	7.21%	255.00	22-Nov-22	
28	Tax Free Bonds (2011-12) tranche -I - Series I	01.02.2012	8.20%	2,752.55	1-Feb-22	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
29	Tax Free Bonds Series 80 A	25.11.2011	8.09%	334.31	25-Nov-21	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
30	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15-Oct-21	
31	Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 351.22 crore (previous year ₹ 325.04 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 [net of Unamortized Interest of ₹ 398.78 crore (previous year ₹ 424.96 crore)].					
32	The details of unsecured Taxable (Non cumulative) Bonds are as follows :					

	Bond Series	Coupon Rate	Date of Redemption	Amount (₹in crore)
1	71 - C Series	9.05%	15-Dec-30	192.70
2	66 - C Series	8.85%	15-Jun-30	633.00
3	103 Series	8.94%	25-Mar-28	2,807.00
4	102 - A (III) Series	8.90%	18-Mar-28	403.00
5	101 - B Series	9.00%	11-Mar-28	1,370.00
6	77- B Series	9.45%	1-Sep-26	2,568.00
7	76 - B Series	9.46%	1-Aug-26	1,105.00
8	71 - B Series	9.05%	15-Dec-25	192.70

	Bond Series	Coupon Rate	Date of Redemption	Amount (₹in crore)
9	66 - B Series	8.75%	15-Jun-25	832.00
10	66 - B Series	3 year INCMTBMK + 84.25 bps	15-Jun-25	700.00
11	65 - Series	8.70%	14-May-25	1,087.50
12	65 - Series	1 year INCMTBMK + 63.5 bps	14-May-25	250.00
13	64 - Series	8.95%	30-Mar-25	492.00
14	63 - Series	8.90%	15-Mar-25	184.00
15	62 - B Series	8.80%	15-Jan-25	1,172.60
16	61 - Series	8.50%	15-Dec-24	351.00
17	57 - B Series	8.60%	7-Aug-24	866.50
18	85 - D Series	9.26%	15-Apr-23	736.00
19	102 - A(II) Series	8.90%	18-Mar-23	403.00
20	102 - B Series	8.87%	18-Mar-23	70.00
21	100 - B Series	8.84%	4-Mar-23	1,310.00
22	92 - C Series	9.29%	21-Aug-22	640.00
23	91- B Series	9.39%	29-Jun-22	2,695.20
24	88- C Series	9.48%	15-Apr-22	184.70
25	78- B Series	9.44%	23-Sep-21	1,180.00
26	76- A Series	9.36%	1-Aug-21	2,589.40
27	75- C Series	9.61%	29-Jun-21	2,084.70
28	74 Series	9.70%	9-Jun-21	1,693.20
29	XXVIII Series	8.85%	31-May-21	600.00
30	73 Series	9.18%	15-Apr-21	1,000.00
31	72 - B Series	8.99%	15-Jan-21	1,219.00
32	71 - A Series	9.05%	15-Dec-20	192.70
33	70 Series	8.78%	15-Nov-20	1,549.00
34	68 - B Series	8.70%	15-Jul-20	1,424.00
35	66 - A Series	3 year INCMTBMK + 87.50 bps	15-Jun-20	500.00
36	65 - Series	8.70%	14-May-20	162.50
37	65 - Series	1 year INCMTBMK + 98 bps	14-May-20	1,175.00
38	85 - C Series	9.30%	15-Apr-20	79.50
39	64 - Series	8.95%	30-Mar-20	492.00
40	87 - D Series	9.42%	20-Mar-20	650.80
41	63 - Series	8.90%	15-Mar-20	184.00
42	100 - A Series	8.86%	4-Mar-20	54.30
43	99 - B Series	8.82%	20-Feb-20	733.00
44	62 - A Series	8.70%	15-Jan-20	845.40
45	61 - Series	8.50%	15-Dec-19	351.00
46	60 - B Series	1 year INCMTBMK + 179 bps	20-Nov-19	925.00
47	59 - B Series	8.80%	15-Oct-19	1,216.60
48	57 - B Series	8.60%	7-Aug-19	866.50
49	90 - B Series	9.41%	1-Jun-19	391.00
50	98 (III) Series	8.72%	8-Feb-19	324.00
51	82- C Series	9.70%	15-Dec-18	2,060.00
52	52 - C Series	11.25%	28-Nov-18	1,950.60
53	51 - C Series	11.00%	15-Sep-18	3,024.40
54	XLIX - B Series	10.85%	11-Aug-18	428.60
55	XLVIII - C Series	10.55%	15-Jul-18	259.70
56	XLVII - C Series	9.68%	9-Jun-18	780.70
57	102 - A(I) Series	8.90%	18-Mar-18	403.00
58	101 - A Series	8.95%	11-Mar-18	3,201.00
59	99 - A Series	8.77%	20-Feb-18	2.00
60	98 (II) Series	8.72%	8-Feb-18	324.00
61	72 - A Series	8.97%	15-Jan-18	144.00
62	97 Series	8.75%	15-Jan-18	1,000.00
63	XL - C Series	9.28%	28-Dec-17	650.00
64	XVIII Series	7.87%	13-Nov-17	25.00
65	93 - B Series	8.91%	15-Oct-17	950.00
66	XVII Series	8.21%	3-Oct-17	25.00
67	92 - A Series	9.01%	21-Aug-17	1,530.00
68	92 - B Series	9.27%	21-Aug-17	1,930.00

	Bond Series	Coupon Rate	Date of Redemption	Amount (₹in crore)
69	91 - A Series	9.40%	29-Jun-17	107.50
70	90 - A Series	9.61%	1-Jun-17	552.90
71	XIII Series	9.60%	24-May-17	65.00
72	XXXV Series	9.96%	18-May-17	530.00
73	XIII Series	9.60%	16-May-17	125.00
74	89 - A Series	9.52%	2-May-17	2,595.00
75	88- B Series	9.66%	15-Apr-17	100.20
76	XXXIV Series	9.90%	30-Mar-17	500.50
77	88 - A Series	9.61%	28-Mar-17	284.00
78	XXXIII - B Series	9.90%	22-Mar-17	561.50
79	87 - C Series	9.59%	20-Mar-17	217.50
80	87- A Series	9.62%	20-Mar-17	1,267.00
81	87 - B Series	9.72%	20-Mar-17	23.00
82	84 Series	9.33%	17-Feb-17	1,521.20
83	98 (I) Series	8.72%	8-Feb-17	324.00
84	82 - B Series	9.64%	15-Dec-16	825.00
85	XXXI - A Series	8.78%	11-Dec-16	1,451.20
86	81 Series	9.49%	29-Nov-16	1,138.00
87	XVIII Series	7.87%	13-Nov-16	25.00
88	XVII Series	8.21%	3-Oct-16	25.00
89	XXIX - A Series	8.80%	7-Sep-16	250.00
90	77- A Series	9.41%	1-Sep-16	1,083.60
91	75 - B Series	9.62%	29-Jun-16	360.00
92	XXVII - A Series	8.20%	17-Mar-16	1,000.00
93	XXVI Series	7.95%	24-Feb-16	1,261.80
94	XXV Series	7.60%	30-Dec-15	1,734.70
95	52 - B Series	11.30%	28-Nov-15	5.80
96	XVIII Series	7.87%	13-Nov-15	25.00
97	XVII Series	8.21%	3-Oct-15	25.00
98	50 - C Series	10.70%	25-Aug-15	80.80
99	68 - A Series	8.25%	15-Jul-15	147.00
100	65 - Series	8.70%	14-May-15	1,337.50
101	89 - B Series	9.46%	2-May-15	2,056.00
102	85 - A Series	9.51%	15-Apr-15	661.30
103	64 - Series	8.95%	30-Mar-15	492.00
104	63 - Series	8.90%	15-Mar-15	184.00
105	83 Series	9.55%	13-Jan-15	1,292.30
106	61 - Series	8.50%	15-Dec-14	351.00
107	82 - A Series	9.63%	15-Dec-14	2,100.00
108	96 Series	8.90%	14-Dec-14	1,903.00
109	XVIII Series	7.87%	13-Nov-14	25.00
110	XXI B Series	7.00%	2-Nov-14	51.90
111	59 - A Series	8.45%	15-Oct-14	288.20
112	93 - A Series	8.85%	15-Oct-14	1,788.00
113	XVII Series	8.21%	3-Oct-14	25.00
114	58 - B Series	8.45%	17-Sep-14	331.10
115	57 - B Series	8.60%	7-Aug-14	866.50
116	75 - A Series	9.64%	29-Jun-14	555.00
117	55 - B Series	7.50%	11-May-14	146.90
118	54 - A Series	8.90%	16-Feb-14	196.50
119	52 - A Series	11.40%	28-Nov-13	662.70
120	XVIII Series	7.87%	13-Nov-13	25.00
121	XVII Series	8.21%	3-Oct-13	25.00
122	78 - A Series	9.43%	23-Sep-13	655.00
123	51 - B Series	11.10%	15-Sep-13	594.00
124	50 - B Series	10.75%	25-Aug-13	78.40
125	XLIX - A Series	10.90%	11-Aug-13	313.60
126	XLVIII - B Series	10.70%	15-Jul-13	217.40
127	XLVII - B Series	9.60%	9-Jun-13	495.30
33	As at 31.03.2013, Bonds of ₹7.40 crore (previous year ₹7.10 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹0.50 crore (previous year ₹0.70 crore) are held by PFC Ltd. Gratuity Trust.			
34	Foreign currency 6.61 % Senior Notes (USPP - I) of USD 180 million amounting to ₹986.40 crore (previous year ₹927.54 crore) are redeemable at par on 05.09.2017.			

Note - Part A - 4
OTHER LONG TERM & CURRENT LIABILITIES

(₹ in crore)

Description	As at 31.03.2013			As at 31.03.2012		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Interest Subsidy Fund from GOI (Refer Note No. 11 of Part-C - Other Notes on Accounts)	**33.06**	**112.72**	**145.78**	49.39	326.82	376.21
Interest Differential Fund - KFW (Refer Note No. 8 of Part-C - Other Notes on Accounts)	**0.00**	**54.73**	**54.73**	0.00	52.01	52.01
Advance received / amount payable to Subsidiaries (including interest payable thereon) (Refer Note No. 7.5 of Part-C - Other Notes on Accounts)	**3.58**	**295.60**	**299.18**	114.93	160.63	275.56
Amount payable to GoI under R-APDRP (Refer Note No. 13(i) of Part-C - Other Notes on Accounts)	**0.25**	**0.00**	**0.25**	11.09	0.00	11.09
Sub Total	**36.89**	**463.05**	**499.94**	175.41	539.46	714.87
Interest Accrued but not due :						
On Bonds	**4,771.01**	**0.00**	**4,771.01**	3,405.60	0.00	3,405.60
On Loans	**119.15**	**0.00**	**119.15**	90.96	0.00	90.96
Sub Total	**4,890.16**	**0.00**	**4,890.16**	3,496.56	0.00	3,496.56
Unpaid/ unclaimed						
Bonds	**4.71**	**0.00**	**4.71**	5.27	0.00	5.27
Interest on Bonds	**3.21**	**0.00**	**3.21**	3.55	0.00	3.55
Dividend	**1.20**	**0.00**	**1.20**	0.98	0.00	0.98
Sub Total	**9.12**	**0.00**	**9.12**	9.80	0.00	9.80
Others	**127.65**	**76.75**	**204.40**	117.91	11.18	129.09
Sub Total	**127.65**	**76.75**	**204.40**	117.91	11.18	129.09
Grand Total	**5,063.82**	**539.80**	**5,603.62**	**3,799.68**	**550.64**	**4,350.32**

NOTE - Part A - 5
PROVISIONS - LONG TERM AND SHORT TERM

(₹ in crore)

Description	As at 31.03.2013			As at 31.03.2012		
	Short Term	**Long Term**	**Total**	Short Term	Long Term	Total
Employee Benefits **						
Economic Rehabilitation of Employees	**0.12**	**1.19**	**1.31**	0.09	1.15	1.24
Leave Encashment	**1.14**	**19.25**	**20.39**	0.95	16.79	17.74
Staff Welfare Expenses	**1.15**	**12.14**	**13.29**	0.72	11.01	11.73
Gratuity / Superannuation Fund	**1.63**	**0.00**	**1.63**	7.24	0.00	7.24
Sub Total	**4.04**	**32.58**	**36.62**	9.00	28.95	37.95
Others						
Income Tax (net)	**20.86**	**11.62**	**32.48**	83.10	13.03	96.13
CSR Expenses (Refer Note No. 21.2 of Part-C - Other Notes on Accounts)	**0.00**	**0.00**	**0.00**	16.39	0.00	16.39
Contingent provision against Standard Assets (Refer Note No. 22 of Part-C - Other Notes on Accounts)	**14.66**	**118.13**	**132.79**	0.00	0.00	0.00
Proposed Final Dividend **	**132.00**	**0.00**	**132.00**	132.00	0.00	132.00
Proposed Corporate Dividend Tax **	**22.43**	**0.00**	**22.43**	21.41	0.00	21.41
Sub Total	**189.95**	**129.75**	**319.70**	252.90	13.03	265.93
Grand Total	**193.99**	**162.33**	**356.32**	**261.90**	**41.98**	**303.88**

** (Refer Note No. 21.1 of Part-C - Other Notes on Accounts)

NOTE - Part A - 6
FIXED ASSETS

(₹ in crore)

	Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		Opening Balance as at 01.04.2012	Additions / Adjustments	Deductions / Adjustments	Closing Balance as at 31.03.2013	Opening Balance as at 01.04.2012	For the Period 01.04.2012 to 31.03.2013	Prior period Adjustments	Withdrawn/ Written back	Closing Balance as at 31.03.2013	As at 31.03.2013	As at 31.03.2012
I.	**Tangible Assets : Owned Assets**											
	Land (Freehold)	2.59	0.79	0.00	3.38	0.00	0.00	0.00	0.00	0.00	3.38	2.59
	Land (Leasehold)	37.87	0.00	0.00	37.87	0.00	0.00	0.00	0.00	0.00	37.87	37.87
	Buildings	25.54	0.17	0.79	24.92	6.28	0.93	(0.01)	0.00	7.20	17.72	19.26
	EDP Equipments	12.81	1.27	0.27	13.81	8.94	1.88	0.00	0.23	10.59	3.22	3.87
	Office and other equipments	12.46	1.52	0.14	13.84	6.86	0.91	0.00	0.10	7.67	6.17	5.60
	Furniture & Fixtures	7.48	0.16	0.15	7.49	4.93	0.50	0.00	0.13	5.30	2.19	2.55
	Vehicles	0.13	0.00	0.05	0.08	0.12	0.00	0.00	0.05	0.07	0.01	0.01
	Total	**98.88**	**3.91**	**1.40**	**101.39**	**27.13**	**4.22**	**(0.01)**	**0.51**	**30.83**	**70.56**	**71.75**
	Previous year	94.73	4.49	0.34	98.88	**22.95**	4.38	**0.03**	**0.23**	27.13	71.75	**71.78**
II.	**Intangible Assets : Purchased Software (Useful Life - 5 years)**	6.86	1.01	0.00	7.87	**2.60**	1.48	**0.01**	**0.00**	4.09	3.78	**4.26**
	Previous year	4.21	2.65	0.00	6.86	**1.56**	1.04	**0.00**	**0.00**	2.60	4.26	**2.65**
III.	**Capital Works in Progress - Intangible Assets ****	0.45	0.00	0.45	0.00	**0.00**	0.00	**0.00**	**0.00**	0.00	0.00	**0.45**
	Previous year	2.28	0.33	2.16	**0.45**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.45**	**2.28**

** Software Applications

NOTE - Part A - 7
NON- CURRENT INVESTMENTS

(₹ in crore)

Description		As at 31.03.2013		As at 31.03.2012
(A) Trade Investments (Quoted)				
I. Equity Instruments				
- Valued at Cost				
1,20,00,000 (Previous year 1,20,00,000) Equity Shares of ₹ 10/- each fully paid up of PTC Ltd.		**12.00**		12.00
Sub Total		**12.00**		**12.00**
(B) Other Investments (Unquoted-Non Trade)				
I. Equity Instruments				
21,87,015 (Previous year 21,87,015) Equity Shares of ₹ 10/- each fully paid up of National Power Exchange Ltd. **		**2.19**		2.19
28,00,000 (Previous year 28,00,000) Equity Shares of Rs. ₹ 10/- each fully paid up of Power Exchange India Ltd. (Refer Note No. 7.6(ii) Part C - Other Notes on Accounts)		**2.80**		2.80
2,25,00,000 (Previous year 6,25,000) Equity Shares of ₹ 10/- each fully paid up of Energy Efficiency Services (P) Ltd.**		**22.50**		0.63
2,66,40,000 (Previous year 55,90,000) Equity Shares of ₹ 10/- each fully paid up of Subsidiaries**		**26.64**		5.59
II. Preference Shares				
8,40,00,000 (Previous year Nil) 10% Fully Convertible Preference shares of ₹ 10/- each fully paid up of Subsidiaries**		**84.00**		0.00
III. Bonds / Debentures				
8,330 (Previous year 8,330) 4% Bonds of ₹ 100/- each of IMP Power Ltd.		**0.08**		0.08
2,94,44,390 (Previous year 3,40,02,868) OFCD of ₹ 10/- each of R S India Wind Energy Pvt. Ltd.	**29.44**		34.00	
Less : Provision for contingencies	**0.00**	**29.44**	34.00	0.00
IV. Others				
- Valued at Cost (Less diminution, if any, other than temporary)				
76,82,816 (Previous year 78,25,127) Units of " Small is Beautiful " Fund of KSK Investment Advisor Pvt. Ltd. (Face value per unit is ₹ 10) (Refer Note No. 7.6 (i) of Part-C - Other Notes on Accounts)	**7.68**		7.83	
Less : Provision for diminution	**0.15**	**7.53**	0.16	7.67
V. Application Money pending allotment of Shares				
Nil (Previous year 2,43,75,000) Equity Shares (Face value of ₹ 10/- each) of Energy Efficiency Services (P) Ltd.** (Refer Note No. 7.2 (vi) of Part-C - Other Notes on Accounts)		**0.00**		24.38
Sub Total		**175.18**		**43.34**
TOTAL		**187.18**		**55.34**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	12.00	71.46
(previous year)	(12.00)	(73.68)
Aggregate of Un-Quoted (non trade) Investments	175.18	-
(previous year)	(18.96)	-
Application Money pending allotment of Shares	0.00	-
(previous year)	(24.38)	-
TOTAL	**187.18**	**71.46**
(Previous year)	**(55.34)**	**(73.68)**

** (Refer Note No. 7.2 of Part-C - Other Notes on Accounts)

NOTE - Part A - 8
LOANS

(₹ in crore)

Description	As at 31.03.2013						As at 31.03.2012					
	Current maturities (Twelve Months)		Non Current		Total		Current maturities (Twelve Months)		Non Current		Total	
A. Long Term Loans												
I Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	10,741.69		91,997.07		1,02,738.76		8,836.12		65,533.38		74,369.50	
RTLs to Independent Power Producers	989.56		13,269.75		14,259.31		406.77		6,674.03		7,080.80	
Foreign Currency Loans to Independent Power Producers	27.46		70.76		98.22		25.83		92.36		118.19	
Buyer's Line of Credit	10.20		122.36		132.56		4.89		0.00		4.89	
Lease Financing to Borrowers **	49.95		235.12		285.07		35.96		63.00		98.96	
RTLs to Equipment Manufacturers	224.83		688.79		913.62		1.25		0.00		1.25	
Incomes accrued & due on loans	35.23	12,078.92	0.00	1,06,383.85	35.23	1,18,462.77	3.30	9,314.12	0.00	72,362.77	3.30	81,676.89
b) Others												
RTL to Independent Power Producers - NPA	196.77		723.01		919.78		62.05		864.97		927.02	
Less: Provision for contingencies	27.70	169.07	72.30	650.71	100.00	819.78	14.23	47.82	86.50	778.47	100.73	826.29
Lease financing to Borrowers - NPA	0.00		0.00		0.00		5.55		222.07		227.62	
Less: Provision for contingencies	0.00	0.00	0.00	0.00	0.00	0.00	0.55	5.00	22.21	199.86	22.76	204.86
FCL to Independent Power Producers - NPA	77.80		136.93		214.73		49.31		154.52		203.83	
Less: Provision for contingencies	7.78	70.02	13.69	123.24	21.47	193.26	4.93	44.38	15.45	139.07	20.38	183.45
Sub Total (I)		12,318.01		1,07,157.80		1,19,475.81		9,411.32		73,480.17		82,891.49

II. Un-Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	3,005.33		32,068.20		**35,073.53**		2,205.03		32,781.57		**34,986.60**	
RTLs to Independent Power Producers	115.64		3,146.20		**3,261.84**		79.37		4,924.35		**5,003.72**	
Foreign Currency Loans to State Power Utilities	11.99		34.87		**46.86**		11.56		44.06		**55.62**	
Buyer's Line of Credit	4.87		87.57		**92.44**		0.00		0.00		**0.00**	
RTLs to Equipment Manufacturers	0.00		0.00		**0.00**		166.75		786.77		**953.52**	
Incomes accrued & due on loans	0.01	3,137.84	0.00	35,336.84	**0.01**	**38,474.68**	3.00	2,465.71	0.00	38,536.75	**3.00**	**41,002.46**
Sub Total (II)		**3,137.84**		**35,336.84**		**38,474.68**		**2,465.71**		**38,536.75**		**41,002.46**
Total (I + II)		**15,455.85**		**1,42,494.64**		**1,57,950.49**		**11,877.03**		**1,12,016.92**		**1,23,893.95**
B. Short Term Loans												
I Secured Loans												
Working Capital Loans to State Electricity Boards and State Power Corporations		1,000.00		0.00		**1,000.00**		2,267.02		0.00		**2,267.02**
Sub Total (I)		**1,000.00**		**0.00**		**1,000.00**		**2,267.02**		**0.00**		**2,267.02**
II Un-Secured Loans												
Working Capital Loans to State Electricity Boards and State Power Corporations		1,416.11		0.00		**1,416.11**		3,760.85		0.00		**3,760.85**
Working Capital Loans to Independent Power Producers		0.00		0.00		**0.00**		150.00		0.00		**150.00**
Sub Total (II)		**1,416.11**		**0.00**		**1,416.11**		**3,910.85**		**0.00**		**3,910.85**
Total (I + II)		**2,416.11**		**0.00**		**2,416.11**		**6,177.87**		**0.00**		**6,177.87**
Grand Total		**17,871.96**		**1,42,494.64**		**1,60,366.60**		**18,054.90**		**1,12,016.92**		**1,30,071.82**

** (Refer Note No. 10(a) of Part-C - Other Notes on Accounts)

NOTE - Part A - 9
OTHER ASSETS

(₹ in crore)

Description	As at 31.03.2013						As at 31.03.2012					
	Current		**Non-Current**		**Total**		Current		Non-Current		Total	
A LOANS & ADVANCES												
I Loans (considered good)*												
a) to Employees (Secured)	**2.34**		**15.23**		**17.57**		2.06		13.24		15.30	
b) to Employees (Unsecured)	**4.11**	**6.45**	**27.26**	**42.49**	**31.37**	**48.94**	3.75	5.81	18.84	32.08	22.59	37.89
II Advances (Unsecured considered good)												
Advances recoverable in cash or in kind or for value to be received												
a) to Subsidiaries (including interest recoverable there on) (Refer Note No. 7.4 of Part-C - Other Notes on Accounts)	**0.10**		**219.44**		**219.54**		103.02		68.74		171.76	
b) to Employees	**0.77**		**0.00**		**0.77**		0.69		0.00		0.69	
c) Prepaid Expenses	**2.02**		**0.00**		**2.02**		1.81		0.00		1.81	
d) Unamortized financial charges on Commercial Paper	**109.80**		**0.00**		**109.80**		0.00		0.00		0.00	
e) Others	**79.64**		**0.30**		**79.94**		61.52		0.33		61.85	
f) Advance Income Tax and Tax Deducted at Source (net)	**0.00**		**105.05**		**105.05**		0.00		32.09		32.09	
g) Security Deposits	**3.25**	**195.58**	**0.27**	**325.06**	**3.52**	**520.64**	12.24	179.28	0.28	101.44	12.52	280.72
B OTHER ASSETS												
I Accrued but not due :												
a) Interest on Loan Assets	**3,252.01**		**0.00**		**3,252.01**		2,474.01		0.00		2,474.01	
b) Other charges	**16.11**		**0.00**		**16.11**		15.88		0.00		15.88	
c) Interest on Loans to Employee	**0.23**		**8.52**		**8.75**		6.72		0.00		6.72	
d) Interest on Deposits and Investments	**31.50**	**3,299.85**	**0.00**	**8.52**	**31.50**	**3,308.37**	14.05	2,510.66	0.00	0.00	14.05	2,510.66
C Loans & Advances (Unsecured - Others)												
Non Performing Assets (NPAs)	**84.14**		**0.00**		**84.14**		39.53		0.00		39.53	
Less : Provision for contingencies	**9.26**	**74.88**	**0.00**	**0.00**	**9.26**	**74.88**	4.80	34.73	0.00	0.00	4.80	34.73
Total		**3,576.76**		**376.07**		**3,952.83**		2,730.48		133.52		2,864.00

* Note :-
Loans and Advances include :

Particulars	**Balance as at 31.03.2013**	**Maximum during 2012-13**	Balance as at 31.03.2012	Maximum during 2011-12
Loans given to directors	**0.11**	**0.25**	0.12	0.16
Loans given to Executives	**37.85**	**43.23**	28.25	32.06
Loans given to other employees	**10.98**	**12.46**	9.52	10.75
TOTAL	**48.94**	**55.94**	37.89	42.97

NOTE - Part A -10
CURRENT INVESTMENTS

(₹ in crore)

Description		As at 31.03.2013		As at 31.03.2012
A. Equity Instruments - Valued scrip wise at lower of cost or fair value (Trade and Quoted)				
5,39,349 Shares (Previous year - 5,39,349 Shares) (Face value of ₹ 10/- each fully paid up) of PGCIL purchased at a cost of ₹ 52	**2.80**		2.80	
Less : Provision for diminution	**0.00**	**2.80**	0.00	2.80
97,952 Shares (Previous year - 97,952 Shares) (Face value of ₹ 10/- each fully paid up) of REC Ltd. purchased at a cost of ₹ 105	**1.03**		1.03	
Less : Provision for diminution	**0.00**	**1.03**	0.00	1.03
Total		**3.83**		**3.83**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	**3.83**	**7.75**
(previous year)	**(3.83)**	(7.84)
TOTAL	**3.83**	**7.75**
(Previous year)	**(3.83)**	**(7.84)**

NOTE - Part A -11
CASH AND BANK BALANCES

(₹ in crore)

Description		As at 31.03.2013		As at 31.03.2012
A Cash and Cash Equivalents				
i) Balances in current accounts with:				
Reserve Bank of India	**0.05**		0.05	
Scheduled Banks	**2.81**	**2.86**	18.66	18.71
ii) Cheques in hand		**0.01**		0.06
iii) Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.		**1.25**		0.98
iv) Public issue Account with Escrow Collection Banker		**165.37**		0.00
v) Imprest with postal authority		**0.00**		0.01
vi) Fixed Deposits with Scheduled Banks (original maturity up to three months)		**4,579.58**		1,964.21
Sub Total (I)		**4,749.07**		**1,983.97**
B Other Balances				
i) Fixed Deposits with Scheduled Banks (original maturity of more than three months)		**4.74**		4.23
Sub Total (II)		**4.74**		**4.23**
TOTAL		**4,753.81**		**1,988.20**

NOTE - Part A - 12
REVENUE FROM OPERATIONS

(₹ in crore)

Description		Year ended 31.03.2013	Year ended 31.03.2012
I.	**Interest**		
	Interest on Loans	**16,887.64**	12,602.47
	Prepayment Premium on Loans	**10.96**	14.87
	Upfront fees on Loans	**39.69**	26.81
	Service charges on Loans	**0.00**	0.02
	Management, Agency & Guarantee Fees	**115.56**	65.37
	Commitment charges on Loans	**4.34**	2.60
	Income from surplus funds	**156.16**	244.97
	Lease income	**29.40**	18.59
	Sub Total (I)	**17,243.75**	**12,975.70**
II.	**Other Financial Services**		
	Nodal Agency Fees under R-APDRP (Refer Note No. 13 (ii) of Part-C - Other Notes on Accounts)	**16.52**	39.15
	Sub Total (II)	**16.52**	**39.15**
	TOTAL	**17,260.27**	**13,014.85**

NOTE - Part A - 13
OTHER INCOME

(₹ in crore)

Description	Year ended 31.03.2013	Year ended 31.03.2012
Dividend / Interest Income on Long term Investments	**7.99**	1.84
Dividend Income on Current Investments	**0.25**	0.20
Profit on sale of Fixed Assets	**0.01**	0.01
Profit on sale of Long term Investments	**0.05**	0.84
Interest on Income Tax Refund	**0.18**	16.58
Miscellaneous Income	**3.80**	2.71
Excess Liabilities written back	**0.00**	0.08
TOTAL	**12.28**	**22.26**

NOTE - Part A - 14
INTEREST, FINANCE AND OTHER CHARGES

(₹ in crore)

Description		Year ended 31.03.2013		Year ended 31.03.2012
I. Interest				
On Bonds	**8,579.57**		6,213.02	
On Loans	**1,772.32**		1,808.14	
to GOI on Interest Subsidy Fund	**19.00**		36.02	
Rebate for Timely Payment to Borrowers	**167.46**		181.29	
Swap Premium (Net)	**13.45**	**10,551.80**	(8.19)	8,230.28
II. Other Charges				
Commitment & Agency Fees	**1.13**		1.04	
Financial Charges on Commercial Paper	**200.74**		57.47	
Guarantee, Listing & Trusteeship fees	**1.99**		1.64	
Management Fees on Foreign Currency Loans	**64.44**		0.00	
Bank / Other Charges	**0.07**	**268.37**	0.19	60.34
Interest paid on advances received from subsidiaries	**7.63**		9.08	
Less : Interest received on advances given to subsidiaries	**4.70**	**2.93**	2.64	6.44
III. Net Translation / Transaction Exchange Loss (+) / gain (-)		**167.98**		167.60
TOTAL		**10,991.08**		**8,464.66**

NOTE - Part A - 15
BOND ISSUE EXPENSES

(₹ in crore)

Description	Year ended 31.03.2013	Year ended 31.03.2012
Interest on Application Money	**61.27**	123.76
Credit Rating Fees	**2.84**	2.85
Other Issue Expenses	**24.97**	63.64
Stamp Duty Fees	**8.25**	6.64
TOTAL	**97.33**	**196.89**

NOTE - Part A - 16
EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

Description	Year ended 31.03.2013	Year ended 31.03.2012
Salaries and Wages	**63.54**	51.75
Contribution to Provident and other funds	**5.95**	5.00
Staff Welfare	**7.61**	8.78
Rent for Residential accommodation of employees (Refer Note No. 10 (b) of Part-C - Other Notes on Accounts)	**3.84**	6.55
TOTAL *	**80.94**	**72.08**

* The expenses of ₹ 5.07 crore (previous year ₹ 5.47 crore) on account of reimbursement of amount incurred for R-APDRP scheme have been adjusted against the respective heads.

NOTE - Part A - 17
OTHER EXPENSES

(₹ in crore)

Description	Year ended 31.03.2013	Year ended 31.03.2012
Office Rent	**0.54**	0.49
Electricity & Water charges	**1.38**	1.02
Insurance	**0.04**	0.11
Repairs & Maintenance	**2.38**	1.82
Stationery & Printing	**0.92**	0.69
Travelling & Conveyance	**7.40**	5.81
Postage, Telegraph & Telephone	**1.47**	0.85
Professional & Consultancy charges	**0.82**	1.94
CSR Expenses	**13.32**	13.24
Sustainable Development Expenses	**2.98**	0.00
Miscellaneous Expenses *	**19.39**	19.70
Loss on sale of Fixed Assets	**0.04**	0.03
Auditors' remuneration	**0.48**	0.60
Service Tax	**5.93**	4.30
Rates & Taxes	**0.78**	0.72
Wealth Tax	**0.00**	0.01
Contribution to PMC (MoP)	**0.55**	0.54
TOTAL	**58.42**	**51.87**

* The expenses of Nil (previous year ₹ 2.83 crore) on account of reimbursement of amount incurred for R-APDRP scheme have been adjusted against the respective heads.

*** Note :-**

1) Miscellaneous Expenses includes :		
Books & Periodicals	**0.04**	0.03
Advertisement	**5.25**	6.39
Membership & Subscription	**0.60**	0.65
Entertainment	**0.49**	0.56
Conference & Meeting Expenses	**1.15**	1.46
Security Expenses	**1.10**	0.89
Training	**0.65**	0.35
EDP Expenses	**2.04**	1.23
Business Promotion / Related Expenses	**0.17**	0.14
Interest on income tax	**4.07**	4.90
2) Auditors' Remuneration includes :		
Audit fees	**0.15**	0.15
Tax Audit fees	**0.04**	0.04
Other certification services	**0.29**	0.41
Reimbursement of Expenses	**0.00**	0.00

Note - Part A -18
PRIOR PERIOD ITEMS (NET)

(₹ in crore)

Description		Year ended 31.03.2013		Year ended 31.03.2012
Prior Period Expenses :				
Interest & other Charges	**1.18**		0.44	
Issue Expenses	**0.00**		(0.23)	
Personnel & Administration Expenses - CSR*	**(16.39)**		0.00	
Personnel & Administration Expenses - Others	**0.28**		(0.73)	
Depreciation	**0.00**	**(14.93)**	0.03	**(0.49)**
Less: Prior Period Income :				
Interest Income	**(3.47)**		0.34	
Other Income	**(2.65)**	**(6.12)**	0.00	**0.34**
TOTAL		**(8.81)**		**(0.83)**

* On account of reversal of CSR provision pertaining to earlier years. Live change (Refer Note No. 21.2 of Part-C - Other Notes on Accounts)

Part – B

SIGNIFICANT ACCOUNTING POLICIES

1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and the estimates are recognized in the period in which the results are known and/or materialized.

2 RECOGNITION OF INCOME/EXPENDITURE

2.1 Income and expenses (except as stated below) are accounted for on accrual basis.

2.1.1 Income on non-performing assets and assets stated in the proviso to paragraph 6.2, infra is recognized in the year of its receipt. However, any unrealized income recognized before the asset in question became non-performing asset or the income recognized in respect of assets as stated in the proviso to paragraph 6.2, infra which remained due but unpaid for a period more than six months is reversed.

2.1.2 Income under the head carbon credit is accounted for in the year in which it is received by the Company.

2.2 Rebate on account of timely payment by borrowers is accounted for, on receipt of entire amount due on time.

2.3 Discount / financial charges / interest on the commercial papers and zero coupon bonds (deep discount bonds) are amortized proportionately over the period of its tenure.

2.4 Expenditure on issue of shares is charged to the securities premium account.

2.5 Income from dividend is accounted for in the year of declaration of dividend.

2.6 Recoveries in borrower accounts are appropriated as per the loan agreements.

2.7 The Company raises demand for principal installments due, as per loan agreements. The repayment is adjusted against earliest disbursement, irrespective of the rate of interest being charged on various disbursements.

2.8 Prior period expenses / income and prepaid expenses upto ₹ 5,000/- are charged to natural heads of account.

2.9 (i) Nodal Agency Fees under Restructured Accelerated Power Development and Reforms Programme (R – APDRP) are accounted for @1% of the sanctioned project cost in three stages- 0.40% on sanction of the project, 0.30% on disbursement of the funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B).

(ii) Actual expenditure incurred for operationalising the R– APDRP are reimbursed by Ministry of Power, Government of India and is accounted for in the period in which the expenditure is so incurred.

3 FIXED ASSETS/DEPRECIATION

3.1 Fixed assets are shown at historical cost less accumulated depreciation, except for the assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value.

3.2 Additions to fixed assets are being capitalized on the basis of bills approved or estimated value of work done as per contracts in cases where final bills are yet to be received/ approved.

3.3 Depreciation on assets is provided on written down value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

3.4 Items of fixed assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

4 INTANGIBLE ASSETS / AMORTIZATION

4.1 Intangible assets such as software are shown at the cost of acquisition, and amortization is done under straight-line method over the life of the assets estimated by the Company.

5 **INVESTMENTS**

5.1 Quoted current investments are valued scrip wise at lower of cost or fair value.

5.2 Unquoted current investments are valued at lower of cost or fair value.

5.3 Long term investments are valued at cost. Provision is made for diminution, other than temporary in the value of such investments. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

5.4 Investments in mutual funds / venture capital funds are valued at cost, less diminution, if any, other than temporary. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

6 **PROVISIONS / WRITE OFF AGAINST LOANS AND ADVANCES**

Prudential Norms

6.1 PFC being a Government owned Non Banking Financial Company (NBFC) is exempt from the RBI directions relating to Prudential Norms. The Company, however, has formulated its own set of Prudential Norms with effect from 01.04.2003, which has been revised from time to time.

In respect of private sector utilities, the Company applies RBI exposure norms, as advised by RBI, vide their letter of December, 2008. Further, RBI exempted PFC from its prudential exposure norms in respect of lending to State / Central entities in power sector till March, 2012, vide their letter dated 18.03.2010. RBI has now extended the exemption from its prudential norms upto March, 2013, vide their letter dated 04.04.2012.

RBI has accorded the status of Infrastructure Finance company (IFC) to PFC, vide their letter dated 28.07.2010. Accordingly, PFC maintains CRAR as applicable to IFC.

6.2 As per prudential norms approved by the Board of Directors and the Ministry of Power, an asset including a lease asset, in respect of which, interest, principal installment and/or other charges remain due but unpaid for a period of six months or more, a term loan inclusive of unpaid interest and other dues if any, when the principal installment and /or interest remains unpaid for a period of six months or more, any amount which remains due but unpaid for a period of six months or more under bill discounting scheme and any amount due on account of sale of assets or services rendered or reimbursement of expenses incurred which remains unpaid for a period of six months or more are classified as Non-Performing Assets (NPA).

However, the following assets would not be classified as non-performing assets and the income on these loans is recognized on realisation basis.

(i) Loans in respect of projects which are under implementation as per RBI Circular No. ref DBS.FID No. C-11/01.02.00/2001-02 dated February 1, 2002 read with D.O. letter DBS FID No 1285/01.02.00/2001-02 dated May 14, 2002 and RBI letter No.DBOD.BP.No.7675/21.04.048/2008-09 dated 11.11.2008 are classified in line with RBI guidelines for asset classification of Infrastructure projects, as applicable to banks from time to time.

(ii) A facility which is backed by the Central / State Government guarantee or by the State Government undertaking for deduction from central plan allocation or a loan to State department, for a period not exceeding 12 months from the date from which Company's dues have not been paid by the borrower.

(iii) A loan disbursed to an integrated power entity which is bifurcated on account of division of states, the company shall follow the government order issued for division of assets and liabilities, unless the same is stayed by any court and the case is pending in the court.

(iv) Non servicing of part of dues disputed by the borrower for a period not exceeding 12 months from the date from which the company's dues have not been paid by the borrower. The disputed income shall be recognized only when it is actually realized. Any such disputed income already recognized in the books of accounts shall be reversed. Disputed dues means amount on account of financial charges like commitment charges, penal interest etc. and the disputed differential income on account of interest reset not serviced by the borrower due to certain issues remains unresolved. A dispute shall be acknowledged on case to case basis with the approval of the Board of Directors.

6.3 NPA classification and provisioning norms for loans, other credits and lease assets are given as under

(i)	NPA for a period not exceeding 18 months	:	Sub-standard asset
(ii)	NPA exceeding 18 months	:	Doubtful asset
(iii)	When an asset is identified as loss asset or assets remain doubtful asset exceeding 36 months, whichever is earlier	:	Loss asset

6.4 Provision against NPAs is made at the rates indicated below: -

(i) Sub-standard assets : 10%

(ii) Doubtful assets:

(a) Secured portion / facility including that guaranteed by the state / central government or by the state government undertaking for deduction from central plan allocation or loan to state department.

Upto 1 year	:	20%
1 – 3 years	:	30%
More than 3 years	:	100%
(b) Unsecured	:	100%

(iii) Loss assets : 100%

The entire loss assets shall be written off. In case, a loss asset is permitted to remain in the books for any reason, 100% of outstanding shall be provided for.

For the purpose of assets classification and provisioning –

(i) facilities granted to Government sector entities are considered loan-wise.

(ii) facilities granted to Private sector entities are considered borrower -wise.

(iii) facilities falling under paragraph 6.2 (i), supra, shall be classified in line with RBI guidelines for asset classification of infrastructure projects, as applicable to banks from time to time, but provisioning for such facilities shall be as per PFC Prudential Norms applicable from time to time.

6.5 Provision for standard assets shall be created in phases in three years from the FY 2012-13 @ of 0.0833% p.a, in order to bring it to 0.25% on 31st March 2015. This provision shall not be netted off from gross loan assets, but shall be shown separately in the balance sheet.

6.6 Restructuring, Reschedulement or Renegotiation of term(s) of loan:

(i) PFC may, not more than once (in each of the following three stages), restructure or reschedule or renegotiate the terms of infrastructure loan agreement as per the policy framework laid down by the Board of Directors of the company under the following stages:

a) Before commencement of commercial production

b) After commencement of commercial production but before the asset has been classified as sub-standard;

c) After the commencement of commercial production and the asset has been classified as sub-standard.

Provided that in each of the above three stages, the restructuring and / or rescheduling and/or renegotiation of principal and / or of interest may take place, with or without sacrifice, as part of the restructuring or rescheduling or renegotiating package evolved.

Provided further that in exceptional circumstance(s), for reasons to be recorded in writing, PFC may consider restructuring / reschedulement / renegotiation of terms of loan agreement second time before COD of the project with the approval of Board of Directors.

Provided further that extension of repayment schedule before COD* of the project in respect of Government Sector Entities, without any sacrifice** of either principal or interest, will not be considered as restructuring / rescheduling / renegotiation for the purpose of applicability of this section.

* Completion Date for projects where COD is not applicable.

** The term "sacrifice" shall mean waiver / reduction of principal and / or the interest dues and / or future applicable interest rate as a part of Restructuring / Reschedulement / Renegotiation package for the purpose of giving effect to the extant provision in respect of Government sector entities.

(ii) Provision for shortfall in security of Restructured / Rescheduled / Renegotiated Loans:

Where the asset is partly secured, a provision to the extent of shortfall in the security available, shall be made while restructuring and / or rescheduling and / or renegotiation of the loans, apart from the provision required on present value basis and as per prudential norms.

(iii) Treatment of Restructured / Rescheduled / Renegotiated Standard Loan:

The rescheduling or restructuring or renegotiation of the instalments of principal alone, at any of the aforesaid first two stages shall not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors of PFC or by a functionary at least one step senior to the functionary who sanctioned the initial loan for the project, within the policy framework laid down by the Board.

Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two stages shall not cause a standard asset to be downgraded to sub-standard category subject to the condition that the amount of interest foregone, if any, on account of adjustment in the element of interest as specified later, is either written off or 100 per cent provision is made there against.

(iv) Treatment of Restructured / Rescheduled / Renegotiated sub-standard Asset:

A sub-standard asset shall continue to remain in the same category in case of restructuring or rescheduling or renegotiation of the instalments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest as specified later, shall be written off or 100 per cent provision made there against.

(v) Adjustment of Interest:

Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment shall be computed by taking the difference between the rate of interest as currently applicable to the loan (as adjusted for the risk rating applicable to the borrower) and the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.

(vi) Funded Interest:

In the case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for.

(vii) Eligibility for Upgradation of Restructured / Rescheduled / Renegotiated Sub-standard Infrastructure loan:

The sub-standard asset subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of instalments of principal amount, or interest amount, by whatever modality, shall not be upgraded to the standard category until expiry of one year of satisfactory performance under the restructuring and / or rescheduling and/or renegotiation terms.

(viii) Reversal of Provision:

Reversal of provision made for a restructured / rescheduled / renegotiated NPA towards principal is permitted when the account becomes a standard asset. The provision made in a restructured / rescheduled / renegotiated account towards interest sacrifice may be reversed every year (NPV of interest sacrifice for the respective year) on receipt of all repayment obligations for the respective year.

(ix) Conversion of Debt into Equity:

Where the amount due as interest is converted into equity or any other instrument, and income is recognized in consequence, full provision shall be made for the amount of income so recognized to offset the effect of such income recognition:

Provided that no provision is required to be made, if the conversion of interest is into equity which is quoted;

Provided further that in such cases, interest income may be recognized at market value of equity, as on the date of conversion, not exceeding the amount of interest converted to equity.

(x) Conversion of Debt into Debentures:

Where principal amount and / or interest amount in respect of NPAs is converted into debentures, such debentures shall be treated as NPA, ab initio, in the same asset classification as was applicable to the loan just before conversion and provision shall be made as per norms.

(xi) These norms shall be applicable to the loans which have been restructured and / or rescheduled and / or renegotiated and which are fully or partly secured standard / sub-standard asset.

For the above paragraphs, Restructuring / Re-schedulement / Renegotiation shall cover terms of agreement relating to principal and interest.

However, this section shall not be applicable to the following set of assets:

(a) A facility which is backed by Central / State Government Guarantee or by state government undertaking for deduction from central plan allocation or a loan to state department.

(b) Loans falling under paragraph 6.2(i).

7 FOREIGN EXCHANGE TRANSACTIONS :

7.1 The following transactions are accounted for at the exchange rates prevailing on the date of the transaction as per Accounting Standard – 11.

(i) Expenses and income in foreign currency; and

(ii) Amounts borrowed and lent in foreign currency.

7.2 The following balances are translated in Indian Currency at the exchange rates prevailing on the date of closing of accounts as per Accounting Standard – 11.

(i) Foreign currency loan liabilities.

(ii) Funds kept in foreign currency account with banks abroad.

(iii) Contingent liabilities in respect of guarantees given in foreign currency.

(iv) Income earned abroad but not remitted / received in India.

(v) Loans granted in foreign currency.

(vi) Expenses and income accrued but not due on foreign currency loans/borrowing.

7.3 Where the Company has entered into a forward contract or an instrument that is, in substance a forward contract, the difference between the forward rate and the exchange rate on the date of transaction is recognized as income or expense over the life of the contract, as per Accounting Standard – 11.

7.4 In case of loan from KFW, Germany, exchange difference is transferred to Interest Differential Fund Account – KFW as per loan agreement.

7.5 In accordance with the paragraph 46A of the Accounting Standards (AS) 11, the exchange differences on the long term foreign currency monetary items are amortized over their balance period.

8. Derivative transactions

8.1 Derivative transactions include forwards, interest rate swaps, currency swaps, and currency and cross currency options to hedge on balance sheet assets or liabilities.

8.2 These derivative transactions are done for hedging purpose, and not for trading or speculative purpose. These are accounted for on accrual basis, and are not marked to market.

9 GRANTS FROM GOVERNMENT OF INDIA :

9.1 Where grants are first disbursed to the grantee, the same are shown as amount recoverable from the Govt. of India and are squared up on receipt of amount.

9.2 Where grants are received in advance from Govt. of India, the same are shown as current liabilities till the payments are released to the grantee.

10 INTEREST SUBSIDY FUND

10.1 Interest subsidy for eligible borrowers received from the Ministry of Power, Govt. of India under Accelerated Generation & Supply Programme (AG&SP) on net present value (NPV) basis is credited to Interest Subsidy Fund on receipt and is passed on to the borrowers over the eligible period of loan on respective dates of interest demands. Any excess / shortfall in the Interest Subsidy Fund is refunded or adjusted/charged off on completion of respective scheme.

10.2 Interest Subsidy Fund is credited at the year-end with interest on the outstanding balance in the subsidy fund by debiting statement of Profit & Loss, at rates specified in the Scheme.

11 R-APDRP FUND

11.1 Amounts received from the Government of India under Re-structured Accelerated Power Development & Reforms Programme (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.

12 INCOME/RECEIPT/EXPENDITURE ON SUBSIDIARIES

12.1 Expenditure incurred on the subsidiaries is debited to the account “Amount recoverable from concerned subsidiary”.

12.2 Expenses in respect of man days (employees) are allocated to subsidiaries and administrative overheads are apportioned to subsidiaries on estimated basis. Direct expenses are booked to respective subsidiaries.

12.3 Interest on amount recoverable from Subsidiaries is accounted for at the rate of interest applicable for project loan / scheme (generation) to state sector borrower (category A) as per the policy of the Company.

12.4 Amounts received by subsidiaries as commitment advance from power procurers are parked with the Company as inter-corporate loans and interest is provided on unused portion of these loans at the mutually agreed interest rates.

12.5 Request for Qualification (RFQ) document / Request for Proposal (RFP) document developed for subsidiaries (incorporated for UMPP) are provided to subsidiary companies at a price equivalent to sale proceeds of RFQ / RFP document received by the subsidiary companies from the prospective bidders. The same is accounted for as income of the company on receipt from subsidiary company.

12.6 The Company incurs expenditure for development work in the UMPPs. The expenditure incurred is shown as amount recoverable from the respective subsidiaries set up for development of UMPPs. Provisioning / write off is considered to the extent not recoverable, when an UMPP is abandoned by the Ministry of Power, Government of India.

13 EMPLOYEE BENEFITS

13.1 Provident Fund, Gratuity, Pension Fund and Post Retirement Benefits

Company’s contribution paid / payable during the financial year towards Provident Fund and pension fund are charged in the statement of Profit and Loss. The Company’s obligation towards gratuity to employees and post retirement benefits such as medical benefits, economic rehabilitation benefit, and settlement allowance after retirement are actuarially determined and provided for as per Accounting Standard – 15 (Revised).

13.2 Other Employee Benefits

The Company’s obligation towards sick leave, earned leave, service award scheme are actuarially determined and provided for, as per Accounting Standard – 15 (Revised).

14 INCOME TAX

14.1 Income Tax comprising of current tax is determined in accordance with the applicable tax laws and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) in accordance with Accounting Standard – 22 on Accounting for Taxes on Income.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

14.2 Since the Company has 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, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

15 CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.

Part – C

OTHER NOTES ON ACCOUNTS

1. The Company is a government company engaged in extending financial assistance to power sector.
2. Contingent liabilities:

(a) (₹ in crore)

S.No	Particulars	Amount as on 31.03.2013	Amount as on 31.03.2012
1.	Default guarantees issued in foreign currency - US $ 7.54 million (as on 31.03.2012 US $ 10.94 million)	**41.34**	56.40
2.	Guarantees issued in domestic currency	**335.57**	371.93
3.	Claims against the Company not acknowledged as debts	**0.04**	0.00
4.	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	**4,247.61**	5,730.38
	Total	**4,624.56**	**6,158.71**

(b) Additional demands raised by the Income Tax Department totaling to ₹ 55.93 crore (as on 31.03.2012 ₹ 40.01 crore) of earlier years are being contested. Further, the Income Tax Department has filed appeals before ITAT against the orders of CIT(A) allowing relief totaling to ₹ 67.96 crore (as on 31.03.2012 ₹ 65.03 crore). The same are being contested. The Management does not consider it necessary to make provision, as the probability of tax liability devolving on the Company is negligible.

3. Estimated amount of contract remaining to be executed on account of capital contracts, not provided for, is Nil crore (as on 31.03.2012 ₹ 0.57 crore).
4. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) amounting to ₹ 31.24 crore for Assessment Years 2001-02 to 2010-11 have been provided for and are being contested by the Company.
5. In line with circular No. 6 / 3 / 2001 – CL.V dated 18.04.2002 of the Government of India, then Ministry of Law, Justice Company Affairs, and Department of Company Affairs, the Company had been creating till FY 2011-12, Debenture Redemption Reserve (DRR) upto 50% of the value of, debentures issued through public issue, over the maturity period of such debentures and no DRR in case of privately placed debentures.

   In recent circular no 11/02/2012-CL-V(A) dated 11.02.2013, MoCA (Ministry of Corporate Affairs) has prescribed that adequacy of DRR will be 25% of the value of debentures issued through public issue and no DRR is required in the case of privately placed debentures.

   In this regard, the Company has requested the MoCA for clarification, which is awaited. Pending receipt of clarification, the Company has created and maintained DRR in line with the circular dated 18.04.2002.
6. Foreign currency actual outgo and earning:

(₹ in crore)

S. No.	Description	FY ended 31.03.2013	FY ended 31.03.2012
A.	**Expenditure in foreign currency**		
i)	Interest on loans from foreign institutions	**187.78**	159.37
ii)	Financial & Other charges	**74.88**	11.08
iii)	Traveling Expenses	**0.13**	0.21
iv)	Training Expenses	**0.11**	0.12
B.	**Earning in foreign currency**	**Nil**	Nil

7.1 Related party disclosures:

Key managerial personnel:

Name of the key managerial personnel	
Shri Satnam Singh, CMD	(with effect from 01.08.2008)
Shri M K Goel, Director	(with effect from 27.07.2007)
Shri R. Nagarajan, Director	(with effect from 31.07.2009)
Shri A K Agarwal, Director	(with effect from 13.07.2012)

Managerial remuneration:

(₹ in crore)

	Chairman & Managing Director		**Other Directors**	
	For FY ended 31.03.2013	**For FY ended 31.03.2012**	**For FY ended 31.03.2013**	**For FY ended 31.03.2012**
Salaries and allowances	0.51	0.42	1.00	0.93
Contribution to provident fund and other welfare fund	0.04	0.02	0.09	0.05
Other perquisites / payments	0.09	0.13	0.24	0.39
Total	**0.64**	**0.57**	**1.33**	**1.37**

In addition to the above perquisites, the Chairman & Managing Director and other Directors have been allowed to use staff car including private journey up to a ceiling of 1,000 kms per month on payment of ₹ 2,000/- per month (₹ 780/- per month till 20.01.2013).

7.2 Investment in share capital of companies incorporated in India as subsidiaries / joint venture companies including companies promoted as Special Purpose Vehicles (SPV) for ultra-mega power projects are given below:-

SL	**Name of the companies**	**Date of investment**	**No. of shares subscribed**	**% of ownership**	**Amount (₹ in crore)**
A	**Subsidiary Company (i)**				
1.	PFC Consulting Limited	09.04.2008	50,000	100%	0.05
2. (a)	PFC Green Energy Limited (Equity Shares) (ii)	29.07.2011 08.12.2011 29.03.2012 21.03.2013	50,000 44,50,000 4,90,000 2,10,00,000	100%	25.99
(b)	PFC Green Energy Limited (Preference Shares) (ii)	21.03.2013	8,40,00,000	100%	84.00
3.	PFC Capital Advisory Services Ltd (iii)	01.09.2011	1,00,000	100%	0.10
4	Power Equity Capital Advisors (Private) Limited (iv)	15.04.2008 11.10.2011	15,000 35,000	100%	0.05
	Sub-Total (A)		**11,01,90,000**		**110.19**
B	**Subsidiary Companies promoted as SPVs for Ultra Mega Power Projects**				
1.	Coastal Maharashtra Mega Power Limited	05.09.2006	50,000	100%	0.05
2.	Orissa Integrated Power Limited	05.09.2006	50,000	100%	0.05
3.	Coastal Karnataka Power Limited	14.09.2006	50,000	100%	0.05
4.	Coastal Tamil Nadu Power Limited	31.01.2007	50,000	100%	0.05
5.	Chhattisgarh Surguja Power Limited	31.03.2008	50,000	100%	0.05
6.	Sakhigopal Integrated Power Limited	27.01.2010	50,000	100%	0.05

7.	Ghogarpalli Integrated Power Limited	27.01.2010	50,000	100%	0.05
8.	Tatiya Andhra Mega Power Limited	27.01.2010	50,000	100%	0.05
9.	Deoghar Mega Power Limited	30.07.2012	50,000	100%	0.05
	Sub-Total (B)		**4,50,000**		**0.45**
C	**Joint venture Companies (i)**				
1	National Power Exchange Limited (v)	18.12.2008 03.09.2010	8,33,000 13,54,015	16.66%	0.83 1.36
2.	Energy Efficiency Services Limited (vi)	21.01.2010 26.03.2013	6,25,000 2,18,75,000	25%	0.63 21.87
	Sub-Total (C)		**2,46,87,015**		**24.69**
	TOTAL (A) + (B) + (C)		**13,53,27,015**		**135.33**

(i) The financial statements are consolidated as per Accounting Standard 21 – Consolidated Financial Statements, Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures and Accounting Standard – 23 Accounting For Investment in Associates in Consolidated Financial Statements.

(ii) PFC Green Energy Ltd. (PFCGEL) was incorporated on 30.03.2011 as a wholly owned subsidiary of the Company to extend finance and financial services to renewable and non-conventional sources of energy. The authorized share capital of PFCGEL is ₹ 1,200.00 crores consisting of 100 crore equity shares of ₹ 10/- each and 20 crore preference shares of ₹ 10/- each. The paid-up share capital of the company as on March 31st, 2013 is ₹ 109.99 crore consisting ₹ 25.99 crore of equity share capital (Face value - ₹ 10/- each) and ₹ 84.00 crore of preference share capital (Face value - ₹ 10/- each). The certificate of commencement of business has been received on 30.07.2011. The company received its certificate of registration (CoR) to function as Non- Banking Financial Company (NBFC) on October 01, 2012. The company has started its commercial operation during FY 2012-13.

(iii) PFC Capital Advisory Services Limited (PFCCAS) was incorporated on 18.07.2011 as a wholly owned subsidiary of the Company for providing debt syndication in the areas of power, energy, infrastructure and other industries. The authorized share capital of PFCCAS is ₹ 1.00 crore and paid up share capital of the company is ₹ 0.10 crore The certificate of commencement of business has been received on 02.09.2011. The company started its commercial operation during FY 2011-12.

(iv) Power Equity Capital Advisors (Private) Limited (PECAP), has become wholly owned subsidiary of the Company on 11.10.2011 after the Company acquired, at par, the remaining 70% ownership from the erstwhile individual owners.

(v) National Power Exchange Limited (NPEL) have been jointly promoted by Power Finance Corporation Limited (PFC), NTPC Limited, NHPC Limited and Tata Consultancy Services Limited (TCS) for carrying out the business of providing a platform for trading of power through an organized exchange. NPEL has not commenced its operation.

(vi) Energy Efficiency Services Limited (EESL) has been jointly promoted by PFC, NTPC, PGCIL and Rural Electrification Corporation Limited (REC) with equal participation in equity capital for implementing energy efficiency projects. Further, the Company has paid ₹ 24.375 crore (₹ 10.75 crore on 31.12.2010 and ₹ 13.63 crore on 27.01.2011) towards additional subscription to equity shares. EESL has allotted equity shares amounting to ₹ 21.875 crore on 26.03.2013 and refunded ₹ 2.50 crore.

7.3 The Company's share of assets, liabilities, contingent liabilities and capital commitment as on 31.03.2013 and income and expenses for the period in respect of joint venture entities based on audited accounts are given below:

(₹ in crore)

SL	Particulars	As at 31.03.2013			As at 31.03.2012		
		NPEL	EESL	Total	NPEL	EESL	Total
	Ownership (%)	**16.66**	**25.00**		16.66	25	
A	Assets						
	- Non-Current Assets	**0.00**	**0.25**	**0.25**	0.01	0.09	0.10
	- Current assets	**1.35**	**29.12**	**30.47**	1.45	31.08	32.53
	Total	**1.35**	**29.37**	**30.72**	**1.46**	**31.17**	**32.63**
B	Liabilities						
	- Non-Current liabilities	**-**	**0.02**	**0.02**	-	0.00	0.00
	- Current Liabilities	**0.23**	**3.47**	**3.70**	0.04	4.37	4.41
	Total	**0.23**	**3.49**	**3.72**	**0.04**	**4.37**	**4.41**
C	Contingent liabilities	**0.00**	**0.00**	**0.00**	0.01	0.00	0.01
D	Capital commitments	**-**	**-**	**-**	-	-	-
		During the FY ended 31.03.2013			**During the FY ended 31.03.2012**		
E	Income	**0.12**	**3.63**	**3.75**	0.12	3.17	3.29
F	Expenses	**0.41**	**1.28**	**1.69**	0.34	1.17	1.51

7.4 The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

(₹ in crore)

Name of the Subsidiary Companies	Amount as on 31.03.2013	Amount as on 31.03.2012	Maximum during FY 2012-13	Maximum During FY 2011-12
Coastal Maharashtra Mega Power Limited	**7.00**	5.72	**7.00**	5.72
Orissa Integrated Power Limited	**90.31**	73.21	**90.31**	73.21
Coastal Karnataka Power Limited	**2.80**	2.40	**2.80**	2.40
Coastal Tamil Nadu Power Ltd.	**40.41**	29.75	**40.41**	29.75
Chhattisgarh Surguja Power Limited	**60.50**	50.85	**60.50**	50.85
Sakhigopal Integrated Power Company Limited	**3.26**	1.16	**3.26**	1.16
Ghogarpalli Integrated Power Company Limited	**2.89**	0.90	**2.89**	0.90
Tatiya Andhra Mega Power Limited	**9.84**	7.71	**9.84**	7.71
Deoghar Mega Power Ltd	**2.43**	0.00	**2.43**	0.00
PFC Green Energy Ltd.	**0.00**	0.05	**0.00**	2.25
PFC Capital Advisory Services Limited	**0.10**	0.01	**0.10**	0.04
Total	**219.54**	**171.76**	**219.54**	**173.99**

7.5 The details of amounts payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:

(₹ in crore)

Name of the subsidiary companies	Amount as on 31.03.2013	Amount as on 31.03.2012	Maximum during FY 2012-13	Maximum During FY 2011-12
PFC Consulting Limited (PFCCL) *	**3.54**	3.09	**3.54**	3.14
PFC Green Energy Ltd.	**0.03**	0.00	**(0.05)**	0.00
Coastal Maharashtra Mega Power Limited	**52.97**	49.39	**52.97**	49.39
Orissa Integrated Power Limited	**62.57**	57.49	**62.57**	57.49
Coastal Tamil Nadu Power Limited	**58.92**	54.35	**58.92**	54.35
Chhattisgarh Surguja Power Limited	**56.17**	51.08	**56.17**	51.08
Sakhigopal Integrated Power Company Limited	**20.69**	19.23	**20.69**	19.23
Ghogarpalli Integrated Power Company Limited	**19.27**	17.91	**19.27**	17.91
Tatiya Andhra Mega Power Limited	**25.02**	23.02	**25.02**	23.02
Total	**299.18**	**275.56**	**299.10**	**275.61**

7.6 (i) Investment in "Small is Beautiful" Fund: -

The Company has outstanding investment of ₹ 7.68 crore (as on 31.03.2012 ₹ 7.83 crore) in units of Small is Beautiful Fund. The face value of the Fund is ₹ 10 per unit. The NAV as on 31.03.2012 was ₹ 10.33 per unit and as on 31.03.2013 is ₹ 9.77 per unit. As investment in Small is Beautiful Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

(ii) Investment in equity (unquoted) in Power Exchange India Limited:-

Power Exchange India Ltd. (PXIL) has been promoted by National Stock Exchange (NSE) and National Commodity and Derivatives Exchange Limited (NCDEX). The authorized share capital is ₹ 100 crore consisting of 80 crore equity shares of ₹ 10/- each and 20 crore preference shares of ₹ 10/- each as on 31.03.2013. The paid up equity share capital of PXIL is ₹ 46.05 crore, as on 31.03.2013. The Company has subscribed ₹ 2.80 crore of the paid up capital of PXIL.

8. Interest Differential Fund (IDF) – KFW

The agreement between KFW and PFC provides that the IDF belongs to the borrowers solely and will be used to cover the exchange risk variations under this loan and any excess will be used in accordance with the agreement. The balance in the IDF fund has been kept under separate account head titled as Interest Differential Fund – KFW and shown as a liability. The total fund accumulated as on 31.03.2013 is ₹ 54.73 crore (as on 31.03.2012 ₹ 52.01crore), after transferring exchange difference of ₹ 15.21 crore (as on 31.03.2012 ₹ 15.66 crore).

9. Foreign currency liabilities not hedged by a derivative instrument or otherwise:-

Liabilities in Foreign Currencies	Amount (in millions)	
	31.03.2013	**31.03.2012**
USD	**805.90**	392.49
EURO	**22.80**	24.73
JPY	**41,643.20**	41,643.20

10. (a) Asset under finance lease after 01.04.2001:

(i) The gross investment in the leased assets and the present value of the minimum value receivable at the balance sheet date and the value of unearned financial income are given in the table below:

The future lease rentals are given below:-

(₹ in crore

Particulars	As on 31.03.2013	As on 31.03.2012
Total of future minimum lease payments (Gross Investments)	**500.33**	571.09
Present value of lease payments	**285.07**	326.58
Unearned finance income	**215.26**	244.51
Maturity profile of total of future minimum lease payments (Gross Investment)		
Not later than one year	**70.77**	70.77
Later than one year and not later than 5 years	**127.55**	172.61
Later than five years	**302.01**	327.71
Total	**500.33**	**571.09**
Break up of present value of lease payments		
Not later than one year	**45.93**	41.51
Later than one year and not later than 5 years	**53.44**	90.75
Later than five years	**185.70**	194.32
Total	**285.07**	**326.58**

(ii) The Company had sanctioned an amount of ₹ 88.90 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). The sanction was reduced to ₹ 88.85 crore in December 2006. The gross investment stood at the level of ₹ 18.11 crore as on 31.03.2013. The lease rent is to be recovered within a period of 15 years, starting from 19.07.2004, which comprises of 10 years as a primary period and 5 years as a secondary period.

(iii) The Company had sanctioned an amount of ₹ 98.44 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 18.5.2004). The gross investment stood at ₹ 17.42 crore as on 31.03.2013. The lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as a primary period and a maximum of another 10 years as a secondary period.

(iv) The Company had sanctioned an amount of ₹ 93.51 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). The gross investment stood at ₹ 34.28 crore as on 31.03.2013. The lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as a primary period and a maximum of 9 years and 11 months as a secondary period.

(v) The Company had sanctioned an amount of ₹ 228.94 crore in the year 2008 as finance lease for financing wind turbine generator (commissioned on 18.05.2011). The gross investment stood at ₹ 430.52 crore as on 31.03.2013. The lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as a primary period and a maximum of 7 years as a secondary period.

b) Operating Lease:

The Company's operating leases consists:-

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 3.84 crore (during FY ended 31.03.2012 ₹ 6.55 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 16 – Employee Benefit Expenses. Lease payments in respect of premises for offices are shown as office rent in Note Part A 17 – Other Expenses.

11. Subsidy under Accelerated Generation & Supply Programme (AG&SP) :

(i) The Company claimed subsidy from Govt. of India at net present value calculated at indicative interest rates in accordance with the 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 the 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. The impact of difference between the indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after the end of the respective schemes. However on the basis of the 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 the net excess amount of ₹ 5.69 crore and ₹ 68.30 crore as at 31.03.2013 for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. This net excess amount is worked out on overall basis and not on individual basis and may vary due to change in assumptions, if any, during the projected period such as changes in moratorium period, repayment period, loan restructuring, pre-payment, interest rate reset etc. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of the respective scheme.

(ii) The balance under the head Interest Subsidy Fund shown as liability, represents the amount of subsidy received from Ministry of Power, Govt. of India 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 : -

(₹ in crore)

Particulars	As on 31.03.2013	As on 31.03.2012
Opening balance of Interest Subsidy Fund	**376.21**	451.87
Add : - Received during the period	**--**	--
: - Interest credited during the period	**18.99**	36.01
: - Refund by the borrower due to non – commissioning of project in time	**--**	17.65
Less : Interest subsidy passed on to borrowers	**49.42**	77.67
Refunded to MoP:		
(a) Estimated net excess against IX Plan	**--**	34.00
(b) Due to non- commissioning of Project in time	**--**	17.65
(c) Estimated net excess against X Plan	**200.00**	
Closing balance of interest subsidy fund	**145.78**	**376.21**

12. The Company had exercised the option under para 46A of the amended AS-11 'The Effects of Changes in Foreign Exchange Rates' to amortize the exchange differences on the long term foreign currency monetary items over their tenure. Consequently, as on 31.03.2013, ₹ 477.97 crore (as on 31.03.2012 ₹ 515.41 crore) has been carried forward in the Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and shown on the asset side of the balance sheet, as a separate line item.

As per the recent announcement dated 30.03.2013 of the ICAI, the debit or credit balance in FCMITDA should be shown on the "Equity and Liabilities" side of the balance sheet under the head "Reserve and Surplus", as a separate line item.

The Company has requested (vide letter dated 09.05.2013) for clarification from the Government of India, Ministry of Corporate Affairs (MoCA) on the applicability of ICAI announcement. The clarification is awaited.

Pending receipt of clarification from the MoCA, the FCMITDA is continued to be shown on the asset side of the balance sheet, as a separate line item, in line with presentation made in previous year.

13. (i) The Company has been designated as the Nodal Agency for operationalisation and associated service for implementation of the Re-structured Accelerated Power Development and Reforms Programme (R – APDRP) during XI Plan by the Ministry of Power, Government of India (GOI) under its overall guidance.

Projects under the scheme are being taken up in two parts. Part – A includes the projects for establishment of baseline data and IT applications for energy accounting as well as IT based customer care centers. Part – B includes regular distribution strengthening projects. GoI provides 100% loan for Part A and up to 25% (up to 90% for special category States) loan for Part – B. Balance funds for Part – B projects can be raised by the utilities from PFC / REC / multi-lateral institutions and / or own resources. The loans under Part – A alongwith interest thereon is convertible into grant as per R – APDRP guidelines. Similarly, upto 50% (up to 90% for special category states) of the loan against Part –B project would be convertible in to grant as per R – APDRP guidelines. Enabling activities of the programe are covered under Part – C.

The loans under R – APDRP are routed through the Company for disbursement to the eligible utilities. The amount so disbursed but not converted in to grants as per R – APDRP guidelines will be repaid along with interest to the GoI on receipt from the borrowers.

The details are furnished below :

(₹ in crore)

Particulars	Amount recoverable from borrowers & payable to GOI		R – APDRP Fund		Amount payable to GOI (Interest earned on Fixed Deposit)	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Opening balance	5,502.88	3,902.88	0.00	0.00	11.09	6.88
Additions during the year	1,217.45	1,600.00	1,217.45	1,600.00	1.03	4.17
Disbursements / refunds / changes during the year	25.70	---	1,217.45	1,600.00	11.93	---
Total	**6,694.63**	**5,502.88**	**0.00**	**0.00**	**0.19**	**11.05**
Interest accrued but not due	1,327.94	775.24	**0.00**	**---**	0.06	0.04
Closing balance	**8,022.57**	**6,278.12**	**0.00**	**0.00**	**0.25**	**11.09**

(ii) As on 31.03.2013, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by PFC has been as under:-

(₹ in crore)

	During the FY ended 31.03.2013	During the FY ended 31.03.2012	Cumulative up-to	
			31.03.2013	31.03.2012
Nodal agency fee*	16.52	39.15	145.29	128.77
Reimbursement of expenditure	21.81	22.66	83.67	61.86
Total	**38.33**	**61.81**	**228.96**	**190.63**

* Exclusive of Service Tax

(iii) As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, GoI, the total amount receivable against the nodal agency fee plus the reimbursement of actual expenditure will not exceed ₹ 850 crore or 1.7 % of the likely outlay under Part A & B of R – APDRP, whichever is less.

14. The net deferred tax liabilities of ₹ 219.79 crore (as on 31.03.2012 ₹ 87.43 crore) have been computed as per Accounting Standard 22 Accounting for Taxes on Income.

The breakup of deferred tax liabilities is given below: -

Description	As on 31.03.2013	As on 31.03.2012
(a) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	**7.82**	16.49
(b) Deferred Tax Liabilities (-)		
(i) Depreciation	**-1.04**	-0.96
(ii) Lease income on new leases	**-95.00**	-101.58
(iii) Amortization	**-1.29**	-1.38
(iv) Unamortized Exchange Loss (Net)	**-130.28**	0.00
Net Deferred Tax liabilities (-)/Assets (+)	**-219.79**	-87.43

15. In compliance with Accounting Standard – 20 on Earning Per Share issued by the Institute of Chartered Accountants of India, the calculation of Earning Per Share (basic and diluted) is as under:-

Particulars	FY ended 31.03.2013	FY ended 31.03.2012
Net Profit after tax used as numerator (₹ in crore)	**4,419.60**	3,031.74
Weighted average number of equity shares used as denominator (basic)	**131,99,82,855**	129,50,00,707
Weighted average number of equity shares used as denominator (diluted)	**131,99,90,939**	129,50,00,707
Earning per share (basic & diluted) (₹)	**33.48**	23.41
Face value per share (₹)	**10**	10

16. The Company has no outstanding liability towards Micro, Small and Medium enterprises.

17. Leasehold land is not amortized, as it is a perpetual lease.

18. Liabilities and assets denominated in foreign currency have generally been translated at TT selling rate of SBI at year end as given below: -

S. No.	Exchange Rates	31.03.2013	31.03.2012
1	USD / INR	**54.80**	51.5300
2	JPY / INR	**0.5847**	0.6318
3	EURO / INR	**70.28**	69.0500

In-case of specific provision in the loan agreement for a rate other than SBI TT selling rate, the rate has been taken as prescribed in the respective loan agreement.

19.1 The Company has made the public issue of 69,97,468 tax free bonds (secured) tranche - I at the face value of ₹ 1,000 each during the current financial year and has mobilized ₹ 699.75 crore. The security has been created on 03-Jan-2013 and bonds have been allotted on 04-Jan-2013. The bonds have been listed in the BSE on 10-Jan-2013. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

19.2 The Company has made public issue of 16,53,680 tax free bonds (secured) tranche - II at the face value of ₹ 1,000 each during the current financial year and has mobilized ₹ 165.37 crore. The Bonds have been allotted on 28-Mar-2013 and have been listed in the BSE on 03-April-2013. The security has been created in April 2013. As on 31.03.2013, the proceeds of the bond issue were in Public Issue Account of the escrow collection banker. Subsequent to listing and security creation, the bonds issue proceeds have been transferred in April 2013 by the escrow collection banker to the regular current account of the Company and the Company has utilized the proceeds in April 2013 for the purpose mentioned in the offer document.

20. Disclosures as per Accounting Standard –15 :-

A. Provident fund

The Company pays fixed contribution to provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the statement of profit and loss account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GoI. Any short fall 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 take place in this regard in the near future and hence no further provision is considered necessary.

B. Gratuity

The Company has a defined gratuity scheme and is managed by a separate trust. The provision for the same has been made on actuarial valuation based upon total number of years of service rendered by the employee subject to a maximum amount of ₹10 lakh.

C. Pension

The Company has a defined contribution pension scheme introduced in line with guidelines of the Department of Public Enterprise (DPE) and is managed by a separate trust. Employer contribution to the fund has been contributed on monthly basis. Pension is payable to the employee of the corporation as per the scheme.

D. Post Retirement Medical Scheme (PRMS)

The Company has Post-Retirement Medical Scheme (PRMS), under which retired employees and their dependent family member are provided with medical facilities in empanelled hospitals. They can also avail reimbursement of out-patient treatment subject to a ceiling fixed by the Company.

E. Terminal Benefits

Terminal benefits include settlement in home town for employees & their dependents.

F. Leave

The Company provides for earned leave benefit and half-pay leave to the credit of the employees, which accrue on half yearly basis @ 15 days and 10 days, respectively. Maximum of 300 days of earned leave can be accumulated during the service of an employee which can be availed or encashed. There is no limit in accumulation of half pay leave during the service. However, at the time of separation / superannuation, half pay leave and earned leave can be encashed subject to limit of 300 days. The liability for the same is recognized, based on actuarial valuation.

The above mentioned schemes (D, E and F) are unfunded and are recognized on the basis of actuarial valuation.

The summarised position of various defined benefits recognized in the statement of profit and loss account, balance sheet are as under {Figures in brackets ( ) represents to as on 31.03.2012}

(i) Expenses recognised in Statement of Profit and Loss Account

(₹ in crore)

	Gratuity	PRMS	Leave
Current service cost	1.18 (0.99)	0.36 (0.29)	1.89 (1.57)
Interest cost on benefit obligation	1.12 (1.08)	0.67 (0.61)	1.42 (1.31)
Expected return on plan assets	-1.22 (-0.94)	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	0.40 (-0.49)	0.46 (0.60)	2.37 (0.46)
Expenses recognised in Statement of Profit & Loss Account	*1.48 (0.64)	1.49 (1.50)	*5.68 (3.34)

(*) Includes ₹ 0.13 crore (as on 31.03.2012 ₹ 0.13 crore) and ₹ 0.58 crore (as on 31.03.2012 ₹ 0.30 crore) and ₹ 0.04 crore (as on 31.03.2012 ₹ 0.13 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) The amount recognized in the Balance Sheet

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 31.03.2013 (i)	16.16 (14.03)	9.50 (8.33)	20.39 (17.74)
Fair value of plan assets at 31.03.2013 (ii)	14.67 (12.95)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-1.48 (-1.08)	-9.50 (-8.33)	-20.39 (-17.74)
Net asset / (liability) recognized in the Balance Sheet	-1.48 (-1.08)	-9.50 (-8.33)	-20.39 (-17.74)

iii) Changes in the present value of the defined benefit obligations

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2012	14.03 (12.69)	8.33 (7.13)	17.74 (15.47)
Interest cost	1.12 (1.08)	0.67 (0.61)	1.42 (1.31)
Current service cost	1.18 (0.99)	0.36 (0.29)	1.89 (1.57)
Benefits paid	-0.62 (-0.40)	-0.32 (-0.30)	-3.03 (-1.07)
Net actuarial (gain)/loss on obligation	0.45 (-0.33)	0.46 (0.60)	2.37 (0.46)
Present value of the defined benefit obligation as at 31.03.2013	16.16 (14.03)	9.50 (8.33)	20.39 (17.74)

iv) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2012	14.03 (10.57)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	1.22 (0.94)	0.00 (0.00)	0.00 (0.00)
Contributions by employer	0.00 (1.68)	0.00 (0.00)	0.00 (0.00)
Benefit paid	-0.62 (-0.40)	0.00 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	0.04 (0.16)	0.00 (0.00)	0.00 (0.00)
Fair value of plan assets as at 31.03.2013	14.67 (12.95)	0.00 (0.00)	0.00 (0.00)

v) One percent increase / decrease in the inflation rate would impact liability for medical cost of PRMS, as under:-

Cost increase by 1% ₹ 2.09 crore
Cost decrease by 1% ₹ -1.31 crore

vi) During the period, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 1.48 crore, to PRMS of ₹ 1.62 crore, to leave ₹ 6.04 crore and to pension ₹ 0.69 crore (during the FY ended 31.03.2012 towards contribution to the Gratuity Trust of ₹ 0.64 crore, to PRMS of ₹ 1.50 crore, to leave ₹ 3.34 crore and to pension ₹ 2.54 crore).

G. Other Employee Benefits:-

During the period, provision of ₹ 0.08 crore (during the FY ended 31.03.2012 ₹ -0.01 crore) has been made for Economic Rehabilitation Scheme for Employees and provision of ₹ 0.37 crore has been made for Long Service Award for Employees (during the FY ended 31.03.2012 ₹ 0.58 crore) on the basis of actuarial valuation made at the end of the year by charging / crediting the statement of profit and loss account.

H. Details of the Plan Asset:-

The details of the plan assets at cost, as on 31.03.2013 are as follows:-

(₹ in crore)

SL	Particulars	FY ended 31.03.2013	FY ended 31.03.2012
i)	Government Securities	**8.53**	7.83
ii)	Corporate bonds / debentures	**5.61**	5.12
	Total	**14.14**	**12.95**

I. Actuarial assumptions

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.00 %
Expected rate of return on assets – Gratuity	8.70 %
Future salary increase	6.00 %

The estimates of future salary increases considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

21.1 Details of provision as required in Accounting Standard – 29, {Figures in brackets ( ) represents to as on 31.03.2012}, are as under :

(₹ in crore)

Provision for	Opening Balance (as on 1st April of the FY) (1)	Addition during the period (2)	Paid / adjusted during the period (3)	Closing Balance 4 = (1+2-3)
Post-Retirement Medical Scheme	8.33 (7.13)	1.62 (1.50)	0.45 (0.30)	9.50 (8.33)
Gratuity	0.64 (1.72)	1.48 (0.64)	0.64 (1.72)	1.48 (0.64)
Pension	6.60 (4.06)	0.69 (2.54)	7.14 (0.00)	0.15 (6.60)
Leave Encashment	17.74 (15.47)	6.04 (3.34)	3.39 (1.07)	20.39 (17.74)
Economic Rehabilitation Scheme for employee	1.24 (1.26)	0.08 (-0.01)	0.01 (0.01)	1.31 (1.24)
Bonus / Incentives / Base Line Compensation	26.32 (24.52)	19.50 (17.73)	18.82 (15.93)	27.00 (26.32)
Baggage Allowances	0.07 (0.05)	0.01 (0.02)	0.00 (0.00)	0.08 (0.07)
Service Award	3.33 (2.75)	0.38 (0.58)	0.00 (0.00)	3.71 (3.33)
Income Tax	2,000.83 (2,215.13)	1,547.63 (1,075.78)	128.63 (1,290.08)	3,419.83 (2,000.83)
FBT	0.00 (0.80)	0.00 0.00	0.00 (0.80)	0.00 (0.00)
Proposed Final Dividend	132.00 (197.99)	132.00 (132.00)	132.00 (197.99)	132.00 (132.00)
Proposed Corporate Dividend Tax	21.41 (32.12)	22.43 (21.41)	21.41 (32.12)	22.43 (21.41)

21.2 The Company has formulated a Corporate Social Responsibility (CSR) policy in line with the guidelines issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) vide Office Memorandum F.No.15(3)/2007 -DPE(GM)-GL-99 dated 09.04.2010.

As per the CSR policy of the Company, a minimum of 0.5% of the consolidated profit after tax of the previous year will be allocated every financial year for CSR Activities, and Company was creating CSR provision for this purpose up to FY 2011-12.

Now, the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) has given opinion that unspent expenditure on CSR activities should not be recognized as provision, but a reserve may be created as an appropriation of profits.

Accordingly, CSR provision of ₹ 16.39 crore (amount unspent as at 01.04.2012) has been reversed to the credit of the statement of profit & loss through prior period account, and CSR reserve of ₹ 18.36 crore has been created as appropriation of profit, the details of which are as under:

(₹ in crore)

CSR Reserve	Amount
Opening balance	0.00
Add : Appropriation on account of un-spent amount as on 31.03.2012 Less: Amount spent during the year against CSR allocation of earlier years	16.39 9.30
Add : Appropriation during the year on account of un-spent amount (CSR allocation of ₹ 15.29 crore less amount spent ₹ 4.02 crore)	11.27
Closing Balance as on 31.03.2013	18.36

21.3 The Company has formulated a Sustainable Development (SD) policy in line with the guidelines issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) vide Office Memorandum No.3(9)/2010 -DPE(MoU) dated 23.09.2011.

As per the SD policy approved by the Company, a minimum of ₹ 50 lakh plus 0.1% of profit after tax (consolidated) exceeding ₹ 100 crore of the previous year will be allocated every financial year for SD Projects/ Activities. The unspent amount of ₹ 0.49 crore has been appropriated from profits as SD reserve.

22. Board of Directors in its meeting held on 09.11.2012 amended the prudential norms of the Company, subject to approval of Ministry of Power, and accorded approval to create provision on standard assets in phases with effect from FY 2012-13 in 3 year period (i.e. 0.0833% p.a.), in order to bring it to 0.25% by 31.03.2015.

Accordingly, the Company has amended the accounting policy to this effect and has made provision of ₹ 132.79 crore for the FY ended 31.03.2013.

If the company had followed the earlier policy, the net profit for the FY ended 31.03.2013 would have been higher by ₹ 132.79 crore (net of taxes).

The approval for the change in prudential norms by the Ministry of Power, Government of India is under process.

23. (i) During the year, the Company has sent letters seeking confirmation of balances as on 31.12.2012 to the borrowers and confirmation from all, except from two borrowers, have been received.

(ii) There are no unpaid / unclaimed bonds, interests on bonds and dividends, which are over 7 years as on 31.03.2013 (previous period ₹ Nil). However, an amount of ₹ 0.56 crore (previous year ₹ 0.47 crore) remaining unpaid pending completion of transfer formalities by the claimants.

24. The Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of the Company are given hereunder:-

Items		FY 2012-13	FY 2011-12
i)	Capital Fund - a. Tier I (₹ in crore)	**22,641.33**	19,544.65
	- b. Tier II (₹ in crore)	**1,541.80**	1,158.61
ii)	Risk weighted assets (₹ in crore)	**1,34,522.65**	1,27,066.12
iii)	CRAR	**17.98%**	16.29%
iv)	CRAR – Tier I Capital	**16.83%**	15.38%
v)	CRAR – Tier II Capital	**1.15%**	0.91%

25. The Company has no exposure to real estate sector as on 31.03.2013.

26. The Company does not have more than one reportable segment in terms of Accounting Standard 17 on Segment Reporting.

27. Previous year's figures have been re-grouped / re-arranged, wherever practicable to make them comparable.

28. Figures have been rounded off to the nearest crore of rupees with two decimals.

Notes at Part A (1 to 18), Part B and Part C form an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board of Directors

MANOHAR BALWANI	R NAGARAJAN	SATNAM SINGH
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 30.05.2013	**Membership No - 080624**	**Membership No - 81085**

POWER FINANCE CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in crore)

	PARTICULARS		Year ended 31.03.2013		Year ended 31.03.2012
I.	**Cash Flow from Operating Activities :-**				
	Net Profit before Tax and Extraordinary items	**5,967.04**		**4,104.25**	
	ADD: Adjustments for				
	Loss on Sale of Assets (net)	**0.03**		0.02	
	Depreciation / Amortization	**5.70**		5.42	
	Amortization of Zero Coupon Bonds	**26.18**		24.48	
	Foreign Exchange Translation Loss	**163.76**		147.83	
	Diminution in value of investments	**(0.00)**		(0.02)	
	Provision for Contingencies	**80.85**		142.79	
	Dividend / Interest and profit on sale of investment	**(8.29)**		(2.89)	
	Provision for CSR Expenditure & Sustainable Expenditure	**16.30**		0.00	
	Provision for interest under IT Act	**4.07**		4.90	
	Provision for Retirement Benefits / Other Welfare Expenses / Wage revision	**11.63**		3.10	
	Operating profit before working Capital Changes:	**6,267.27**		**4,429.88**	
	Increase/Decrease :				
	Loans Disbursed (Net)	**(30,256.10)**		(30,587.60)	
	Other Current Assets	**(1,028.13)**		(692.00)	
	Foreign Currency Monetary Item Translation Difference A/c	**37.44**		(515.41)	
	Liabilities and provisions	**1,438.89**		972.69	
	Cash flow before extraordinary items	**(23,540.63)**		**(26,392.44)**	
	Extraordinary items	**0.00**		0.00	
	Cash Inflow/Outflow from operations before Tax	**(23,540.63)**		**(26,392.44)**	
	Income Tax paid	**(1,554.02)**		(992.68)	
	Income Tax Refund	**5.56**		388.21	
	Net Cash flow from Operating Activities		**(25,089.09)**		**(26,996.91)**
II.	**Cash Flow From Investing Activities :**				
	Sale / decrease of Fixed Assets	**0.05**		0.12	
	Purchase of Fixed Assets	**(4.13)**		(7.14)	
	Increase/decrease in Capital Works in Progress	**0.45**		1.83	
	Investments in Subsidiaries	**(105.05)**		(5.12)	
	Dividend / Interest and profit on sale of investment	**8.29**		2.89	
	Other Investments	**7.22**		(34.15)	
	Net Cash Used in Investing Activities		**(93.17)**		**(41.57)**
III.	**Cash Flow From Financial Activities :**				
	Issue of Equity Shares	**1.60**		3,413.73	
	Issue of Bonds	**31,142.02**		33,165.07	
	Raising of Short Term Loans (Net) - Commercial paper	**5,000.00**		(4,050.00)	
	Repayment of Loan Against Fixed Deposits (Net) - Including WCL	**(251.43)**		1,830.16	
	Raising of Long Term Loans	**1,700.00**		2,200.00	
	Repayment of Long Term Loans	**(1,239.50)**		(3,863.50)	
	Redemption of Bonds	**(9,753.90)**		(5,406.66)	
	Raising of Foreign Currency Loans (Net)	**2,653.46**		461.46	
	Interest Subsidy Fund	**(230.43)**		(75.66)	
	Unclaimed Bonds (Net)	**(0.56)**		(1.25)	
	Payment of Final Dividend (including Corporate Dividend Tax) of Previous year	**(153.41)**		(230.11)	

Payment of Interim Dividend (including Corporate Dividend Tax) of Current year	**(920.49)**		(767.03)	
Net Cash in-flow from Financing Activities		**27,947.36**		**26,676.21**
Net Increase/Decrease in Cash & Cash Equivalents		**2,765.10**		**(362.27)**
Add : Cash & Cash Equivalents at beginning of the financial year		**1,983.97**		2,346.24
Cash & Cash Equivalents at the end of the period		**4,749.07**		**1,983.97**
Details of Cash & Cash Equivalents at the end of the period:				
Cheques in hand, Imprest with Postal authority & Balances with Banks		**169.49**		19.76
Fixed Deposits with Scheduled Banks		**4,579.58**		1,964.21
		4,749.07		**1,983.97**

For and on behalf of the Board of Directors

MANOHAR BALWANI	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 30.05.2013	**Membership No - 080624**	**Membership No - 81085**

INDEPENDENT AUDITORS' REPORT

To

The Members of
Power Finance Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Power Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Without qualifying our opinion, attention is drawn to the note no. 12 of Note part C- notes on accounts, regarding presentation of Foreign Currency Monetary Item Translation Difference Account (FCMITDA).

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

(2) As required by section 227(3) of the Act, we report that:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) being a Government Company, pursuant to the Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Department of Company Affairs, Government of India, the provisions of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956, are not applicable to the Company.

For Raj Har Gopal & Co.
Chartered Accountants
Firm's Regn. No.: 002074N

G.K. Gupta
Partner
Membership no. 081085

For N.K.Bhargava & Co.
Chartered Accountants
Firm's Regn. No.: 000429N

N.K.Bhargava
Partner
Membership no.080624

Place: Delhi
Date: 30.05.2013

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

(Referred to Paragraph (1) Under report on Other Legal and Regulatory Requirements)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

   (b) As explained to us, the management is carrying out the physical verification of fixed assets at the year end in a phased manner. 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.

   (c) The Company has not disposed off substantial parts of fixed assets during the year and has not affected the going concern status of the Company.

2. The main object of the company is to provide finance to power projects and does not involve carrying purchase/sale of goods and any inventories; hence clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

3. As explained to us, the Company has not taken nor granted any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

4. Having regard to the nature of Company's business and based on our scrutiny of Company's records and the information and explanations received by us, we report that Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and services rendered by the company. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of fixed assets and services rendered by the company.

5. Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there was no transaction during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public.

7. In our opinion and according to the informations and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

8. The Company is non-banking financial company, the provisions under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 pertaining to maintenance of cost records, does not apply.

9. 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 generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Wealth tax, etc. as applicable to it and there is no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months as on 31st March, 2013, as per the accounts of the company.

   (b) According to the records of the Company, there are no dues of Income tax / Wealth tax / Service tax, etc., which have not been deposited by the Company on account of any dispute, as per the accounts of the Company.

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12. The Company has generally maintained adequate documents and records in respect of loans granted by it to various State Electricity Boards, State Generation Corporations, State Governments, CPSUs and Independent Power Producers.

13. The Company is neither a chit fund nor a nidhi / mutual benefit fund / society. Hence, the requirements of clause 4(xiii) of the 'Order' do not apply to the Company.

14. As per records of the Company and according to the information and explanations provided by the management, the Company has been maintaining proper and timely records of the transactions and contracts for the dealings or trading in shares, securities, debentures and other investments. As per information and explanations provided we state that, all the Investments have been held by the Company in its own name.
15. The Company has given guarantees in connection with loans taken by others from banks or financial institutions. According to information & explanations given to us we are of the opinion that, the terms and conditions on the guarantee given are not prima-facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the term loans taken by the Company have been utilized for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company.
18. According to the records of the Company and the information and explanations given to us, the Company has not made any preferential allotment of shares, to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
19. According to the information and explanations given to us, the company has created securities/charges in respect of secured bonds issued. However, security creation in respect of Tax free bonds (Tranche-II) of ₹ 165.37 crores is under progress.
20. According to the information and explanations given to us, the company has disclosed the end use of the money raised in Public issue of Tax free Bonds (Tranche-I) and the same has been verified and found to be correct. However, money raised in Public issue of Tax free Bonds (Tranche-II) have not been utilized and are lying in the public issue account of Tax free bonds with the Escrow collection bank.
21. To the best of our knowledge and according to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

For Raj Har Gopal & Co.
Chartered Accountants
Firm's Regn. No. : 002074N

G.K.Gupta
Partner
Membership No.: 081085

For N.K.Bhargava & Co.
Chartered Accountants
Firm's Regn. No. : 000429N

N.K.Bhargava
Partner
Membership No.: 080624

Place : Delhi
Date: 30.05.2013

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

To

The Board of Directors
Power Finance Corporation Limited.
Urja Nidhi, 1, Barakhamba Lane,
Connaught Place,
New Delhi-110001

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Corporation, we report that:

1. The company is engaged in the business of non-banking financial institution, having valid certificate of registration from Reserve Bank of India issued on 28-07-2010 vide No. is B. 14.00004 in lieu of earlier certificate no. 14.00004 dated 10.02.1998.
2. As per amendments to NBFC Regulations vide notification nos. 134 to 140, dated 13/01/2000, the Government Companies have been exempted from applicability of provisions of RBI Act relating to maintenance of liquid assets and creation of Reserve Funds and the directions relating to acceptance of public deposits and prudential norms. The exemption of Non Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 was also notified vide RBI Master Circular No. 145 dated 1st July 2009.
3. The Company has not accepted any public deposits during the year 2012-13.
4. For the Financial year 31st March 2013, the Corporation has complied with the Accounting Standards, Income recognition, Provisioning for Bad and Doubtful debts, and Exposure Norms are as per the prudential norms formulated by the Company and referred to/ as stated in the Significant Accounting Policies.

For Raj Har Gopal & Co.
Chartered Accountants
Firm's Regn. No.: 002074N

Sd/-
G.K. Gupta
Partner
Membership no. 081085

For N.K.Bhargava & Co.
Chartered Accountants
Firm's Regn. No.: 000429N

Sd/-
N.K.Bhargava
Partner
Membership no.080624

Place: Delhi
Date: 30.05.2013

COMMENTS ON THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER FINANCE CORPORATION LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statement of Power Finance Corporation Limited, New Delhi for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Power Finance Corporation Limited, New Delhi for the year ended 31 March 2013. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-
(Brij Mohan)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board–III,
New Delhi

Place: New Delhi
Dated : 30 June, 2013

POWER FINANCE CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013

(₹ in crore)

Description	Note Part A		As at 31.03.2013		As at 31.03.2012
A. EQUITY & LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	1,320.02		1,319.93	
(b) Reserves & Surplus	2	22,837.67	24,157.69	19,473.02	20,792.95
(2) Non-Current Liabilities					
(a) Long Term Borrowing	3				
Secured		6,636.67		5,361.55	
Unsecured		1,14,514.19	1,21,150.86	90,505.43	95,866.98
(b) Deferred Tax Liabilities (Net) (Refer Note No. 15 of Part-C - Consolidated Other Notes on Accounts)			218.63		86.75
(c) Other Long Term Liabilities	4		539.81		550.64
(d) Long Term Provisions	5		162.35		41.98
(3) Current Liabilities					
(a) Current Maturity of Long Term Borrowing (Unsecured)	3	9,612.08		10,187.73	
(b) Short -Term Borrowing	3				
Secured		860.55		294.47	
Un-secured		7,959.22		3,776.73	
(c) Trade Payables		1.15		1.22	
(d) Other Current Liabilities	4	5,067.76		3,805.24	
(e) Short Term Provisions	5	195.50	23,696.26	276.98	18,342.37
Total			1,69,925.60		1,35,681.67
B. ASSETS					
(1) Non-current Assets					
(a) Fixed Assets	6				
(i) Tangible Assets		102.40		99.63	
Less: Accumulated Depreciation		31.24	71.16	27.29	72.34
(ii) Intangible Assets		7.89		6.88	
Less: Accumulated Amortization		4.10	3.79	2.61	4.27
(iii) Capital Works in Progress			0.00		0.45
(b) Non-Current Investments	7				
Trade		12.00		12.00	
Others		40.55	52.55	11.00	23.00
(c) Long Term Loans	8				
Secured		1,07,157.80		73,480.17	
Un-Secured		35,336.84	1,42,494.64	38,536.75	1,12,016.92
(d) Other Non Current Assets					
(i) Fixed Deposits with Scheduled Banks (original maturity more than twelve months)	11	22.85		13.26	
(ii) Other	9	376.60	399.45	133.78	147.04
(e) Foreign Currency Monetary Item Translation Difference A/c (Refer Note No. 13 of Part-C - Consolidated Other Notes on Accounts)			477.97		515.41
(2) CURRENT ASSETS					
(a) Current Investments	10	3.83		3.83	
(b) Trade Receivabales					
More than Six Months		4.21		0.89	
Others		2.16		3.16	
(c) Cash and cash Bank Balances	11	4,957.47		2,087.71	
(d) Current Maturity of Long Term Loans	8				
Secured		12,318.01		9,411.32	
Un-Secured		3,137.84		2,465.71	
(e) Short Term Loans	8				
Secured		1,000.00		2,267.02	
Un-Secured		1,416.11		3,910.85	
(f) Other Current Assets	9	3,586.41	26,426.04	2,751.75	22,902.24
Total			1,69,925.60		1,35,681.67

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES	**Part B**
CONSOLIDATED OTHER NOTES ON ACCOUNTS	**Part C**

Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

MANOHAR BALWANI	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 30.05.2013	**Membership No - 080624**	**Membership No - 81085**

POWER FINANCE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in crore)

	Description	Note No.		Year ended 31.03.2013		Year ended 31.03.2012
I.	**Revenue from Operations**					
	(a) Interest Income	12		**17,256.87**		12,985.09
	(b) Other Financial Services	12		**45.74**		87.08
II.	**Other Income**					
	Other Income	13		**11.86**		23.85
III.	**Total (I+II)**			**17,314.47**		**13,096.02**
IV.	**Expenses**					
	Interest, Finance and Other Charges	14		**10,992.87**		8,466.30
	Bonds Issue Expenses	15		**97.33**		196.89
	Employee Benefit Expenses	16		**90.91**		81.68
	Provision for Contingency			**80.85**		142.79
	Provision for decline in value of investments			**(0.003)**		(0.02)
	Depreciation and Amortization Expenses	6		**5.96**		5.54
	Other Expenses	17		**61.95**		55.59
	Preliminary Expenses written off			**0.00**		2.27
	Prior Period Items (Net)	18		**(8.92)**		(0.87)
	Total			**11,320.95**		**8,950.17**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**			**5,993.52**		**4,145.85**
VI.	Exceptional Items			**0.00**		0.00
VII.	**Profit before extraordinary items and tax (V-VI)**			**5,993.52**		**4,145.85**
VIII.	Extraordinary Items			**0.00**		0.00
IX.	**Profit Before Tax (VII-VIII)**			**5,993.52**		**4,145.85**
X.	**Tax Expenses**					
	(1) Current Tax					
	for current year		**1,551.98**		1,085.96	
	for earlier year		**(128.08)**	**1,423.90**	(2.77)	**1,083.19**
	(2) Deferred Tax Liability (+) / Asset (-)			**131.88**		**3.81**
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**			**4,437.74**		**3,058.85**
XII.	**Earnings per equity shares of ₹ 10/- each (Refer Note No. 16 of Part-C - Consolidated Other Notes on Accounts)**					
	(1) Basic (₹)			**33.62**		**23.62**
	(2) Diluted (₹)			**33.62**		**23.62**
	CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES	**Part B**				
	CONSOLIDATED OTHER NOTES ON ACCOUNTS	**Part C**				

Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

MANOHAR BALWANI	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co. Chartered Accountants Firm Regd. No - 000429N	For RAJ HAR GOPAL & Co. Chartered Accountants Firm Regd. No - 002074N
Place : New Delhi **Date : 30.05.2013**	**(N K BHARGAVA)** PARTNER **Membership No - 080624**	**(G K GUPTA)** PARTNER **Membership No - 81085**

NOTE - Part A - 1
CONSOLIDATED SHARE CAPITAL

(₹ in crore)

Description	As at 31.03.2013	As at 31.03.2012
Authorised :		
200,00,00,000 Equity shares of Rs.10/- each (Previous year 200,00,00,000 shares of Rs.10/- each)	**2,000.00**	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and paid up :		
131,99,31,705 Equity shares of ₹ 10/- each fully paid-up (Previous year 114,77,66,700 shares of ₹ 10/- each fully paid up)	**1,319.93**	1,147.77
Add: 83,306 Equity shares of ₹ 10/- each fully paid-up (previous year 17,21,65,005 equity shares of ₹ 10/- each fully paid-up)	**0.09**	172.16
TOTAL	**1,320.02**	**1,319.93**

Notes:-

1. Information on Shares in the company held by each shareholder holding more than 5 percent of paid -up equity share capital :

Name of Holders		31.03.2013	31.03.2012
President of India	% of Share Holding	**73.72**	73.72
	No. of Shares Held	**973,061,665**	973,061,665
	Amount (₹ in crore)	**973.06**	973.06
Life Insurance Corporation of India	% of Share Holding	**5.77**	5.83
	No. of Shares Held	**76,164,471**	76,890,731
	Amount (₹ in crore)	**76.16**	76.89

2. Under the Company stock option plan titled as PFC - ESOP 2010, the Remuneration Committee in their meeting held on 23rd December, 2011 had given its approval for FY 2009-10 for grant of 88,040 options, effective from 29th July 2011 and in their meeting held on 30th April 2012 had given its approval for FY 2010-11 for the grant of 92,964 options effective from 30th April 2012 to regular employees of the Company through PFC Employees Welfare Trust, at a price of ₹ 176.05/- per option for FY 2009-10 and ₹ 160.75/- per option for FY 2010-11 , exclusive of the face value of ₹ 10/- per share, convertible into equivalent number of equity shares of ₹ 10/- each on payment of ₹ 10 per share.

   Out of 88,040 options, 87,888 options has been granted for FY 2009-10, the Company has allotted 83,306 equity shares during the current year upon exercising the stock option under the scheme. For FY 2010-11, out of 92,964 options granted, 69,954 options have been settled in cash and 1,572 options have been cancelled.

NOTE - Part A - 2
CONSOLIDATED RESERVES & SURPLUS

(₹ in crore)

	Description		As at 31.03.2013		As at 31.03.2012
(A)	**Securities Premium Reserve**				
	Opening balance	**4,092.67**		851.10	
	Add : Addition during the year	**1.51**		3,261.48	
	Less: Issue Exps (FPO)	**(0.32)**	**4,094.50**	19.91	4,092.67
(B)	**Debenture Redemption Reserve**				
	Opening balance	**55.79**		0.06	
	Add : Transfer from Profit and Loss Appropriation for the year (Refer Note No. 6 of Part-C - Consolidated Other Notes on Accounts)	**219.06**	**274.85**	55.73	55.79
(C)	**Others**				
(i)	**Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income-Tax Act,1961**				
	Opening balance	**1,158.61**		984.88	
	Add : Transfer from Profit and Loss Appropriation for the year	**250.40**	**1,409.01**	173.73	1,158.61
(ii)	**Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97**		**599.85**		599.85
(iii)	**Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98**				
	Opening balance	**5,982.06**		5,204.32	
	Add : Transfer from Profit and Loss Appropriation for the year	**1,155.90**		776.20	
	Add : Transfer from General Reserve	**1.91**		3.57	
	Less : Transfer to Profit and Loss Appropriation (Balance Sheet head)	**0.00**	**7,139.87**	2.03	5,982.06
(iv)	**CSR Reserve**				
	Opening balance	**0.00**		0.00	
	Add : Transfer from Profit and Loss Appropriation for the year (Refer Note No. 22.2 of Part-C - Consolidated Other Notes on Accounts)	**18.36**	**18.36**	0.00	0.00

(v)	**Sustainable Development Reserve**				
	Opening balance	**0.00**		0.00	
	Add : Transfer from Profit and Loss Appropriation for the year (Refer Note No. 22.3 of Part-C - Consolidated Other Notes on Accounts)	**0.49**	**0.49**	0.00	0.00
(vi)	**General Reserve**				
	Opening balance	**2,594.40**		2,293.97	
	Add : Transfer from Profit and Loss Appropriation for the year	**442.00**		304.00	
	Less: Transferred to Special Reserve	**1.91**	**3,034.49**	3.57	2,594.40
(D)	**Surplus**				
	Opening balance	**4,989.64**		4,158.86	
	Add : Transfers from Special Reserve under Income Tax Act, 1961	**0.00**		2.03	
	Add:Surplus retained from the Profit and Loss Appropriation for the year	**1,276.61**	**6,266.25**	828.75	4,989.64
	Total #		**22,837.67**		**19,473.02**
Note :	**Profit and Loss Appropriation**				
	Profit after tax for the year		**4,437.74**		3,058.85
	Less : CSR Reserves				
	Transfer to CSR Reserve (relating to earlier years)	**16.39**		0.00	
	Transfer from CSR Reserve (relating to earlier years)	**(9.30)**		0.00	
	Transfer to CSR Reserves (relating to current year)	**11.27**	**18.36**	0.00	0.00
	Less: Sustainable Development (SD) Reserve				
	Transfer to SD Reserves	**0.49**	**0.49**	0.00	0.00
	Less : Transfer to Reserves				
	Transfer towards Reserve for Bad & Doubtful Debts u/s 36 (1) (viia) (c) of Income Tax Act, 1961	**250.40**		173.73	
	Transfer to Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	**1,155.90**		776.20	
	Debenture Redemption Reserve	**219.06**		55.73	
	General Reserve	**442.00**	**2,067.36**	304.00	1,309.66
	Less : Dividend & Corporate Dividend Tax				
	Interim Dividend Paid	**792.01**		659.97	
	Proposed Final Dividend	**132.00**		132.00	
	Corporate Dividend Tax paid on Interim Dividend	**128.48**		107.06	
	Proposed Corporate Dividend Tax	**22.43**	**1,074.92**	21.41	920.44
	Total#		**1,276.61**		828.75

Addition during the year includes ₹ 1.30 crore net (Previous year ₹ 1.02 crore) share of jointly controlled entities.

NOTE - Part A - 3
CONSOLIDATED BORROWING

(₹ in crore)

Description	As at 31.03.2013			As at 31.03.2012		
	Current	Non-Current	Total	Current	Non-Current	Total
A. Long Term Borrowing						
I. Secured						
a) Bonds						
Infrastructure Bonds (Refer note no. from 1 to 12)	**0.00**	**361.55**	**361.55**	0.00	361.55	361.55
Tax Free Bonds (Refer note no. from 13 to 30)	**0.00**	**6,275.12**	**6,275.12**	0.00	5,000.00	5,000.00
Sub- Total (I)	**0.00**	**6,636.67**	**6,636.67**	**0.00**	**5,361.55**	**5,361.55**
II. UnSecured						
a) Bonds						
Other Bonds / Debentures (Refer Note No. 31 and 32)	**3,262.90**	**95,434.62**	**98,697.52**	9,753.90	68,804.44	78,558.34
Foreign Currency Notes (Refer Note No. 34)	**0.00**	**986.40**	**986.40**	0.00	927.54	927.54
	3,262.90	**96,421.02**	**99,683.92**	9,753.90	69,731.98	79,485.88
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India)	**19.98**	**251.49**	**271.47**	17.71	262.03	279.74
Syndicated Foreign Currency Loans from banks / Financial Institutions	**0.00**	**6,946.68**	**6,946.68**	0.00	4,176.92	4,176.92
Foreign Currency Loans (FCNR(B) from banks)	**219.20**	**0.00**	**219.20**	206.12	0.00	206.12
	239.18	**7,198.17**	**7,437.35**	**223.83**	**4,438.95**	**4,662.78**
c) Rupee Term Loans						
Rupee Term Loans (From Banks)	**4,480.00**	**10,895.00**	**15,375.00**	210.00	14,704.50	14,914.50
Rupee Term Loans (From Financial Institutions)	**1,630.00**	**0.00**	**1,630.00**	0.00	1,630.00	1,630.00
	6,110.00	**10,895.00**	**17,005.00**	**210.00**	**16,334.50**	**16,544.50**
Sub- Total (II)	**9,612.08**	**1,14,514.19**	**1,24,126.27**	**10,187.73**	**90,505.43**	**1,00,693.16**
B. Short Term Borrowing						
Rupee Term Loans						
I. Secured						
Loan against FD	**860.55**	**0.00**	**860.55**	294.47	0.00	294.47
Sub- Total (I)	**860.55**	**0.00**	**860.55**	**294.47**	**0.00**	**294.47**
II. UnSecured						
Commercial Paper	**5,000.00**	**0.00**	**5,000.00**	0.00	0.00	0.00
Working Capital Demand Loan / OD / CC / Line of Credit	**2,959.22**	**0.00**	**2,959.22**	3,776.73	0.00	3,776.73
Sub- Total (II)	**7,959.22**	**0.00**	**7,959.22**	**3,776.73**	**0.00**	**3,776.73**
Total (A)+(B)	**18,431.85**	**1,21,150.86**	**1,39,582.71**	**14,258.93**	**95,866.98**	**1,10,125.91**

Notes:-

The details of Infrastructre Bonds outstanding as at 31.03.2013 are as follows:

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Redemption details	Nature of Security
1	Infrastructure Bonds (2011-12) Series-III	21.11.2011	8.75%	3.23	22-Nov-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.
2	Infrastructure Bonds (2011-12) Series - IV	21.11.2011	8.75%	8.83	22-Nov-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
3	Infrastructure Bonds (2010-11) Series-3	31.03.2011	8.50%	6.13	1-Apr-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹ 4,539.03 crore as on 31.03.2013 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
4	Infrastructure Bonds (2010-11) Series-4	31.03.2011	8.50%	22.75	1-Apr-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
5	Infrastructure Bonds 86 C Series	30.03.2012	8.72%	0.95	31-Mar-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
6	Infrastructure Bonds 86 D Series	30.03.2012	8.72%	2.75	31-Mar-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
7	Infrastructure Bonds 86 A Series	30.03.2012	8.43%	9.04	31-Mar-17	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
8	Infrastructure Bonds 86 B Series	30.03.2012	8.43%	17.81	31-Mar-17	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Redemption details	Nature of Security
9	Infrastructure Bonds (2011-12) Series-I	21.11.2011	8.50%	32.43	22-Nov-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
10	Infrastructure Bonds (2011-12) Series-II	21.11.2011	8.50%	51.15	22-Nov-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, 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-1	31.03.2011	8.30%	66.80	1-Apr-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹ 4,539.03 crore as on 31.03.2013 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
12	Infrastructure Bonds (2010-11) Series-2	31.03.2011	8.30%	139.68	1-Apr-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	

The details of Tax Free Bonds outstanding as at 31.03.2013 are as follows:

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Nature of Security
13	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.04%	1.93	28-Mar-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
14	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.54%	67.28	28-Mar-28	
15	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.36%	126.96	4-Jan-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
16	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.86%	230.04	4-Jan-28	
17	TAX FREE BONDS SERIES 95 B	29-11-2012	7.38%	100.00	29-Nov-27	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables/ loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
18	TAX FREE BOND SERIES 94 B	22-11-2012	7.38%	25.00	22-Nov-27	
19	Tax Free Bonds(2011-12) tranche -I - Series II	01.02.2012	8.30%	1,280.58	1-Feb-27	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
20	Tax Free Bonds Series 80 B	25.11.2011	8.16%	209.34	25-Nov-26	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
21	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15-Oct-26	
22	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	6.88%	46.92	28-Mar-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
23	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	7.38%	49.24	28-Mar-23	
24	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.19%	173.27	4-Jan-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
25	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.69%	169.48	4-Jan-23	
26	TAX FREE BONDS SERIES 95 A	29-11-2012	7.22%	30.00	29-Nov-22	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables/ loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
27	TAX FREE BOND SERIES 94 A	22-11-2012	7.21%	255.00	22-Nov-22	
28	Tax Free Bonds (2011-12) tranche -I - Series I	01.02.2012	8.20%	2,752.55	1-Feb-22	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
29	Tax Free Bonds Series 80 A	25.11.2011	8.09%	334.31	25-Nov-21	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
30	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15-Oct-21	
31	Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 351.22 crore (previous year ₹ 325.04 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 [net of Unamortized Interest of ₹ 398.78 crore (previous year ₹ 424.96 crore)].					

32 The details of unsecured Taxable (Non cumulative) Bonds are as follows :

Bond Series		Coupon Rate	Date of Redemption	Amount (₹ in crore)
1	71 - C Series	9.05%	15-Dec-30	192.70
2	66 - C Series	8.85%	15-Jun-30	633.00
3	103 Series	8.94%	25-Mar-28	2,807.00
4	102 - A (III) Series	8.90%	18-Mar-28	403.00
5	101 - B Series	9.00%	11-Mar-28	1,370.00
6	77- B Series	9.45%	1-Sep-26	2,568.00
7	76 - B Series	9.46%	1-Aug-26	1,105.00
8	71 - B Series	9.05%	15-Dec-25	192.70

Bond Series		Coupon Rate	Date of Redemption	Amount (₹ in crore)
9	66 - B Series	8.75%	15-Jun-25	832.00
10	66 - B Series	3 year INCMTBMK + 84.25 bps	15-Jun-25	700.00
11	65 - Series	8.70%	14-May-25	1,087.50
12	65 - Series	1 year INCMTBMK + 63.5 bps	14-May-25	250.00
13	64 - Series	8.95%	30-Mar-25	492.00
14	63 - Series	8.90%	15-Mar-25	184.00
15	62 - B Series	8.80%	15-Jan-25	1,172.60
16	61 - Series	8.50%	15-Dec-24	351.00
17	57 - B Series	8.60%	7-Aug-24	866.50
18	85 - D Series	9.26%	15-Apr-23	736.00
19	102 - A(II) Series	8.90%	18-Mar-23	403.00
20	102 - B Series	8.87%	18-Mar-23	70.00
21	100 - B Series	8.84%	4-Mar-23	1,310.00
22	92 - C Series	9.29%	21-Aug-22	640.00
23	91- B Series	9.39%	29-Jun-22	2,695.20
24	88- C Series	9.48%	15-Apr-22	184.70
25	78- B Series	9.44%	23-Sep-21	1,180.00
26	76- A Series	9.36%	1-Aug-21	2,589.40
27	75- C Series	9.61%	29-Jun-21	2,084.70
28	74 Series	9.70%	9-Jun-21	1,693.20
29	XXVIII Series	8.85%	31-May-21	600.00
30	73 Series	9.18%	15-Apr-21	1,000.00
31	72 - B Series	8.99%	15-Jan-21	1,219.00
32	71 - A Series	9.05%	15-Dec-20	192.70
33	70 Series	8.78%	15-Nov-20	1,549.00
34	68 - B Series	8.70%	15-Jul-20	1,424.00
35	66 - A Series	3 year INCMTBMK + 87.50 bps	15-Jun-20	500.00
36	65 - Series	8.70%	14-May-20	162.50
37	65 - Series	1 year INCMTBMK + 98 bps	14-May-20	1,175.00
38	85 - C Series	9.30%	15-Apr-20	79.50
39	64 - Series	8.95%	30-Mar-20	492.00
40	87 - D Series	9.42%	20-Mar-20	650.80
41	63 - Series	8.90%	15-Mar-20	184.00
42	100 - A Series	8.86%	4-Mar-20	54.30
43	99 - B Series	8.82%	20-Feb-20	733.00
44	62 - A Series	8.70%	15-Jan-20	845.40
45	61 - Series	8.50%	15-Dec-19	351.00
46	60 - B Series	1 year INCMTBMK + 179 bps	20-Nov-19	925.00
47	59 - B Series	8.80%	15-Oct-19	1,216.60
48	57 - B Series	8.60%	7-Aug-19	866.50
49	90 - B Series	9.41%	1-Jun-19	391.00
50	98 (III) Series	8.72%	8-Feb-19	324.00
51	82- C Series	9.70%	15-Dec-18	2,060.00
52	52 - C Series	11.25%	28-Nov-18	1,950.60
53	51 - C Series	11.00%	15-Sep-18	3,024.40
54	XLIX - B Series	10.85%	11-Aug-18	428.60
55	XLVIII - C Series	10.55%	15-Jul-18	259.70
56	XLVII - C Series	9.68%	9-Jun-18	780.70
57	102 - A(I) Series	8.90%	18-Mar-18	403.00
58	101 - A Series	8.95%	11-Mar-18	3,201.00
59	99 - A Series	8.77%	20-Feb-18	2.00
60	98 (II) Series	8.72%	8-Feb-18	324.00
61	72 - A Series	8.97%	15-Jan-18	144.00
62	97 Series	8.75%	15-Jan-18	1,000.00
63	XL - C Series	9.28%	28-Dec-17	650.00
64	XVIII Series	7.87%	13-Nov-17	25.00
65	93 - B Series	8.91%	15-Oct-17	950.00
66	XVII Series	8.21%	3-Oct-17	25.00
67	92 - A Series	9.01%	21-Aug-17	1,530.00
68	92 - B Series	9.27%	21-Aug-17	1,930.00
69	91 - A Series	9.40%	29-Jun-17	107.50
70	90 - A Series	9.61%	1-Jun-17	552.90

Bond Series		Coupon Rate	Date of Redemption	Amount (₹ in crore)
71	XIII Series	9.60%	24-May-17	65.00
72	XXXV Series	9.96%	18-May-17	530.00
73	XIII Series	9.60%	16-May-17	125.00
74	89 - A Series	9.52%	2-May-17	2,595.00
75	88- B Series	9.66%	15-Apr-17	100.20
76	XXXIV Series	9.90%	30-Mar-17	500.50
77	88 - A Series	9.61%	28-Mar-17	284.00
78	XXXIII - B Series	9.90%	22-Mar-17	561.50
79	87 - C Series	9.59%	20-Mar-17	217.50
80	87- A Series	9.62%	20-Mar-17	1,267.00
81	87 - B Series	9.72%	20-Mar-17	23.00
82	84 Series	9.33%	17-Feb-17	1,521.20
83	98 (I) Series	8.72%	8-Feb-17	324.00
84	82 - B Series	9.64%	15-Dec-16	825.00
85	XXXI - A Series	8.78%	11-Dec-16	1,451.20
86	81 Series	9.49%	29-Nov-16	1,138.00
87	XVIII Series	7.87%	13-Nov-16	25.00
88	XVII Series	8.21%	3-Oct-16	25.00
89	XXIX - A Series	8.80%	7-Sep-16	250.00
90	77- A Series	9.41%	1-Sep-16	1,083.60
91	75 - B Series	9.62%	29-Jun-16	360.00
92	XXVII - A Series	8.20%	17-Mar-16	1,000.00
93	XXVI Series	7.95%	24-Feb-16	1,261.80
94	XXV Series	7.60%	30-Dec-15	1,734.70
95	52 - B Series	11.30%	28-Nov-15	5.80
96	XVIII Series	7.87%	13-Nov-15	25.00
97	XVII Series	8.21%	3-Oct-15	25.00
98	50 - C Series	10.70%	25-Aug-15	80.80
99	68 - A Series	8.25%	15-Jul-15	147.00
100	65 - Series	8.70%	14-May-15	1,337.50
101	89 - B Series	9.46%	2-May-15	2,056.00
102	85 - A Series	9.51%	15-Apr-15	661.30
103	64 - Series	8.95%	30-Mar-15	492.00
104	63 - Series	8.90%	15-Mar-15	184.00
105	83 Series	9.55%	13-Jan-15	1,292.30
106	61 - Series	8.50%	15-Dec-14	351.00
107	82 - A Series	9.63%	15-Dec-14	2,100.00
108	96 Series	8.90%	14-Dec-14	1,903.00
109	XVIII Series	7.87%	13-Nov-14	25.00
110	XXI B Series	7.00%	2-Nov-14	51.90
111	59 - A Series	8.45%	15-Oct-14	288.20
112	93 - A Series	8.85%	15-Oct-14	1,788.00
113	XVII Series	8.21%	3-Oct-14	25.00
114	58 - B Series	8.45%	17-Sep-14	331.10
115	57 - B Series	8.60%	7-Aug-14	866.50
116	75 - A Series	9.64%	29-Jun-14	555.00
117	55 - B Series	7.50%	11-May-14	146.90
118	54 - A Series	8.90%	16-Feb-14	196.50
119	52 - A Series	11.40%	28-Nov-13	662.70
120	XVIII Series	7.87%	13-Nov-13	25.00
121	XVII Series	8.21%	3-Oct-13	25.00
122	78 - A Series	9.43%	23-Sep-13	655.00
123	51 - B Series	11.10%	15-Sep-13	594.00
124	50 - B Series	10.75%	25-Aug-13	78.40
125	XLIX - A Series	10.90%	11-Aug-13	313.60
126	XLVIII - B Series	10.70%	15-Jul-13	217.40
127	XLVII - B Series	9.60%	9-Jun-13	495.30
33	As at 31.03.2013, Bonds of ₹ 7.40 crore (previous year ₹ 7.10 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.50 crore (previous year ₹ 0.70 crore) are held by PFC Ltd. Gratuity Trust.			
34	Foreign currency 6.61 % Senior Notes (USPP - I) of USD 180 million amounting to ₹ 986.40 crore (previous year ₹ 927.54 crore) are redeemable at par on 05.09.2017.			

Note - Part A - 4
CONSOLIDATED OTHER LONG TERM & CURRENT LIABILITIES

(₹ in crore)

Description	As at 31.03.2013			As at 31.03.2012		
	Short Term	**Long Term**	**Total**	**Short Term**	**Long Term**	**Total**
Interest Subsidy Fund from GOI (Refer Note No.12 of Part-C - Consolidated Other Notes on Accounts)	**33.06**	**112.72**	**145.78**	49.39	326.82	376.21
Interest Differential Fund - KFW (Refer Note No. 9 of Part-C - Consolidated Other Notes on Accounts)	**0.00**	**54.73**	**54.73**	0.00	52.01	52.01
Advance received from Subsidiaries (including interest payable thereon) (Refer Note No. 8.3 of Part-C - Consolidated Other Notes on Accounts)	**0.00**	**295.61**	**295.61**	111.84	160.63	272.47
Amount payable to GoI under R-APDRP (Refer Note No. 14 of Part-C - Consolidated Other Notes on Accounts)	**0.25**	**0.00**	**0.25**	11.09	0.00	11.09
Sub Total	**33.31**	**463.06**	**496.37**	172.32	539.46	711.78
Interest Accrued but not due :						
On Bonds	**4,771.01**	**0.00**	**4,771.01**	3,405.60	0.00	3,405.60
On Loans	**119.15**	**0.00**	**119.15**	90.96	0.00	90.96
Sub Total	**4,890.16**	**0.00**	**4,890.16**	3,496.56	0.00	3,496.56
Unpaid/ unclaimed						
Bonds	**4.72**	**0.00**	**4.72**	5.27	0.00	5.27
Interest on Bonds	**3.21**	**0.00**	**3.21**	3.55	0.00	3.55
Dividend	**1.20**	**0.00**	**1.20**	0.98	0.00	0.98
	9.13	**0.00**	**9.13**	9.80	0.00	9.80
Others	**135.16**	**76.75**	**211.91**	126.56	11.18	137.74
TOTAL#	**5,067.76**	**539.81**	**5,607.57**	**3,805.24**	**550.64**	**4,355.88**

Additions during the year includes ₹ 2.67 crore net (Previous year ₹ 3.64 crore) share of Jointly controlled entities.

NOTE - Part A - 5
CONSOLIDATED PROVISIONS - LONG TERM AND SHORT TERM

(₹ in crore)

Description	As at 31.03.2013			As at 31.03.2012		
	Short Term	**Long Term**	**Total**	Short Term	Long Term	Total
Employee Benefits **						
Economic Rehabilitation of Employees	**0.12**	**1.19**	**1.31**	0.09	1.15	1.24
Leave Encashment	**1.14**	**19.27**	**20.41**	0.95	16.79	17.74
Staff Welfare Expenses	**1.15**	**12.14**	**13.29**	0.72	11.01	11.73
Gratuity / Superannuation Fund	**1.63**	**0.00**	**1.63**	7.24	0.00	7.24
Sub Total	**4.04**	**32.60**	**36.64**	9.00	28.95	37.95
Others						
Income Tax (net)	**22.37**	**11.62**	**33.99**	98.18	13.03	111.21
CSR Expenses (Refer Note No.22.2 of Part-C - Consolidated Other Notes on Accounts)	**0.00**	**0.00**	**0.00**	16.39	0.00	16.39
Contingent provision against Standard Assets (Refer Note No. 23 of Part-C - Consolidated Other Notes on Accounts)	**14.66**	**118.13**	**132.79**	0.00	0.00	0.00
Proposed Final Dividend **	**132.00**	**0.00**	**132.00**	132.00	0.00	132.00
Proposed Corporate Dividend Tax **	**22.43**	**0.00**	**22.43**	21.41	0.00	21.41
Sub Total	**191.46**	**129.75**	**321.21**	267.98	13.03	281.01
TOTAL#	**195.50**	**162.35**	**357.85**	**276.98**	**41.98**	**318.96**

Additions during the year includes ₹ 0.78 crore net (Previous year ₹ 0.65 crore) share of Jointly controlled entities.
** (Refer Note No. 22.1 of Part-C - Consolidated Other Notes on Accounts)

NOTE - Part A - 6
CONSOLIDATED FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Opening Balance as at 01.04.2012	Additions / Adjustments	Deductions / Adjustments	Closing Balance as at 31.03.2013	Opening Balance as at 01.04.2012	For the Period 01.04.2012 to 31.03.2013	Prior period Adjustments	Withdrawn/ Written back	Closing Balance as at 31.03.2013	As at 31.03.2013	As at 31.03.2012
I. Tangible Assets : Owned Assets											
Land (Freehold)	2.59	0.79	0.00	**3.38**	0.00	0.00	0.00	0.00	0.00	3.38	2.59
Land (Leasehold)	37.87	0.00	0.00	**37.87**	0.00	0.00	0.00	0.00	0.00	37.87	37.87
Buildings	25.54	0.17	0.79	**24.92**	6.28	0.93	(0.01)	0.00	7.20	17.72	19.26
EDP Equipments	13.45	1.39	0.27	**14.57**	9.05	2.12	0.00	0.24	10.93	3.64	4.40
Office and other equipments	12.53	1.64	0.14	**14.03**	6.88	0.93	0.00	0.10	7.71	6.32	5.65
Furniture & Fixtures	7.52	0.18	0.15	**7.55**	4.96	0.50	0.00	0.13	5.33	2.22	2.56
Vehicles	0.13	0.00	0.05	**0.08**	0.12	0.00	0.00	0.05	0.07	0.01	0.01
Total	**99.63**	**4.17**	**1.40**	102.40	**27.29**	**4.48**	**(0.01)**	**0.52**	**31.24**	**71.16**	**72.34**
Previous year	94.92	5.05	0.34	**99.63**	**23.01**	**4.49**	**0.03**	**0.24**	**27.29**	**72.34**	**71.91**
II. Intangible Assets :											
Purchased Software (Useful Life - 5 years)	6.88	1.01	0.00	**7.89**	**2.61**	**1.48**	**0.01**	**0.00**	**4.10**	**3.79**	**4.27**
Previous year	4.23	2.65	0.00	**6.88**	**1.56**	**1.05**	**0.00**	**0.00**	**2.61**	**4.27**	**2.67**
III. Capital Works in Progress - Intangible Assets **	0.45	0.00	0.45	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.45**
Previous year	2.28	0.33	2.16	**0.45**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.45**	**2.28**

Additions during the year includes ₹ 0.05 crore net (Previous year ₹ 0.05 crore) share of Jointly controlled entities.
** Software Applications

NOTE - Part A 7
CONSOLIDATED NON- CURRENT INVESTMENTS

(₹ in crore)

Description		As at 31.03.2013		As at 31.03.2012
(A) Trade Investments				
I. Equity Instruments (Quoted)				
- Valued at Cost				
1,20,00,000 (Previous year 1,20,00,000) Equity Shares of ₹ 10/- each fully paid up of PTC Ltd.		**12.00**		12.00
Sub Total		**12.00**		**12.00**
(B) Other Investments (Unquoted and Non- Trade)				
I. Equity Instruments - Valued at Cost				
28,00,000 (Previous year 28,00,000) Equity Shares of Rs. ₹ 10/- each fully paid up of Power Exchange India Ltd. (Refer Note No. 8.4 (ii) of Part-C - Consolidated Other Notes on Accounts)		**2.80**		2.80
7,00,000 (Previous year 4,50,000) Equity Shares of ₹ 10/- each fully paid up of Subsidiaries (Refer Note No. 2.1 of Part-C - Consolidated Other Notes on Accounts)		**0.70**		0.45
II. Bonds / Debentures				
8,330 (Previous year 8,330) 4% Bonds of ₹ 100/- each of IMP Power Ltd.		**0.08**		0.08
2,94,44,390 (Previous year 3,40,02,868) OFCD of ₹ 10/- each of R S India Wind Energy Pvt. Ltd.	**29.44**		34.00	
Less : Provision for contingencies	**0.00**	**29.44**	34.00	0.00
III. Others				
- Valued at Cost (Less diminution, if any, other than temporary)				
76,82,816 (Previous year 78,25,127) Units of " Small is Beautiful " Fund of KSK Investment Advisor Pvt. Ltd. (Face value per unit is ₹ 10) (Refer Note No. 8.4 (i) of Part-C - Consolidated Other Notes on Accounts)	**7.68**		7.83	
Less : Provision for diminution	**0.15**	**7.53**	0.16	7.67
Sub Total		**40.55**		**11.00**
TOTAL		**52.55**		**23.00**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	12.00	71.46
(previous year)	(12.00)	(73.68)
Aggregate of Un-Quoted (non trade) Investments	40.55	
(previous year)	(11.00)	
TOTAL	**52.55**	**71.46**
(Previous year)	**(23.00)**	**(73.68)**

NOTE - Part A - 8
CONSOLIDATED LOANS

(₹ in crore)

Description	As at 31.03.2013			As at 31.03.2012		
	Current maturities (Twelve Months)	Non Current	Total	Current maturities (Twelve Months)	Non Current	Total
Long Term						
I Secured Loans						
a) Considered Good						
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations,Central Public Sector Undertakings and State Governments	**10,741.69**	**91,997.07**	**1,02,738.76**	8,836.12	65,533.38	74,369.50
RTLs to Independent Power Producers	**989.56**	**13,269.75**	**14,259.31**	406.77	6,674.03	7,080.80
Foreign Currency Loans to Independent Power Producers	**27.46**	**70.76**	**98.22**	25.83	92.36	118.19
Buyer's Line of Credit	**10.20**	**122.36**	**132.56**	4.89	0.00	4.89
Lease Financing to Borrowers **	**49.95**	**235.12**	**285.07**	35.96	63.00	98.96
RTLs to Equipment Manufacturers	**224.83**	**688.79**	**913.62**	1.25	0.00	1.25
Incomes accrued & due on loans	**35.23** **12,078.92**	**0.00** **1,06,383.85**	**35.23** **1,18,462.77**	3.30 9,314.12	0.00 72,362.77	3.30 **81,676.89**
b) Others						
RTL to Independent Power Producers - NPA	**196.77**	**723.01**	**919.78**	62.05	864.97	927.02
Less: Provision for contingencies	**27.70** **169.07**	**72.30** **650.71**	**100.00** **819.78**	14.23 47.82	86.50 778.47	100.73 **826.29**
Lease financing to Borrowers - NPA **	**0.00**	**0.00**	**0.00**	5.55	222.07	227.62
Less: Provision for contingencies	**0.00** **0.00**	**0.00** **0.00**	**0.00** **0.00**	0.55 5.00	22.21 199.86	22.76 **204.86**
FCL to Independent Power Producers - NPA	**77.80**	**136.93**	**214.73**	49.31	154.52	203.83
Less: Provision for contingencies	**7.78** **70.02**	**13.69** **123.24**	**21.47** **193.26**	4.93 44.38	15.45 139.07	20.38 **183.45**
Sub-Total I	12,318.01	1,07,157.80	1,19,475.81	**9,411.32**	**73,480.17**	**82,891.49**

II. Un-Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations,Central Public Sector Undertakings and State Governments	**3,005.33**		**32,068.20**		**35,073.53**		2,205.03		32,781.57		34,986.60	
RTLs to Independent Power Producers	**115.64**		**3,146.20**		**3,261.84**		79.37		4,924.35		5,003.72	
Foreign Currency Loans to State Power Utilties	**11.99**		**34.87**		**46.86**		11.56		44.06		55.62	
Buyer's Line of Credit	**4.87**		**87.57**		**92.44**		0.00		0.00		0.00	
RTLs to Equipment Manufacturers	**0.00**		**0.00**		**0.00**		166.75		786.77		953.52	
Incomes accrued & due on loans	**0.01**	**3,137.84**	**0.00**	**35,336.84**	**0.01**	**38,474.68**	3.00	2,465.71	0.00	38,536.75	3.00	**41,002.46**
Sub-Total II		**3,137.84**		**35,336.84**		**38,474.68**		**2,465.71**		**38,536.75**		**41,002.46**
Total (I+ II)		**15,455.85**		**1,42,494.64**		**1,57,950.49**		**11,877.03**		**1,12,016.92**		**1,23,893.95**
Short Term												
I Secured												
Working Capital Loans to State Electricity Boards and State Power Corporations		**1,000.00**		**0.00**		**1,000.00**		2,267.02		0.00		**2,267.02**
Sub-Total I		**1,000.00**		**0.00**		**1,000.00**		**2,267.02**		**0.00**		**2,267.02**
II Un-Secured												
Working Capital Loans to State Electricity Boards and State Power Corporations		**1,416.11**		**0.00**		**1,416.11**		3,760.85		0.00		**3,760.85**
Working Capital Loans to Independent Power Producers		**0.00**		**0.00**		**0.00**		150.00		0.00		**150.00**
Sub-Total II		**1,416.11**		**0.00**		**1,416.11**		**3,910.85**		**0.00**		**3,910.85**
Total (I+ II)		**2,416.11**		**0.00**		**2,416.11**		**6,177.87**		**0.00**		**6,177.87**
Grand Total		**17,871.96**		**1,42,494.64**		**1,60,366.60**		**18,054.90**		**1,12,016.92**		**1,30,071.82**

** (Refer Note No. 11 (a) of Part-C - Consolidated Other Notes on Accounts)

NOTE - Part A - 9
CONSOLIDATED OTHER ASSETS

(₹ in crore)

Description	As at 31.03.2013						As at 31.03.2012					
	Current		Non-Current		Total		Current		Non-Current		Total	
LOANS & ADVANCES												
Loans (considered good)												
a) to Employees (Secured)	**2.34**		**15.23**		**17.57**		2.06		13.24		15.30	
b) to Employees (Unsecured)	**4.11**	**6.45**	**27.26**	**42.49**	**31.37**	**48.94**	3.75	5.81	19.19	32.43	22.94	38.24
Advances (Unsecured considered good)												
Advances recoverable in cash or in kind or for value to be received												
a) from Subsidiaries (including interest recoverable there on) (Refer Note No. 8.2 of Part-C - Consolidated Other Notes on Accounts)	**2.37**		**219.35**		**221.72**		103.42		68.64		172.06	
b) to Employees	**1.16**		**0.45**		**1.61**		0.98		0.00		0.98	
c) Prepaid Expenses	**2.17**		**0.00**		**2.17**		1.82		0.00		1.82	
d) Unamortized financial charges on Commercial Paper	**109.80**		**0.00**		**109.80**		0.00		0.00		0.00	
e) Others	**80.73**		**0.38**		**81.11**		62.48		0.33		62.81	
f) Advance Income Tax and Tax Deducted at Source (net)	**2.23**		**105.05**		**107.28**		13.62		32.09		45.71	
h) Security Deposits	**3.28**	**201.74**	**0.36**	**325.59**	**3.64**	**527.33**	12.29	194.61	0.29	101.35	12.58	295.96
OTHER ASSETS												
Accrued but not due :												
a) Interest on Loan Assets	**3,252.01**		**0.00**		**3,252.01**		2,474.01		0.00		2,474.01	
b) Other charges	**16.11**		**0.00**		**16.11**		15.88		0.00		15.88	
c) Interest on Loans to Employee	**0.23**		**8.52**		**8.75**		6.72		0.00		6.72	
d) Interest on Deposits and Investments	**34.99**	**3,303.34**	**0.00**	**8.52**	**34.99**	**3,311.86**	19.99	2,516.60	0.00	0.00	19.99	2,516.60
Loans & Advances (Unsecured - Others)												
Non Performing Assets (NPAs)	**84.14**		**0.00**		**84.14**		39.53		0.00		39.53	
Less : Provision for contingencies	**9.26**	**74.88**	**0.00**	**0.00**	**9.26**	**74.88**	4.80	34.73	0.00	0.00	4.80	34.73
TOTAL #		**3,586.41**		**376.60**		**3,963.01**		**2,751.75**		**133.78**		**2,885.53**

Additions during the year includes ₹ 1.36 crore net (Previous year ₹ 0.78 crore) share of Jointly controlled entities.

NOTE - Part A -10
CONSOLIDATED CURRENT INVESTMENTS

(₹ in crore)

Description		As at 31.03.2013		As at 31.03.2012
A. Equity Instruments - Valued scrip wise at lower of cost or fair value (Quoted and Trade)				
5,39,349 (Previous year 5,39,349) Equity Shares (Face value of ₹ 10/- each fully paid up) of PGCIL purchased at a cost of ₹ 52	**2.80**		2.80	
Less : Provision for diminution	**0.00**	**2.80**	0.00	2.80
97,952 (Previous year 97,952) Equity Shares (Face value of ₹ 10/- each fully paid up) of REC Ltd. purchased at a cost of ₹ 105	**1.03**		1.03	
Less : Provision for diminution	**0.00**	**1.03**	0.00	1.03
Total		**3.83**		**3.83**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	**3.83**	**7.75**
(previous year)	**(3.83)**	(7.84)
TOTAL	**3.83**	**7.75**
(Previous year)	**(3.83)**	**(7.84)**

NOTE - Part A 11
CONSOLIDATED CASH AND BANK BALANCES

(₹ in crore)

Description		As at 31.03.2013		As at 31.03.2012
CASH AND CASH EQUIVALENTS				
I a) Balance in Current account with:				
i) Reserve Bank of India	**0.05**		0.05	
ii) Scheduled Banks	**3.28**	**3.33**	21.59	21.64
b) Cheques in hand		**0.62**		0.95
c) Balances in current account with scheduled banks for payament of interest on bonds, dividend etc.		**1.25**		0.98
d) Public issue Account with Escrow collection Banker		**165.37**		0.00
e) Imprest with postal authority		**0.00**		0.01
f) Fixed Deposits with Scheduled Banks (original maturity up to three months)		**4,686.64**		1,965.32
Sub-total (A)		**4,857.21**		**1,988.90**
II Other Bank Balances				
Fixed Deposits with Scheduled Banks (original maturity up to twelve months)		**100.26**		98.81
Sub-total (B)		**100.26**		**98.81**
Fixed Deposits with Scheduled Banks (original maturity more than twelve months)		**22.85**		13.26
Sub-total (C)		**22.85**		**13.26**
TOTAL (A) + (B) + (C) #		**4,980.32**		**2,100.97**

Includes ₹ 27.11 crore (Previous year Rs. 31.64 crore) share of Jointly Controlled Entities.

NOTE - Part A - 12
CONSOLIDATED REVENUE FROM OPERATIONS

(₹ in crore)

	Description	Year ended 31.03.2013	Year ended 31.03.2012
(A)	**Interest**		
	Interest on Loans	**16,887.64**	12,602.47
	Prepayment Premium on Loans	**10.96**	14.87
	Upfront fees on Loans	**39.69**	26.81
	Service charges on Loans	**0.00**	0.02
	Management, Agency & Guarantee Fees	**115.61**	65.37
	Commitment charges on Loans	**4.34**	2.60
	Income from surplus funds	**169.23**	254.36
	Lease income	**29.40**	18.59
	Sub- Total (A)	**17,256.87**	**12,985.09**
(B)	**Other Financial Services**		
	Nodal Agency Fees under R-APDRP (Refer Note No. 14 (ii) of Part-C - Consolidated Other Notes on Accounts)	**16.52**	39.15
	Income from consultancy assignment	**29.22**	47.93
	Sub- Total (B)	**45.74**	**87.08**
	TOTAL (A) + (B) #	**17,302.61**	**13,072.17**

Includes ₹ 3.75 crore (Previous year ₹ 3.27 crore) share of Jointly Controlled Entity.

NOTE - Part A - 13
CONSOLIDATED OTHER INCOME

(₹ in crore)

Description	Year ended 31.03.2013	Year ended 31.03.2012
Dividend / Interest Income on Long term Investments	**7.99**	1.84
Dividend Income on Current Investments	**0.25**	0.20
Profit on sale of Fixed Assets	**0.01**	0.01
Profit on sale of Long term Investments	**0.05**	0.84
Interest on Income Tax Refund	**0.18**	16.58
Miscellaneous Income	**3.34**	4.30
Excess Liabilities written back	**0.04**	0.08
TOTAL #	**11.86**	**23.85**

Includes ₹ 0.01 (Previous year ₹ 0.01 crore) share of Jointly Controlled Entity.

NOTE - Part A - 14
CONSOLIDATED INTEREST, FINANCE AND OTHER CHARGES

(₹ in crore)

	Description		Year ended 31.03.2013		Year ended 31.03.2012
I.	**Interest**				
	On Bonds	**8,579.57**		6,213.02	
	On Loans	**1,772.32**		1,808.14	
	to GOI on Interest Subsidy Fund	**19.00**		36.02	
	Rebate for Timely Payment to Borrowers	**167.46**		181.29	
	Swap Premium (Net)	**13.45**	**10,551.80**	-8.19	8,230.28
II.	**Other Charges**				
	Commitment & Agency Fees	**1.13**		1.04	
	Financial Charges on Commercial Paper	**200.74**		57.47	
	Guarantee, Listing & Trusteeship fees	**1.99**		1.64	
	Management Fees on Foreign Currency Loans	**64.44**		0.00	
	Bank/Other charges	**0.07**		0.19	
	Direct overheads for Consultancy Services	**1.99**	**270.36**	1.80	62.14
	Interest paid on advances received from subsidiaries	**7.63**		9.08	
	Less : Interest received on advances given to subsidiaries	**4.90**	**2.73**	2.80	6.28
III	**Net Translation / Transaction Exchange Loss (+) / gain (-)**		**167.98**		167.60
	TOTAL (I + II + III)		**10,992.87**		**8,466.30**

NOTE - Part A - 15
CONSOLIDATED BOND ISSUE EXPENSES

(₹ in crore)

Description	Year ended 31.03.2013	Year ended 31.03.2012
Interest on Application Money	**61.27**	123.76
Credit Rating Fees	**2.84**	2.85
Other Issue Expenses	**24.97**	63.64
Stamp Duty Fees	**8.25**	6.64
TOTAL	**97.33**	**196.89**

NOTE - Part A - 16
CONSOLIDATED EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

Description	Year ended 31.03.2013	Year ended 31.03.2012
Salaries, Wages and Bonus	**72.06**	59.27
Contribution to Provident and other funds	**6.84**	6.63
Staff Welfare	**8.06**	9.23
Rent for Residential accomodation of employees (Refer Note No. 11 (b) of Part-C - Consolidated Other Notes on Accounts)	**3.95**	6.55
Total * #	**90.91**	**81.68**

* The expenses of ₹ 5.07 crore (previous year ₹ 5.47 crore) on account of reimbursement of amount incurred for R-APDRP scheme have been adjusted against the respective heads.

Includes ₹ 0.86 crore (Previous year ₹ 0.36 crore) share of Jointly Controlled Entities.

NOTE - Part A - 17
CONSOLIDATED OTHER EXPENSES

(₹ in crore)

Description	Year ended 31.03.2013	Year ended 31.03.2012
Office Rent	**1.40**	1.30
Electricity & Water charges	**1.57**	1.18
Insurance	**0.05**	0.12
Repairs & Maintenance	**2.51**	2.04
Stationery & Printing	**0.97**	0.81
Travelling & Conveyance	**8.38**	6.59
Postage, Telegraph & Telephone	**1.62**	0.97
Professional & Consultancy charges	**0.88**	2.02
CSR Expenses	**13.32**	13.24
Sustainable Development Expenses	**2.98**	0.00
Miscellaneous Expenses *	**20.33**	20.97
Loss on sale of Fixed Assets	**0.04**	0.03
Auditors' remuneration	**0.55**	0.64
Service Tax	**5.93**	4.30
Rates & Taxes	**0.87**	0.83
Wealth Tax	**0.00**	0.01
Contribution to PMC (MoP)	**0.55**	0.54
TOTAL #	**61.95**	**55.59**

The expenses of ₹ Nil (previous year ₹ 2.83 crore) on account of reimbursement of amount incurred for R-APDRP scheme have been adjusted against the respective heads.

Includes ₹ 0.73 crore (Previous year ₹ 0.76 crore) share of Jointly Controlled entities

*** Note :-**		
1) Miscellaneous Expenses includes :		
Books & Periodicals	**0.04**	0.03
Advertisement	**5.52**	6.50
Membership & Subscription	**0.60**	0.65
Entertainment	**0.55**	0.61
Conference & Meeting Expenses	**1.19**	1.50
Security Expenses	**1.11**	1.04
Training	**0.65**	0.35
EDP Expenses	**2.04**	1.23
Business Promotion / Related Expenses	**0.17**	0.14
Equipment hiring charges	**0.00**	0.11
Interest on income tax	**4.07**	4.90
2) Auditors' Remuneration includes :		
Audit fees	**0.19**	0.19
Tax Audit fees	**0.05**	0.04
Other certification services	**0.32**	0.41
Reimbursement of Expenses	**0.00**	0.00

Note - Part A -18
CONSOLIDATED PRIOR PERIOD ITEMS (NET)

(₹ in crore)

Description		Year ended 31.03.2013		Year ended 31.03.2012
Prior Period Expenses :				
Interest & other Charges	**1.18**		0.44	
Issue Expenses	**0.00**		(0.23)	
Personnel & Administration Expenses - CSR*	**(16.39)**		0.00	
Personnel & Administration Expenses - Others	**0.37**		(0.77)	
Depreciation	**(0.00)**	**(14.84)**	0.03	**(0.53)**
Prior Period Income :				
Interest Income	**(3.27)**		0.34	
Other Income	**(2.65)**	**(5.92)**	0.00	**0.34**
Total #		**(8.92)**		**(0.87)**

* On account of reversal of CSR provision pertaining to earlier years. (Refer Note No. 22.2 of Part-C - Consolidated Other Notes on Accounts)
# Includes ₹ 0.06 crore (Previous year Nil) share of Jointly Controlled Entity.

Part – B

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

A. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relates to Power Finance Corporation Limited (The Company), its subsidiary, Joint Venture entity and Associate. The Consolidated Financial Statements have been prepared on the following basis:-

i) The Financial Statements of the Company and its subsidiary are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 – Consolidated Financial Statements.

ii) The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – Financial Reporting of interests in Joint Ventures.

iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements excepts as otherwise stated in the notes to the accounts.

iv) In case of Associates, where the company directly or indirectly through subsidiaries holds more than 20% of equity, investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements.

B. Investments in Subsidiaries and Associates which are not consolidated, are accounted for as per Accounting Standard (AS) 13 – Accounting for Investments, as per policy no. 6.3 infra.

C. OTHER SIGNIFICANT ACCOUNTING POLICIES

1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and the estimates are recognized in the period in which the results are known and/or materialized.

2 RECOGNITION OF INCOME/EXPENDITURE

2.1 Income and expenses (except as stated below) are accounted for on accrual basis.

2.1.1 Income on non-performing assets and assets stated in the proviso to paragraph 7.2, infra is recognized in the year of its receipt. However, any unrealized income recognized before the asset in question became non-performing asset or the income recognized in respect of assets as stated in the proviso to paragraph 7.2, infra which remained due but unpaid for a period more than six months is reversed.

2.1.2 Income under the head carbon credit is accounted for in the year in which it is received by the Company.

2.2 Rebate on account of timely payment by borrowers is accounted for, on receipt of entire amount due on time.

2.3 Discount / financial charges / interest on the commercial papers and zero coupon bonds (deep discount bonds) are amortized proportionately over the period of its tenure.

2.4 Expenditure on issue of shares is charged to the securities premium account.

2.5 Income from dividend is accounted for in the year of declaration of dividend.

2.6 Recoveries in borrower accounts are appropriated as per the loan agreements.

2.7 The Company raises demand for principal installments due, as per loan agreements. The repayment is adjusted against earliest disbursement, irrespective of the rate of interest being charged on various disbursements.

2.8 Prior period expenses / income and prepaid expenses upto ₹ 5,000/- are charged to natural heads of account.

2.9 (i) Nodal Agency Fees under Restructured Accelerated Power Development and Reforms Programme (R – APDRP) are accounted for @1% of the sanctioned project cost in three stages- 0.40% on sanction of the project, 0.30% on disbursement of the funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B).

(ii) Actual expenditure incurred for operationalising the R– APDRP are reimbursed by Ministry of Power, Government of India and is accounted for in the period in which the expenditure is so incurred.

2.10 Income from consultancy service is accounted for on the basis of assessment by the management of actual progress of work executed proportionately with respect to the total scope of work in line with the terms of respective consultancy contracts. Consultancy fees calculated is net of Service Tax as payable under Finance Act, 1994.

2.11 Fees for advisory and professional services for developing ultra mega power projects (Special Purpose Vehicle of the Company) / independent transmission projects, becomes due only on transfer of projects to the success full bidders and is accordingly accounted for at the time of such transfer.

3 MISCELLANOUS EXPENDITURE (PRELIMINARY) EXPENDITURE

Expenditure which are not Intangible Assets in terms of AS-26 will be fully written off in the same year in which they are incurred.

4 FIXED ASSETS/DEPRECIATION

4.1 Fixed assets are shown at historical cost less accumulated depreciation, except for the assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value.

4.2 Additions to fixed assets are being capitalized on the basis of bills approved or estimated value of work done as per contracts in cases where final bills are yet to be received/ approved.

4.3 Depreciation on assets is provided on written down value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

4.4 Items of fixed assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

5 INTANGIBLE ASSETS / AMORTIZATION

5.1 Intangible assets such as software are shown at the cost of acquisition, and amortization is done under straight-line method over the life of the assets estimated by the Company.

6 INVESTMENTS

6.1 Quoted current investments are valued scrip wise at lower of cost or fair value.

6.2 Unquoted current investments are valued at lower of cost or fair value.

6.3 Long term investments are valued at cost. Provision is made for diminution, other than temporary in the value of such investments. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

6.4 Investments in mutual funds / venture capital funds are valued at cost, less diminution, if any, other than temporary. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

7 PROVISIONS / WRITE OFF AGAINST LOANS AND ADVANCES

Prudential Norms

7.1 PFC being a Government owned Non Banking Financial Company (NBFC) is exempt from the RBI directions relating to Prudential Norms. The Company, however, has formulated its own set of Prudential Norms with effect from 01.04.2003, which has been revised from time to time.

In respect of private sector utilities, the Company applies RBI exposure norms, as advised by RBI, vide their letter of December, 2008. Further, RBI exempted PFC from its prudential exposure norms in respect of lending to State / Central entities in power sector till March'2012, vide their letter dated 18.03.2010. RBI has now extended the exemption from its prudential norms upto March'2013, vide their letter dated 04.04.2012.

RBI has accorded the status of Infrastructure Finance company (IFC) to PFC, vide their letter dated 28.07.2010. Accordingly, PFC maintains CRAR as applicable to IFC.

7.2 As per prudential norms approved by the Board of Directors and the Ministry of Power, an asset including a lease asset, in respect of which, interest, principal installment and/or other charges remain due but unpaid for a period of six months or more, a term loan inclusive of unpaid interest and other dues if any, when the principal installment and /or interest remains unpaid for a period of six months or more, any amount which remains due but unpaid for a period of six months or more under bill discounting scheme and any amount due on account of sale of assets or services rendered or reimbursement of expenses incurred which remains unpaid for a period of six months or more are classified as Non-Performing Assets (NPA).

However, the following assets would not be classified as non-performing assets and the income on these loans is recognized on realisation basis.

(i) Loans in respect of projects which are under implementation as per RBI Circular No. ref DBS.FID No. C-11/01.02.00/2001-02 dated February 1, 2002 read with D.O. letter DBS FID No 1285/01.02.00/2001-02 dated May 14, 2002 and RBI letter No.DBOD.BP.No.7675/21.04.048/2008-09 dated 11.11.2008 are classified in line with RBI guidelines for asset classification of Infrastructure projects, as applicable to banks from time to time.

(ii) A facility which is backed by the Central / State Government guarantee or by the State Government undertaking for deduction from central plan allocation or a loan to State department , for a period not exceeding 12 months from the date from which Company's dues have not been paid by the borrower.

(iii) A loan disbursed to an integrated power entity which is bifurcated on account of division of states, the company shall follow the government order issued for division of assets and liabilities, unless the same is stayed by any court and the case is pending in the court.

(iv) Non servicing of part of dues disputed by the borrower for a period not exceeding 12 months from the date from which the company's dues have not been paid by the borrower. The disputed income shall be recognized only when it is actually realized. Any such disputed income already recognized in the books of accounts shall be reversed. Disputed dues means amount on account of financial charges like commitment charges, penal interest etc. and the disputed differential income on account of interest reset not serviced by the borrower due to certain issues remains unresolved. A dispute shall be acknowledged on case to case basis with the approval of the Board of Directors.

7.3 NPA classification and provisioning norms for loans, other credits and lease assets are given as under

(i)	NPA for a period not exceeding 18 months	:	Sub-standard asset
(ii)	NPA exceeding 18 months	:	Doubtful asset
(iii)	When an asset is identified as loss asset or assets remain doubtful asset exceeding 36 months, whichever is earlier	:	Loss asset

7.4 Provision against NPAs is made at the rates indicated below: -

(i)	Sub-standard assets	:	10%
(ii)	Doubtful assets:		
(a)	Secured portion / facility including that guaranteed by the state / central government or by the state government undertaking for deduction from central plan allocation or loan to state department.		
	Upto 1 year	:	20%
	1 – 3 years	:	30%
	More than 3 years	:	100%
(b)	Unsecured	:	100%
(iii)	Loss assets	:	100%

The entire loss assets shall be written off. In case, a loss asset is permitted to remain in the books for any reason, 100% of outstanding shall be provided for.

For the purpose of assets classification and provisioning –

(i) facilities granted to Government sector entities are considered loan-wise.

(ii) facilities granted to Private sector entities are considered borrower -wise.

(iii) facilities falling under paragraph 7.2 (i), supra, shall be classified in line with RBI guidelines for asset classification of infrastructure projects, as applicable to banks from time to time, but provisioning for such facilities shall be as per PFC Prudential Norms applicable from time to time.

7.5 Provision for standard assets shall be created in phases in three years from the FY 2012-13 @ of 0.0833% p.a, in order to bring it to 0.25% on 31st March 2015. This provision shall not be netted off from gross loan assets, but shall be shown separately in the balance sheet.

7.6 Restructuring, Reschedulement or Renegotiation of term(s) of loan:

(i) PFC may, not more than once (in each of the following three stages), restructure or reschedule or renegotiate the terms of infrastructure loan agreement as per the policy framework laid down by the Board of Directors of the company under the following stages:

a) Before commencement of commercial production;

b) After commencement of commercial production but before the asset has been classified as sub-standard;

c) After the commencement of commercial production and the asset has been classified as sub-standard.

Provided that in each of the above three stages, the restructuring and / or rescheduling and/or renegotiation of principal and / or of interest may take place, with or without sacrifice, as part of the restructuring or rescheduling or renegotiating package evolved.

Provided further that in exceptional circumstance(s), for reasons to be recorded in writing, PFC may consider restructuring / reschedulement / renegotiation of terms of loan agreement second time before COD of the project with the approval of Board of Directors.

Provided further that extension of repayment schedule before COD* of the project in respect of Government Sector Entities, without any sacrifice** of either principal or interest, will not be considered as restructuring / rescheduling / renegotiation for the purpose of applicability of this section.

* Completion Date for projects where COD is not applicable.

** The term "sacrifice" shall mean waiver / reduction of principal and / or the interest dues and / or future applicable interest rate as a part of Restructuring / Reschedulement / Renegotiation package for the purpose of giving effect to the extant provision in respect of Government sector entities.

(ii) Provision for shortfall in security of Restructured / Rescheduled / Renegotiated Loans:

Where the asset is partly secured, a provision to the extent of shortfall in the security available, shall be made while restructuring and / or rescheduling and / or renegotiation of the loans, apart from the provision required on present value basis and as per prudential norms.

(iii) Treatment of Restructured / Rescheduled / Renegotiated Standard Loan:

The rescheduling or restructuring or renegotiation of the instalments of principal alone, at any of the aforesaid first two stages shall not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors of PFC or by a functionary at least one step senior to the functionary who sanctioned the initial loan for the project, within the policy framework laid down by the Board.

Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two stages shall not cause a standard asset to be downgraded to sub-standard category subject to the condition that the amount of interest foregone, if any, on account of adjustment in the element of interest as specified later, is either written off or 100 per cent provision is made there against.

(iv) Treatment of Restructured / Rescheduled / Renegotiated sub-standard Asset:

A sub-standard asset shall continue to remain in the same category in case of restructuring or rescheduling or renegotiation of the instalments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest as specified later, shall be written off or 100 per cent provision made there against.

(v) Adjustment of Interest:

Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment shall be computed by taking the difference between the rate of interest as currently applicable to the loan (as adjusted for the risk rating applicable to the borrower) and the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.

(vi) Funded Interest:

In the case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for.

(vii) Eligibility for Upgradation of Restructured / Rescheduled / Renegotiated Sub-standard Infrastructure loan:

The sub-standard asset subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of instalments of principal amount, or interest amount, by whatever modality, shall not be upgraded to the standard category until expiry of one year of satisfactory performance under the restructuring and / or rescheduling and/or renegotiation terms.

(viii) Reversal of Provision:

Reversal of provision made for a restructured / rescheduled / renegotiated NPA towards principal is permitted when the account becomes a standard asset. The provision made in a restructured / rescheduled / renegotiated account towards interest sacrifice may be reversed every year (NPV of interest sacrifice for the respective year) on receipt of all repayment obligations for the respective year.

(ix) Conversion of Debt into Equity:

Where the amount due as interest is converted into equity or any other instrument, and income is recognized in consequence, full provision shall be made for the amount of income so recognized to offset the effect of such income recognition:

Provided that no provision is required to be made, if the conversion of interest is into equity which is quoted;

Provided further that in such cases, interest income may be recognized at market value of equity, as on the date of conversion, not exceeding the amount of interest converted to equity.

(x) Conversion of Debt into Debentures:

Where principal amount and / or interest amount in respect of NPAs is converted into debentures, such debentures shall be treated as NPA, ab initio, in the same asset classification as was applicable to the loan just before conversion and provision shall be made as per norms.

(xi) These norms shall be applicable to the loans which have been restructured and / or rescheduled and / or renegotiated and which are fully or partly secured standard / sub-standard asset.

For the above paragraphs, Restructuring / Re-schedulement / Renegotiation shall cover terms of agreement relating to principal and interest.

However, this section shall not be applicable to the following set of assets:

(a) A facility which is backed by Central / State Government Guarantee or by state government undertaking for deduction from central plan allocation or a loan to state department.

(b) Loans falling under paragraph 7.2(i).

8 FOREIGN EXCHANGE TRANSACTIONS:

8.1 The following transactions are accounted for at the exchange rates prevailing on the date of the transaction as per Accounting Standard – 11.

(i) Expenses and income in foreign currency; and

(ii) Amounts borrowed and lent in foreign currency.

8.2 The following balances are translated in Indian Currency at the exchange rates prevailing on the date of closing of accounts as per Accounting Standard – 11.

(i) Foreign currency loan liabilities.

(ii) Funds kept in foreign currency account with banks abroad.

(iii) Contingent liabilities in respect of guarantees given in foreign currency.

(iv) Income earned abroad but not remitted / received in India.

(v) Loans granted in foreign currency.

(vi) Expenses and income accrued but not due on foreign currency loans/borrowing.

8.3 Where the Company has entered into a forward contract or an instrument that is, in substance a forward contract, the difference between the forward rate and the exchange rate on the date of transaction is recognized as income or expense over the life of the contract, as per Accounting Standard – 11.

8.4 In case of loan from KFW, Germany, exchange difference is transferred to Interest Differential Fund Account – KFW as per loan agreement.

8.5 In accordance with the paragraph 46A of the Accounting Standards (AS) 11, the exchange differences on the long term foreign currency monetary items are amortized over their balance period.

9 DERIVATIVE TRANSACTIONS

9.1 Derivative transactions include forwards, interest rate swaps, currency swaps, and currency and cross currency options to hedge on balance sheet assets or liabilities.

9.2 These derivative transactions are done for hedging purpose, and not for trading or speculative purpose. These are accounted for on accrual basis, and are not marked to market.

10 GRANTS FROM GOVERNMENT OF INDIA

10.1 Where grants are first disbursed to the grantee, the same are shown as amount recoverable from the Govt. of India and are squared up on receipt of amount.

10.2 Where grants are received in advance from Govt. of India, the same are shown as current liabilities till the payments are released to the grantee.

11 INTEREST SUBSIDY FUND

11.1 Interest subsidy for eligible borrowers received from the Ministry of Power, Govt. of India under Accelerated Generation & Supply Programme (AG&SP) on net present value (NPV) basis is credited to Interest Subsidy Fund on receipt and is passed on to the borrowers over the eligible period of loan on respective dates of interest demands. Any excess / shortfall in the Interest Subsidy Fund is refunded or adjusted/charged off on completion of respective scheme.

11.2 Interest Subsidy Fund is credited at the year-end with interest on the outstanding balance in the subsidy fund by debiting statement of Profit & Loss, at rates specified in the Scheme.

12 R-APDRP FUND

12.1 Amounts received from the Government of India under Re-structured Accelerated Power Development & Reforms Programme (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.

13 INCOME/RECEIPT/EXPENDITURE ON SUBSIDIARIES

13.1 Expenditure incurred on the subsidiaries is debited to the account "Amount recoverable from concerned subsidiary".

13.2 Expenses in respect of man days (employees) are allocated to subsidiaries and administrative overheads are apportioned to subsidiaries on estimated basis. Direct expenses are booked to respective subsidiaries.

13.3 Interest on amount recoverable from Subsidiaries is accounted for at the rate of interest applicable for project loan / scheme (generation) to state sector borrower (category A) as per the policy of the Company.

13.4 Amounts received by subsidiaries as commitment advance from power procurers are parked with the Company as inter-corporate loans and interest is provided on unused portion of these loans at the mutually agreed interest rates.

13.5 Request for Qualification (RFQ) document / Request for Proposal (RFP) document developed for subsidiaries (incorporated for UMPP) are provided to subsidiary companies at a price equivalent to sale proceeds of RFQ / RFP document received by the subsidiary companies from the prospective bidders. The same is accounted for as income of the company on receipt from subsidiary company.

13.6 The Company incurs expenditure for development work in the UMPPs. The expenditure incurred is shown as amount recoverable from the respective subsidiaries set up for development of UMPPs. Provisioning / write off is considered to the extent not recoverable, when an UMPP is abandoned by the Ministry of Power, Government of India.

14 EMPLOYEE BENEFITS

14.1 Provident Fund, Gratuity, Pension Fund and Post Retirement Benefits

Company's contribution paid / payable during the financial year towards Provident Fund and pension fund are charged in the statement of Profit and Loss. The Company's obligation towards gratuity to employees and post retirement benefits such as medical benefits, economic rehabilitation benefit, and settlement allowance after retirement are actuarially determined and provided for as per Accounting Standard – 15 (Revised).

14.2 Other Employee Benefits

The Company's obligation towards sick leave, earned leave, service award scheme are actuarially determined and provided for, as per Accounting Standard – 15 (Revised)

15 INCOME TAX

15.1 Income Tax comprising of current tax is determined in accordance with the applicable tax laws and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) in accordance with Accounting Standard – 22 on Accounting for Taxes on Income.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

15.2 Since the Company has 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, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

16 CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.

Part – C

CONSOLIDATED OTHER NOTES ON ACCOUNTS

1. The Company is a government company engaged in extending financial assistance to power sector.

2.0 The consolidated financial statements represent consolidation of accounts of the company (Power Finance Corporation Limited), its subsidiary companies and joint venture entities as detailed below:-

Name of the subsidiary companies/ joint venture entities	Country of incorporation	Proportion of shareholdings as on		Status of accounts & Accounting period
		31.03.2013	31.03.2012	01.04.2012 – 31.03.2013
Subsidiary Companies				
PFC Consulting Limited (PFCCL)	India	100%	100%	Audited
PFC Green Energy Ltd. (PFCGEL) *	India	100%	100%	Audited
PFC Capital Advisory Services Limited (PFCCAS)	India	100%	100%	Audited
Power Equity Capital Advisors Private Limited (PECAP)	India	100%	100%	Audited
Joint Venture entities				
National Power Exchange Limited	India	16.66%	16.66%	Audited
Energy Efficiency Services Limited	India	25%	25%	Audited

* PFCGEL received Certificate of Registration to function as a Non-Banking Financial Company from Reserve Bank of India on October 01, 2012.

2.1 The financial statements of subsidiaries (incorporated in India) as mentioned below are not consolidated in terms of paragraph 11 of Accounting Standard – 21 which states that a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal to successful bidder on completion of the bidding process :-

Sl No.	Name of the Company	Date of investment	Proportion of Shareholding as on		Amount (₹ in crore)
			31.03.2013	31.03.2012	
	Subsidiary Companies:				
1.	Coastal Maharashtra Mega Power Limited	05.09.2006	100%	100%	0.05
2.	Orissa Integrated Power Limited	05.09.2006	100%	100%	0.05
3.	Coastal Karnataka Power Limited	14.09.2006	100%	100%	0.05
4.	Coastal Tamil Nadu Power Limited	31.01.2007	100%	100%	0.05
5.	Chhattisgarh Surguja Power Ltd.	31.03.2008	100%	100%	0.05
6.	Sakhigopal Integrated Power Limited	27.01.2010	100%	100%	0.05
7.	Ghogarpalli Integrated Power Company Limited	27.01.2010	100%	100%	0.05
8.	Tatiya Andhra Mega Power Limited	27.01.2010	100%	100%	0.05
9.	Deoghar Mega Power Limited	30.07.2012	100%	--	0.05
10.	DGEN & Uttrakhand Transmission Company Ltd. (Wholly owned subsidiary company of PFCC Limited)	20.12.2011	100%	100%	0.05
	Total				**0.50**

The above subsidiary companies were incorporated as special purpose vehicle (SPVs) under the mandate from Government of India (GOI) for development of ultra mega power projects (UMPPs) and independent transmission projects (ITPs) with the intention to hand over them to successful bidder on completion of the bidding process.

Further, four subsidiary companies (wholly owned subsidiaries of PFCCL) have been created for development of independent transmission projects (ITPs) with the intention to hand over them to successful bidder on completion of the bidding process. The financial statements of these subsidiaries are not attached, as the first financial year of these subsidiaries has been fixed as under :

(₹ in crore)

Sl No.	Name of the Company	Date of investment	Proportion of Shareholding as on 31.03.2013	Amount (₹ in crore)	Accounting Period
	Subsidiary Companies:				
1.	Patran Transmission Company Limited	24.01.2013	100%	0.05	19.12.2012 – 31.12.2013
2.	RAPP Transmission Company Limited	24.01.2013	100%	0.05	20.12.2012 – 31.12.2013
3.	Purulia & Kharagpur Transmission Company Limited	24.01.2013	100%	0.05	15.12.2012 – 31.12.2013
4.	Darbhanga-Motihari Transmission Company Limited	24.01.2013	100%	0.05	18.12.2012 – 31.12.2013
	Total			**0.20**	

2.2 The Company promoted and acquired the shares at face value in the subsidiary company. Therefore, goodwill or capital reserve did not arise.

3. Contingent liabilities:

(a) (₹ in crore)

S.No.	Particulars	Amount as on 31.03.2013	Amount as on 31.03.2012
1.	Default guarantees issued in foreign currency - US $ 7.54 million (as on 31.03.2012 US $ 10.94 million)	41.34	56.40
2.	Guarantees issued in domestic currency	335.57	371.93
3.	Claims against the Company not acknowledged as debts	0.04	0.00
4.	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	4,247.61	5,730.38
	Total	**4,624.56**	**6,158.71**

(b) Additional demands raised by the Income Tax Department totaling to ₹ 55.93 crore (as on 31.03.2012 ₹ 40.01 crore) of earlier years are being contested. Further, the Income Tax Department has filed appeals before ITAT against the orders of CIT(A) allowing relief totaling to ₹ 67.96 crore (as on 31.03.2012 ₹ 65.03 crore). The same are being contested. The Management does not consider it necessary to make provision, as the probability of tax liability devolving on the Company is negligible.

4. Estimated amount of contract remaining to be executed on account of capital contracts, not provided for, is Nil crore (as on 31.03.2012 ₹ 0.57 crore).

5. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) amounting to ₹ 31.24 crore for Assessment Years 2001-02 to 2010-11 have been provided for and are being contested by the Company.

6. In line with circular No. 6 / 3 / 2001 – CL.V dated 18.04.2002 of the Government of India, then Ministry of Law, Justice Company Affairs, and Department of Company Affairs, the Company had been creating till FY 2011-12, Debenture Redemption Reserve (DRR) upto 50% of the value of , debentures issued through public issue, over the maturity period of such debentures and no DRR in case of privately placed debentures.

In recent circular no 11/02/2012-CL-V(A) dated 11.02.2013, MoCA (Ministry of Corporate Affairs) has prescribed that adequacy of DRR will be 25% of the value of debentures issued through public issue and no DRR is required in the case of privately placed debentures.

In this regard, the Company has requested the MoCA for clarification, which is awaited. Pending receipt of clarification, the Company has created and maintained DRR in line with the circular dated 18.04.2002.

7. Foreign currency actual outgo and earning:

(₹ in crore)

S.No.	Description	FY ended 31.03.2013	FY ended 31.03.2012
A.	**Expenditure in foreign currency**		
i)	Interest on loans from foreign institutions	187.78	159.37
ii)	Financial & Other charges	74.88	11.08
iii)	Traveling Expenses	0.13	0.21
iv)	Training Expenses	0.11	0.12
B.	**Earning in foreign currency**	Nil	Nil

8.1 Related party disclosures:

Key managerial personnel:

Name of the key managerial personnel	
Shri Satnam Singh, CMD	(with effect from 01.08.2008)
Shri M K Goel, Director	(with effect from 27.07.2007)
Shri R. Nagarajan, Director	(with effect from 31.07.2009)
Shri A K Agarwal, Director	(with effect from 13.07.2012)
Subsidiary company	
Shri N. D.Tyagi, CEO of PFC Consulting Limited.	
Shri A.Chakravarti, CEO of PFC Green Energy Ltd.	
Smt Nalini Vajani, CEO of PFC Capital Advisory Services Limited	
Shri C.Ganopadhyay, Director of Power Equity Capital Advisors Private Limited	
Joint Ventures entities	
Shri A.K. Agarwal, Chairman of Energy Efficiency Services Limited	
Shri Jagdish R Bhandari, Chairman of National Power Exchange Limited	

Managerial remuneration:

	Chairman & Managing Director		**Other Directors and CEO**	
	For FY ended 31.03.2013	**For FY ended 31.03.2012**	**For FY ended 31.03.2013**	**For FY ended 31.03.2012**
Salaries and allowances	0.51	0.42	1.42	0.93
Contribution to provident fund and other welfare fund	0.04	0.02	0.10	0.05
Other perquisites / payments	0.09	0.13	0.25	0.39
Total	**0.64**	**0.57**	**1.77**	**1.37**

In addition to the above perquisites, the Chairman & Managing Director and other Directors have been allowed to use staff car including private journey up to a ceiling of 1,000 kms per month on payment of ₹ 2,000/- per month (₹ 780/- per month till 20.01.2013).

8.2 The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

(₹ in crore)

Name of the Subsidiary Companies	Amount as on 31.03.2013	Amount as on 31.03.2012	Maximum during FY 2012-13	Maximum During FY 2011-12
Coastal Maharashtra Mega Power Limited	7.00	5.72	7.00	5.72
Orissa Integrated Power Limited	90.31	73.21	90.31	73.21
Coastal Karnataka Power Limited	2.80	2.40	2.80	2.40
Coastal Tamil Nadu Power Ltd.	40.41	29.75	40.41	29.75
Chhattisgarh Surguja Power Limited	60.50	50.85	60.50	50.85
Sakhigopal Integrated Power Company Limited	3.26	1.16	3.26	1.16
Ghogarpalli Integrated Power Company Limited	2.89	0.90	2.89	0.90
Tatiya Andhra Mega Power Limited	9.84	7.71	9.84	7.71
Deoghar Mega Power Ltd	2.43	0.00	2.43	0.00
Subsidiary of PFCCL	2.28	0.36	2.28	0.36
Total	**221.72**	**172.06**	**221.72**	**172.06**

8.3 The details of amounts payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:

(₹ in crore)

Name of the subsidiary companies	Amount as on 31.03.2013	Amount as on 31.03.2012	Maximum during FY 2012-13	Maximum During FY 2011-12
Coastal Maharashtra Mega Power Limited	52.97	49.39	52.97	49.39
Orissa Integrated Power Limited	62.57	57.49	62.57	57.49
Coastal Tamil Nadu Power Limited	58.92	54.35	58.92	54.35
Chhattisgarh Surguja Power Limited	56.17	51.08	56.17	51.08
Sakhigopal Integrated Power Company Limited	20.69	19.23	20.69	19.23
Ghogarpalli Integrated Power Company Limited	19.27	17.91	19.27	17.91
Tatiya Andhra Mega Power Limited	25.02	23.02	25.02	23.02
Total	**295.61**	**272.47**	**295.61**	**272.47**

8.4 (i) Investment in "Small is Beautiful" Fund: -

The Company has outstanding investment of ₹ 7.68 crore (as on 31.03.2012 ₹ 7.83 crore) in units of Small is Beautiful Fund. The face value of the Fund is ₹ 10 per unit. The NAV as on 31.03.2012 was ₹ 10.33 per unit and as on 31.03.2013 is ₹ 9.77 per unit. As investment in Small is Beautiful Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

(ii) Investment in equity (unquoted) in Power Exchange India Limited:-

Power Exchange India Ltd. (PXIL) has been promoted by National Stock Exchange (NSE) and National Commodity and Derivatives Exchange Limited (NCDEX). The authorized share capital is ₹ 100 crore consisting of 80 crore equity shares of ₹ 10/- each and 20 crore preference shares of ₹ 10/- each as on 31.03.2013. The paid up equity share capital of PXIL is ₹ 46.05 crore, as on 31.03.2013. The Company has subscribed ₹ 2.80 crore of the paid up capital of PXIL.

9. Interest Differential Fund (IDF) – KFW

The agreement between KFW and PFC provides that the IDF belongs to the borrowers solely and will be used to cover the exchange risk variations under this loan and any excess will be used in accordance with the agreement. The balance in the IDF fund has been kept under separate account head titled as Interest Differential Fund – KFW and shown as a liability. The total fund accumulated as on 31.03.2013 is ₹ 54.73 crore (as on 31.03.2012 ₹ 52.01crore), after transferring exchange difference of ₹ 15.21 crore (as on 31.03.2012 ₹ 15.66 crore).

10. Foreign currency liabilities not hedged by a derivative instrument or otherwise:-

Liabilities in Foreign Currencies	Amount (in millions)	
	31.03.2013	31.03.2012
USD	805.90	392.49
EURO	22.80	24.73
JPY	41,643.20	41,643.20

11. (a) Asset under finance lease after 01.04.2001:

(i) The gross investment in the leased assets and the present value of the minimum value receivable at the balance sheet date and the value of unearned financial income are given in the table below:

The future lease rentals are given below:-

(₹ in crore)

Particulars	As on 31.03.2013	As on 31.03.2012
Total of future minimum lease payments (Gross Investments)	500.33	571.09
Present value of lease payments	285.07	326.58
Unearned finance income	215.26	244.51
Maturity profile of total of future minimum lease payments (Gross Investment)		
Not later than one year	70.77	70.77
Later than one year and not later than 5 years	127.55	172.61
Later than five years	302.01	327.71
Total	**500.33**	**571.09**
Break up of present value of lease payments		
Not later than one year	45.93	41.51
Later than one year and not later than 5 years	53.44	90.75
Later than five years	185.70	194.32
Total	**285.07**	**326.58**

(ii) The Company had sanctioned an amount of ₹ 88.90 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). The sanction was reduced to ₹ 88.85 crore in December 2006. The gross investment stood at the level of ₹ 18.11 crore as on 31.03.2013. The lease rent is to be recovered within a period of 15 years, starting from 19.07.2004, which comprises of 10 years as a primary period and 5 years as a secondary period.

(iii) The Company had sanctioned an amount of ₹ 98.44 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 18.5.2004). The gross investment stood at ₹ 17.42 crore as on 31.03.2013. The lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as a primary period and a maximum of another 10 years as a secondary period.

(iv) The Company had sanctioned an amount of ₹ 93.51 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). The gross investment stood at ₹ 34.28 crore as on 31.03.2013. The lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as a primary period and a maximum of 9 years and 11 months as a secondary period.

(v) The Company had sanctioned an amount of ₹ 228.94 crore in the year 2008 as finance lease for financing wind turbine generator (commissioned on 18.05.2011). The gross investment stood at ₹ 430.52 crore as on 31.03.2013. The lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as a primary period and a maximum of 7 years as a secondary period.

b) Operating Lease:

The Company's operating leases consists:-

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 3.95 crore (during FY ended 31.03.2012 ₹ 6.55 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 16 – Consolidated Employee Benefit Expenses. Lease payments in respect of premises for offices are shown as office rent in Note Part A 17 – Consolidated Other Expenses.

12. Subsidy under Accelerated Generation & Supply Programme (AG&SP):

(i) The Company claimed subsidy from Govt. of India at net present value calculated at indicative interest rates in accordance with the 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 the 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. The impact of difference between the indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after the end of the respective schemes. However on the basis of the 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 the net excess amount of ₹ 5.69 crore and ₹ 68.30 crore as at 31.03.2013 for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. This net excess amount is worked out on overall basis and not on individual basis and may vary due to change in assumptions, if any, during the projected period such as changes in moratorium period, repayment period, loan restructuring, pre-payment, interest rate reset etc. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of the respective scheme.

(ii) The balance under the head Interest Subsidy Fund shown as liability, represents the amount of subsidy received from Ministry of Power, Govt. of India 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 : -

(₹ in crore)

Particulars	As on 31.03.2013	As on 31.03.2012
Opening balance of Interest Subsidy Fund	376.21	451.87
Add : - Received during the period	--	--
: - Interest credited during the period	18.99	36.01
: - Refund by the borrower due to non – commissioning of project in time	--	17.65
Less : Interest subsidy passed on to borrowers	49.42	77.67
Refunded to MoP:		
(a) Estimated net excess against IX Plan	--	34.00
(b) Due to non- commissioning of Project in time	--	17.65
(c) Estimated net excess against X Plan	200.00	
Closing balance of interest subsidy fund	**145.78**	**376.21**

13. The Company had exercised the option under para 46A of the amended AS-11 'The Effects of Changes in Foreign Exchange Rates' to amortize the exchange differences on the long term foreign currency monetary items over their tenure. Consequently, as on 31.03.2013, ₹ 477.97 crore (as on 31.03.2012 ₹ 515.41 crore) has been carried forward in the Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and shown on the asset side of the balance sheet, as a separate line item.

As per the recent announcement dated 30.03.2013 of the ICAI, the debit or credit balance in FCMITDA should be shown on the "Equity and Liabilities" side of the balance sheet under the head "Reserve and Surplus", as a separate line item.

The Company has requested (vide letter dated 09.05.2013) for clarification from the Government of India, Ministry of Corporate Affairs (MoCA) on the applicability of ICAI announcement. The clarification is awaited.

Pending receipt of clarification from the MoCA, the FCMITDA is continued to be shown on the asset side of the balance sheet, as a separate line item, in line with presentation made in previous year.

14. (i) The Company has been designated as the Nodal Agency for operationalisation and associated service for implementation of the Re-structured Accelerated Power Development and Reforms Programme (R – APDRP) during XI Plan by the Ministry of Power, Government of India (GOI) under its overall guidance.

Projects under the scheme are being taken up in two parts. Part – A includes the projects for establishment of baseline data and IT applications for energy accounting as well as IT based customer care centers. Part – B includes regular distribution strengthening projects. GoI provides 100% loan for Part A and up to 25% (up to 90% for special category States) loan for Part – B. Balance funds for Part – B projects can be raised by the utilities from PFC / REC / multi-lateral institutions and / or own resources. The loans under Part – A alongwith interest thereon is convertible into grant as per R – APDRP guidelines. Similarly, upto 50% (up to 90% for special category states) of the loan against Part –B project would be convertible in to grant as per R – APDRP guidelines. Enabling activities of the programe are covered under Part – C.

The loans under R – APDRP are routed through the Company for disbursement to the eligible utilities. The amount so disbursed but not converted in to grants as per R – APDRP guidelines will be repaid along with interest to the GoI on receipt from the borrowers.

The details are furnished below :

(₹ in crore)

Particulars	**Amount recoverable from borrowers & payable to GOI**		**R – APDRP Fund**		**Amount payable to GOI (Interest earned on Fixed Deposit)**	
	As at 31.03.2013	**As at 31.03.2012**	**As at 31.03.2013**	**As at 31.03.2012**	**As at 31.03.2013**	**As at 31.03.2012**
Opening balance	5,502.88	3,902.88	0.00	0.00	11.09	6.88
Additions during the year	1,217.45	1,600.00	1,217.45	1,600.00	1.03	4.17
Disbursements / refunds / changes during the year	25.70	---	1,217.45	1,600.00	11.93	---
Total	**6,694.63**	**5,502.88**	**0.00**	**0.00**	**0.19**	**11.05**
Interest accrued but not due	1,327.94	775.24	**0.00**	**---**	0.06	0.04
Closing balance	**8,022.57**	**6,278.12**	**0.00**	**0.00**	**0.25**	**11.09**

(ii) As on 31.03.2013, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by PFC has been as under:-

(₹ in crore)

	During the FY ended 31.03.2013	**During the FY ended 31.03.2012**	**Cumulative up-to**	
			31.03.2013	**31.03.2012**
Nodal agency fee*	16.52	39.15	145.29	128.77
Reimbursement of expenditure	21.81	22.66	83.67	61.86
Total	**38.33**	**61.81**	**228.96**	**190.63**

* Exclusive of Service Tax

(iii) As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, GoI, the total amount receivable against the nodal agency fee plus the reimbursement of actual expenditure will not exceed ₹ 850 crore or 1.7 % of the likely outlay under Part A & B of R – APDRP, whichever is less.

15. The net deferred tax liabilities of ₹ 218.63 crore (as on 31.03.2012 ₹ 86.75 crore) have been computed as per Accounting Standard 22 Accounting for Taxes on Income.

The breakup of deferred tax liabilities is given below: -

(₹ in crore)

Description	As on 31.03.2013	As on 31.03.2012
(a) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	8.48	16.49
(ii) Preliminary expenses	0.56	0.73
(b) Deferred Tax Liabilities (-)		
(i) Depreciation	-1.10	-1.01
(ii) Lease income on new leases	-95.00	-101.58
(iii) Amortization	-1.29	-1.38
(iv) Unamortized Exchange Loss (Net)	-130.28	0.00
Net Deferred Tax liabilities (-)/Assets (+)	-218.63	-86.75

16. In compliance with Accounting Standard – 20 on Earning Per Share issued by the Institute of Chartered Accountants of India, the calculation of Earning Per Share (basic and diluted) is as under:-

Particulars	FY ended 31.03.2013	FY ended 31.03.2012
Net Profit after tax used as numerator (₹ in crore)	4,437.74	3,058.85
Weighted average number of equity shares used as denominator (basic)	131,99,82,855	129,50,00,707
Weighted average number of equity shares used as denominator (diluted)	131,99,90,939	129,50,00,707
Earning per share (basic & diluted) (₹)	33.62	23.62
Face value per share (₹)	10	10

17. The Company, its subsidiaries and joint ventures have no outstanding liability towards Micro, Small and Medium enterprises.

18. Leasehold land is not amortized, as it is a perpetual lease.

19. Liabilities and assets denominated in foreign currency have generally been translated at TT selling rate of SBI at year end as given below: -

S. No.	Exchange Rates	31.03.2013	31.03.2012
1	USD / INR	54.80	51.5300
2	JPY / INR	0.5847	0.6318
3	EURO / INR	70.28	69.0500

In-case of specific provision in the loan agreement for a rate other than SBI TT selling rate, the rate has been taken as prescribed in the respective loan agreement.

20.1 The Company has made the public issue of 69,97,468 tax free bonds (secured) tranche - I at the face value of ₹ 1,000 each during the current financial year and has mobilized ₹ 699.75 crore. The security has been created on 03-Jan-2013 and bonds have been allotted on 04-Jan-2013. The bonds have been listed in the BSE on 10-Jan-2013. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

20.2 The Company has made public issue of 16,53,680 tax free bonds (secured) tranche - II at the face value of ₹ 1,000 each during the current financial year and has mobilized ₹ 165.37 crore. The Bonds have been allotted on 28-Mar-2013 and have been listed in the BSE on 03-April-2013. The security has been created in April 2013. As on 31.03.2013, the proceeds of the bond issue were in Public Issue Account of the escrow collection banker. Subsequent to listing and security creation, the bonds issue proceeds have been transferred in April 2013 by the escrow collection banker to the regular current account of the Company and the Company has utilized the proceeds in April 2013 for the purpose mentioned in the offer document.

21. Disclosures as per Accounting Standard –15 :-

A. Provident fund

The Company pays fixed contribution to provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the statement of profit and loss account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GoI. Any short fall 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 take place in this regard in the near future and hence no further provision is considered necessary.

B. Gratuity

The Company has a defined gratuity scheme and is managed by a separate trust. The provision for the same has been made on actuarial valuation based upon total number of years of service rendered by the employee subject to a maximum amount of ₹ 10 lakh.

C. Pension

The Company has a defined contribution pension scheme introduced in line with guidelines of the Department of Public Enterprise (DPE) and is managed by a separate trust. Employer contribution to the fund has been contributed on monthly basis. Pension is payable to the employee of the corporation as per the scheme.

D. Post Retirement Medical Scheme (PRMS)

The Company has Post-Retirement Medical Scheme (PRMS), under which retired employees and their dependent family member are provided with medical facilities in empanelled hospitals. They can also avail reimbursement of out-patient treatment subject to a ceiling fixed by the Company.

E. Terminal Benefits

Terminal benefits include settlement in home town for employees & their dependents.

F. Leave

The Company provides for earned leave benefit and half-pay leave to the credit of the employees, which accrue on half yearly basis @ 15 days and 10 days, respectively. Maximum of 300 days of earned leave can be accumulated during the service of an employee which can be availed or encashed. There is no limit in accumulation of half pay leave during the service. However, at the time of separation / superannuation, half pay leave and earned leave can be encashed subject to limit of 300 days. The liability for the same is recognized, based on actuarial valuation.

The above mentioned schemes (D, E and F) are unfunded and are recognized on the basis of actuarial valuation.

The summarised position of various defined benefits recognized in the statement of profit and loss account, balance sheet are as under {Figures in brackets ( ) represents to as on 31.03.2012}

i) Expenses recognised in Statement of Profit and Loss Account

(₹ in crore)

	Gratuity	PRMS	Leave
Current service cost	1.18 (0.99)	0.36 (0.29)	1.89 (1.57)
Interest cost on benefit obligation	1.12 (1.08)	0.67 (0.61)	1.42 (1.31)
Expected return on plan assets	-1.22 (-0.94)	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	0.40 (-0.49)	0.46 (0.60)	2.37 (0.46)
Expenses recognised in Statement of Profit & Loss Account	*1.48 (0.64)	1.49 (1.50)	*5.68 (3.34)

(*) Includes ₹ 0.13 crore (as on 31.03.2012 ₹ 0.13 crore) and ₹ 0.58 crore (as on 31.03.2012 ₹ 0.30 crore) and ₹ 0.04 crore (as on 31.03.2012 ₹ 0.13 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) The amount recognized in the Balance Sheet

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 31.03.2013 (i)	16.16 (14.03)	9.50 (8.33)	20.39 (17.74)
Fair value of plan assets at 31.03.2013 (ii)	14.67 (12.95)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-1.48 (-1.08)	-9.50 (-8.33)	-20.39 (-17.74)
Net asset / (liability) recognized in the Balance Sheet	-1.48 (-1.08)	-9.50 (-8.33)	-20.39 (-17.74)

iii) Changes in the present value of the defined benefit obligations

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2012	14.03 (12.69)	8.33 (7.13)	17.74 (15.47)
Interest cost	1.12 (1.08)	0.67 (0.61)	1.42 (1.31)
Current service cost	1.18 (0.99)	0.36 (0.29)	1.89 (1.57)
Benefits paid	-0.62 (-0.40)	-0.32 (-0.30)	-3.03 (-1.07)
Net actuarial (gain)/loss on obligation	0.45 (-0.33)	0.46 (0.60)	2.37 (0.46)
Present value of the defined benefit obligation as at 31.03.2013	16.16 (14.03)	9.50 (8.33)	20.39 (17.74)

iv) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2012	14.03 (10.57)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	1.22 (0.94)	0.00 (0.00)	0.00 (0.00)
Contributions by employer	0.00 (1.68)	0.00 (0.00)	0.00 (0.00)
Benefit paid	-0.62 (-0.40)	0.00 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	0.04 (0.16)	0.00 (0.00)	0.00 (0.00)
Fair value of plan assets as at 31.03.2013	14.67 (12.95)	0.00 (0.00)	0.00 (0.00)

v) One percent increase / decrease in the inflation rate would impact liability for medical cost of PRMS, as under:-

Cost increase by 1% ₹ 2.09 crore

Cost decrease by 1% ₹ -1.31 crore

vi) During the period, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 1.48 crore, to PRMS of ₹ 1.62 crore, to leave ₹ 6.04 crore and to pension ₹ 0.69 crore (during the FY ended 31.03.2012 towards contribution to the Gratuity Trust of ₹ 0.64 crore, to PRMS of ₹ 1.50 crore, to leave ₹ 3.34 crore and to pension ₹ 2.54 crore).

G. Other Employee Benefits:-

During the period, provision of ₹ 0.08 crore (during the FY ended 31.03.2012 ₹ -0.01 crore) has been made for Economic Rehabilitation Scheme for Employees and provision of ₹ 0.37 crore has been made for Long Service Award for Employees (during the FY ended 31.03.2012 ₹ 0.58 crore) on the basis of actuarial valuation made at the end of the year by charging / crediting the statement of profit and loss account.

H. Details of the Plan Asset:-

The details of the plan assets at cost, as on 31.03.2013 are as follows:-

(₹ in crore)

SL	Particulars	FY ended 31.03.2013	FY ended 31.03.2012
i)	Government Securities	8.53	7.83
ii)	Corporate bonds / debentures	5.61	5.12
	Total	**14.14**	**12.95**

I. Actuarial assumptions

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.00 %
Expected rate of return on assets – Gratuity	8.70%
Future salary increase	6.00 %

The estimates of future salary increases considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

22.1 Details of provision as required in Accounting Standard – 29, {Figures in brackets ( ) represents to as on 31.03.2012}, are as under :

(₹ in crore)

Provision for	Opening Balance (as on 1st April of the FY) (1)	Addition during the period (2)	Paid / adjusted during the period (3)	Closing Balance 4 = (1+2-3)
Post-Retirement Medical Scheme	8.33 (7.13)	1.62 (1.50)	0.45 (0.30)	9.50 (8.33)
Gratuity	0.64 (1.72)	1.48 (0.64)	0.64 (1.72)	1.48 (0.64)
Pension	6.60 (4.06)	0.69 (2.54)	7.14 (0.00)	0.15 (6.60)
Leave Encashment	17.74 (15.47)	6.04 (3.34)	3.39 (1.07)	20.39 (17.74)
Economic Rehabilitation Scheme for employee	1.24 (1.26)	0.08 (-0.01)	0.01 (0.01)	1.31 (1.24)
Bonus / Incentives / Base Line Compensation	26.32 (24.52)	19.50 (17.73)	18.82 (15.93)	27.00 (26.32)
Baggage Allowances	0.07 (0.05)	0.01 (0.02)	0.00 (0.00)	0.08 (0.07)

Service Award	3.33 (2.75)	0.38 (0.58)	0.00 (0.00)	3.71 (3.33)
Income Tax	2,000.83 (2,215.13)	1,547.63 (1,075.78)	128.63 (1,290.08)	3,419.83 (2,000.83)
FBT	0.00 (0.80)	0.00 0.00	0.00 (0.80)	0.00 (0.00)
Proposed Final Dividend	132.00 (197.99)	132.00 (132.00)	132.00 (197.99)	132.00 (132.00)
Proposed Corporate Dividend Tax	21.41 (32.12)	22.43 (21.41)	21.41 (32.12)	22.43 (21.41)

22.2 The Company has formulated a Corporate Social Responsibility (CSR) policy in line with the guidelines issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) vide Office Memorandum F.No.15(3)/2007 -DPE(GM)-GL-99 dated 09.04.2010.

As per the CSR policy of the Company, a minimum of 0.5% of the consolidated profit after tax of the previous year will be allocated every financial year for CSR Activities, and Company was creating CSR provision for this purpose up to FY 2011-12.

Now, the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) has given opinion that unspent expenditure on CSR activities should not be recognized as provision, but a reserve may be created as an appropriation of profits.

Accordingly, CSR provision of ₹ 16.39 crore (amount unspent as at 01.04.2012) has been reversed to the credit of the statement of profit & loss through prior period account, and CSR reserve of ₹ 18.36 crore has been created as appropriation of profit, the details of which are as under:

(₹ in crore)

CSR Reserve	**Amount**
Opening balance	0.00
Add : Appropriation on account of un-spent amount as on 31.03.2012 Less: Amount spent during the year against CSR allocation of earlier years	16.39 9.30
Add : Appropriation during the year on account of un-spent amount (CSR allocation of ₹ 15.29 crore less amount spent ₹ 4.02 crore)	11.27
Closing Balance as on 31.03.2013	18.36

22.3 The Company has formulated a Sustainable Development (SD) policy in line with the guidelines issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) vide Office Memorandum No.3(9)/2010 -DPE(MoU) dated 23.09.2011.

As per the SD policy approved by the Company, a minimum of ₹ 50 lakh plus 0.1% of profit after tax (consolidated) exceeding ₹ 100 crore of the previous year will be allocated every financial year for SD Projects/ Activities. The unspent amount of ₹ 0.49 crore has been appropriated from profits as SD reserve.

23. Board of Directors in its meeting held on 09.11.2012 amended the prudential norms of the Company, subject to approval of Ministry of Power, and accorded approval to create provision on standard assets in phases with effect from FY 2012-13 in 3 year period (i.e. 0.0833% p.a.), in order to bring it to 0.25% by 31.03.2015.

Accordingly, the Company has amended the accounting policy to this effect and has made provision of ₹ 132.79 crore for the FY ended 31.03.2013.

If the company had followed the earlier policy, the net profit for the FY ended 31.03.2013 would have been higher by ₹ 132.79 crore (net of taxes).

The approval for the change in prudential norms by the Ministry of Power, Government of India is under process.

24. (i) During the year, the Company has sent letters seeking confirmation of balances to the borrowers and confirmation in a few cases are awaited.

(ii) There are no unpaid / unclaimed bonds, interests on bonds and dividends, which are over 7 years as on 31.03.2013 (previous period ₹ Nil). However, an amount of ₹ 0.56 crore (previous year ₹ 0.47 crore) remaining unpaid pending completion of transfer formalities by the claimants.

25. In opinion of the management the value of current assets loans and advances on realization in the ordinary course of business will not be less than the value at which these are stated in the Balance Sheet as at 31.03.2013.

26. Trade receivable (related to PFCCL) includes an amount of ₹ 0.84 crore (previous year ₹ 0.61 crore) which is due for over three years. Based on correspondence with clients in this regard in the opinion of the management, the above said debtors are good for recovery hence no provision has been made for bad and doubtful debts.

27. The value of invoices raised by PFCCL pursuant to execution of contract agreement / issue of letter of award in respect whereof no income have been recognized and no amount received, have been setoff from assets and liabilities amounting to ₹ 4.40 crore (previous year ₹ 4.21 crore) respectively.

28. Expenditure incurred by PFCCL on advertisement of ₹ 0.24 crore for searching of Joint Venture Partner is charged to Statement of Profit and Loss. Process of selection of Joint Venture Partner is under progress.

29. The Disclosure requirement in respect of subsidiary companies and joint venture has been disclosed to the extent available from their audited accounts.

30. The Company, its subsidiaries and joint ventures have no exposure to real estate sector as on 31.03.2013.

31. The Company, its subsidiaries and joint ventures does not have more than one reportable segment in terms of Accounting Standard 17 on Segment Reporting.

32. Previous year's figures have been re-grouped / re-arranged, wherever practicable to make them comparable.

33. Figures have been rounded off to the nearest crore of rupees with two decimals.

Notes at Part A (1 to 18), Part B and Part C form an integral part of Consolidated Balance Sheet and Consolidated Statement of Profit & Loss.

For and on behalf of the Board of Directors

MANOHAR BALWANI Company Secretary	**R NAGARAJAN** Director (Finance)	**SATNAM SINGH** Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co. Chartered Accountants Firm Regd. No - 000429N	For RAJ HAR GOPAL & Co. Chartered Accountants Firm Regd. No - 002074N
Place : New Delhi **Date : 30.05.2013**	**(N K BHARGAVA)** PARTNER **Membership No - 080624**	**(G K GUPTA)** PARTNER **Membership No - 81085**

POWER FINANCE CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in crore)

	PARTICULARS		Year ended 31.03.2013		Year ended 31.03.2012
I.	**Cash Flow from Operating Activities :-**				
	Net Profit before Tax and Extraordinary items	**5,993.52**		**4,145.85**	
	ADD: Adjustments for				
	Loss on Sale of Assets (net)	0.03		0.02	
	Depreciation / Amortisation	5.96		5.54	
	Amortisation of Zero Coupon Bonds	26.18		24.48	
	Foreign Exchange Translation Loss	163.76		147.83	
	Dimunition in value of investments	(0.00)		(0.02)	
	Provision for Contingencies	80.85		142.79	
	Dividend / Interest and profit on sale of investment	(11.67)		(12.33)	
	Provision for CSR Expenditure & Sustainable Expenditure	16.30		0.00	
	Provision for interest under IT Act	4.07		4.90	
	Provision for Retirement Benefits/Other Welfare Expenses/Wage revision	11.65		3.10	
	Interest Received	(9.33)		0.00	
	Interest Paid	0.02		0.01	
	Operating profit before working Capital Changes:	**6,281.34**		**4,462.17**	
	Increase/Decrease :				
	Loans Disbursed (Net)	(30,256.10)		(30,587.60)	
	Other Current Assets	(1,070.37)		(743.52)	
	Foreign Currency Monetary Item Translation Difference A/c	37.44		(515.41)	
	Liabilities and provisions	1,437.64		970.89	
	Cash flow before extraordinary items	**(23,570.05)**		**(26,413.47)**	
	Extraordinary items	0.00		0.00	
	Cash Inflow/Outflow from operations before Tax	**(23,570.05)**		**(26,413.47)**	
	Income Tax paid	(1,564.97)		(1,005.54)	
	Income Tax Refund	5.56		388.21	
	Net Cash flow from Operating Activities		**(25,129.46)**		**(27,030.80)**
II.	**Cash Flow From Investing Activities :**				
	Sale / decrease of Fixed Assets	0.05		0.12	
	Purchase of Fixed Assets	(4.38)		(7.71)	
	Increase/decrease in Capital Works in Progress	0.45		1.83	
	Investments in Subsidiaries	(0.25)		(0.08)	
	Interest Received	12.42		0.00	
	Dividend / Interest and profit on sale of investment	8.29		6.79	
	Other Investments	5.85		(36.49)	
	Net Cash Used in Investing Activities		**22.42**		**(35.54)**
III.	**Cash Flow From Financial Activities :**				
	Issue of Equity Shares	1.60		3,413.73	
	Issue of Bonds	31,142.02		33,165.07	
	Raising of Short Term Loans (Net) - Commercial paper	5,000.00		(4,050.00)	
	Repayment of Loan Against Fixed Deposits (Net) - Including WCL	(251.43)		1,830.16	
	Raising of Long Term Loans	1,700.00		2,200.00	
	Repayment of Long Term Loans	(1,239.50)		(3,863.50)	
	Redemption of Bonds	(9,753.90)		(5,406.66)	
	Foreign Currency Loans (Net)	2,653.46		461.46	
	Interest Paid	0.00		(0.01)	
	Interest Subsidy Fund	(230.43)		(75.66)	
	Unclaimed Bonds (Net)	(0.56)		(1.25)	

Payment of Final Dividend (including Corporate Dividend Tax) of Previous year	(153.41)		(230.11)	
Payment of Interim Dividend (including Corporate Dividend Tax) of Current year	(920.49)		(767.03)	
Net Cash in-flow from Financing Activities		**27,947.36**		**26,676.20**
Net Increase/Decrease in Cash & Cash Equivalents		**2,840.32**		**(390.14)**
Add : Cash & Cash Equivalents at beginning of the financial year		2,016.89		2,379.04
Cash & Cash Equivalents at the end of the period #		**4,857.21**		**1,988.90**
Details of Cash & Cash Equivalents at the end of the period:				
Cheques in hand,Imprest with Postal authority & Balances with Banks		170.57		23.58
Fixed Deposits with Scheduled Banks		4,686.64		1,965.32
		4,857.21		**1,988.90**

Includes ₹ 0.47 crore (Previous year ₹ 3.60 crore) share of Jointly Controlled Entity.

For and on behalf of the Board of Directors

MANOHAR BALWANI	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 30.05.2013	**Membership No - 080624**	**Membership No - 81085**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Power Finance Corporation Limited

We have audited the accompanying consolidated financial statements of Power Finance Corporation Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In respect of financial statements of the subsidiaries and joint ventures, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries and joint ventures is based solely on the reports of the other auditors'. The details of Total Assets, Total Revenues and Net Cash Flow in respect of the subsidiaries and joint ventures to the extent to which they are reflected in consolidated financial statements are given below.

Audited by other Auditors.

(₹ in crore)

Company	Total Assets	Total Revenues	Net Cash Flow
PFC Consulting Limited (100% wholly owned subsidiary)	108.10	36.49	(0.21)
PFC Green Energy Limited (100% wholly owned subsidiary)	108.18	0.57	106.75
Power Equity Capital Advisors Private Limited (100% wholly owned subsidiary)	0.05	0.00	0.00
PFC Capital Advisory Services Limited (100% wholly owned subsidiary)	1.68	1.78	(0.15)
National Power Exchange Limited (Joint Venture)	1.36	0.12	(1.42)
Energy Efficiency Private Limited (Joint Venture)	29.38	3.63	(4.35)
Total	248.75	42.59	100.62

We report that the Consolidated Financial Statement have been prepared by the Company's management in accordance with the requirement of Accounting Standard (AS)-21 "Consolidated Financial Statements', Accounting Standard (AS)-27 "Financial reporting of interest in joint venture" of the Companies (Accounting Standard), Rules 2006.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Without qualifying our opinion, attention is drawn to the note no. 13 of Note part C- notes on accounts, regarding presentation of Foreign Currency Monetary Item Translation Difference Account (FCMITDA).

For Raj Har Gopal & Co.	For N.K.Bhargava & Co.
Chartered Accountants	Chartered Accountants
Firm's Regn. No.: 002074N	Firm's Regn. No.: 000429N
G.K. Gupta	N.K.Bhargava
Partner	Partner
Membership no. 081085	Membership no.080624

Place: Delhi

Date: 30.05.2013

Statement pursuant to Section 212(1) (e) of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary	Date from which it became Subsidiary	Financial year ending of the Subsidiary	Shares of the Subsidiary held by the Company as on 31st March, 2013		Net aggregate amount of the Subsidiary Company's Profit / (Loss) so far as it concerns the members of the Holding Company (₹ in Cr.)			
					Not Dealt with in the Holding Company's Accounts		Dealt with in the Holding Company's Accounts	
			Number and Face Value of Shares	Extent of Holding	For the Financial year ended 31st March 2013	For previous financial year(s) of the Subsidiary since it became the Holding Company's Subsidiary.	For the Financial year ended 31st March 2013	For previous financial year(s) of the Subsidiary since it became the Holding Company's Subsidiary.
PFC Consulting Ltd.	25th March, 2008	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	16.38	85.99	-	-
PFC Green Energy Ltd.	30th March, 2011	31st March, 2013	2,59,90,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	(0.40)	(1.62)	-	-
PFC Capital Advisory Services Ltd.	18th July, 2011	31st March, 2013	1,00,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	0..85	0.05	-	-
PFC Equity Capital Advisors Private Ltd.	11th October, 2011	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	-	-	-
Chhattisgarh Surguja Power Ltd.	10th February, 2006	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	-	-	-
Costal Karnataka Power Ltd.	10th February, 2006	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	-	-	-
Costal Maharashtra Mega Power	01st March, 2006	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	-	-	-
Orissa Integrated Power Ltd.	24th August, 2006	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	(0.22)	-	-
Costal Tamil Nadu Power Ltd.	9th January, 2007	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	0.01	0.01	-	-
Sakhigopal Integrated Power Company LTd.	21st May, 2008	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	(0.01)	-	-
Ghogarpalli Integrated Power Company Ltd.	22nd May, 2008	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	(0.01)	-	-
Tatya Andhra Mega Power Ltd.	17th April, 2009	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	-	-	-
Deoghar Mega Power Limited	26th April, 2012	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Ltd.	-	-	-	-
DGEN Transmission Company Ltd.	15th November, 2011	31st March, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Consulting Ltd.	-	-	-	-
Patran Transmission Company Ltd. (See Note 1)	19th December, 2012	31st December, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Consulting Ltd.	-	-	-	-
Purulia Kharagpur Transmission Company Ltd. (See Note 1)	15th December, 2012	31st December, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Consulting Ltd.	-	-	-	-
Darbhanga Motihari Transmission Company Ltd. (See Note 1)	18th December, 2012	18th December, 2012	50,000 Equity shares of ₹10 each	100% Held by PFC Consulting Ltd.	-	-	-	-
RAPP Transmission Company Ltd. (See Note 1)	20th December, 2012	31st December, 2013	50,000 Equity shares of ₹10 each	100% Held by PFC Consulting Ltd.	-	-	-	-

1) It is their first year of incorporation and the first financial year of these subsidiaries has been fixed to end at 31.12.2013.

2) Pursuant to the requirement of Section 212 of the Companies Act, 1956, Annual Accounts, Directors Report and Auditors' Report of the Subsidiary Companies whose Financial Year ended on 31st March, 2013, have been attached, excepting for those Companies referred to at Note no. 1 above.

(MANOHAR BALWANI)
Company Secretary

(R NAGARAJAN)
Director (Finance)

(SATNAM SINGH)
Chairman and Managing Director

Place : New Delhi
Date : 30.05.2013

SUBSIDIARIES

PFC CONSULTING LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To

The Members,

The Directors of your Company have pleasure in presenting the 5th Annual Report on the performance of your Company for the financial year 2012-13 together with Audited Statements of Accounts and Auditors Report thereon for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

(Figures in ₹ Lakh)

Sl. No.	Particulars	2012-13	2011-12	% Change
1.	Total Income	3,648.85	5,603.77	34.89 ↓
2.	Total Expenditure	1,327.55	1,397.21	4.99 ↓
3.	Profit Before Tax and Prior Period Items	2,321.30	4,206.56	44.82 ↓
4.	Prior Period Items (Net)	17.27	4.54	280.40 ↑
5.	Profit Before Tax	2,338.57	4,211.10	44.47
6.	Provision for Tax - Current Tax - Deferred Tax	 759.47 (59.24)	 1,441.18 4.07	 ---- ----
7.	Profit After Tax	1,638.34	2,765.85	40.77 ↓
8.	Profit brought forward from previous years	8,598.91	5,833.06	----
9.	Accumulated Profit carried to Balance Sheet	10,237.26	8,598.91	----

FINANCIAL PERFORMANCE

i) Revenue

During the financial year under review, the total income of the Company has decreased from ₹ 5,603.77 Lakh to ₹ 3,648.85 Lakh showing a decrease of 34.89%. During the year, the Company has earned other income of ₹ 928.25 Lakh which includes interest on deposit of surplus funds with banks amounting to ₹ 906.15 Lakh and miscellaneous income of ₹ 22.10 Lakh.

ii) Expenses

During the financial year 2012-13, the Company incurred total expenditure of ₹ 1327.55 Lakh as against the total expenditure of ₹ 1397.21 Lakh incurred last year showing a decrease of 4.99%.

iii) Profit

During the financial year 2012-13, your company earned Profit before Tax of ₹ 2338.57 Lakh as compared to ₹ 4211.10 Lakh for the financial year 2011-12 showing a decrease of 44.47%. The Profit after Tax also fell from ₹ 2765.85 Lakh in the previous financial year to ₹ 1638.34 Lakh in the current financial year.

iv) Dividend

To conserve the resources for the business of the Company, your Directors have decided not to declare any dividend for the financial year 2012-13 and to carry forward the profits to the Reserves and Surplus of the Company.

v) Share Capital

The paid-up share capital of the Company is ₹ 5,00,000/- (₹ Five Lakh only) comprising of 50,000 equity shares of ₹ 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

OPERATIONAL HIGHLIGHTS

Your company has been established to provide Consultancy Services in Power Sector including development of UMPPs and ITPs. The operational highlights in chronological order are as follows:

- Site finalised near village Bijoypatna in Chandbali Tehsil of Bhadrak District in the meeting of Steering Committee taken by Chief Secretary, GoO in May 2012 for 1st additional UMPP in Odisha.
- Site finalised at Narla & Kesinga sub-division of Kalahandi in the meeting of Steering Committee taken by Chief Secretary, GoO in May 2012 for 2nd additional UMPP in Odisha.
- ToR issued by MoEF in May 2012 for the assignment on selection of developer through Tariff Based Competitive Bidding for the 2X660 MW TPP in Jharkhand linked to Maurya Coal Block.
- ToR issued by SEAC in June 2012 for the assignment on selection of Joint Venture Partner for setting up of a Captive Power Plant for 3 MTPA Integrated Steel Plant being set up by NMDC at Jagdalpur.
- PFCCL received a new assignment for evaluation of complete bid process undertaken by UPR for carrying out the work of ash water recirculation system at Anpara TPS in July 2012.
- PFCCL was appointed as 'Bid Process Coordinator' by MoP, GoI, to undertake work on Transmission Project viz. Transmission Project for Patran 400 kV S/S in October 2012.
- PFCCL was appointed as 'Bid Process Coordinator' by MoP, GoI, to undertake work on Transmission Project viz. Part ATS of RAPP U-7&8 in Rajasthan in October 2012.
- PFCCL was appointed as 'Bid Process Coordinator' by MoP, GoI, to undertake work on Transmission Project viz. Eastern Region System strengthening Scheme-VII in October 2012.
- PFCCL was appointed as 'Bid Process Coordinator' by MoP, GoI, to undertake work on Transmission Project viz. Eastern Region System strengthening Scheme-VI in October 2012.
- Finalisation of Transfer Scheme notified as in October 2012 for R&R of BSEB.
- SPV namely 'Deoghar Mega Power Ltd.' incorporated in April.2012 for Jharkhand 2nd UMPP and site at Husainabad in Deoghar Distt. identified in June 2012. ToR approved by EAC in its meeting held in November 2012.
- PFCCL received a new assignment for implementation of Reform and Restructuring of Bihar State of Electricity Board in November 2012.
- PFCCL received a new assignment for providing Consultancy services for updation of DPRs and Project Management for Implementation of R-APDRP Part-B in UHBVNL & DHBVNL in December 2012.
- PFCCL received a new assignment for providing Consultancy services to UPPCL for preparation of a Strategy Paper for the turnaround of the Power Sector of U.P in December 2012.
- PFCCL received a new assignment for implementation of Reform and Restructuring of Jharkhand State of Electricity Board in February 2013.
- PFCCL was appointed as 'Bid Process Coordinator' by MoP, GoI, to undertake work on 2 new Independent Transmission Project viz. "Northern Region System Strengthening Scheme – XXXIII" & "ATS for Tanda Expansion TPS (2x660 MW)" in June 2013.
- Gurha Thermal Power Company Limited (GTPCL), the SPV for 70 MW TPP linked to Gurha (West) Mines in Distt. Bikaner, Rajasthan was transferred to the successful bidder in May, 2013 and PPA between GTPCL and Procurers executed in June, 2013.

ULTRA MEGA POWER PROJECTS (UMPPs)

Government of India through Ministry of Power launched the initiative of Ultra Mega Power Projects (UMPPs) i.e. 4,000 MW super thermal power projects (both pit head and imported coal based) in November 2005 with the objective to develop large capacity power projects in India. Power Finance Corporation Ltd (PFC) has been appointed as the Nodal Agency for development of these projects. PFC has authorized PFC Consulting Ltd. to undertake the entire work of UMPPs.

The UMPPs are to be developed under 'Case 2' scenario of "Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees" issued by MoP, GoI. These projects will have the advantage of economies of scale on account of large capacity at single location, reduction in emissions on account of Super Critical Technology and lower tariff on account of the above and tariff based international competitive bidding adopted for selection of developer.

So far 16 UMPPs have been identified to be located in the States of Madhya Pradesh, Gujarat, Andhra Pradesh, Jharkhand, Karnataka, Maharashtra, Orissa, Chhattisgarh, Tamil Nadu and Bihar.

As on date, Thirteen (13) Special Purpose Vehicles (SPVs) have been incorporated for UMPPs to undertake the work of obtaining statutory clearances such as environment and forest clearance, airport authority clearance, coastal regulation zone clearance, defense clearance and necessary linkages such as water, fuel (in case of pit head projects) in the name of the respective SPVs. The SPV would also carry out the bid process for handing over of the SPV to the Successful Bidder selected through Tariff Based International Competitive Bidding Process in accordance with the above Guidelines. Out of these 13 SPVs, four (4) SPVs have been transferred to Successful Bidders. The work of 12 UMPPs is in progress.

Request for Qualification (RfQ) for Chhattisgarh and Orissa UMPPs were issued in March 2010 and June 2010 respectively. Responses for RfQ for Orissa UMPP were received on August 01, 2011. RfP for this project would be issued once SBDs to be followed are approved by Ministry of Power.

UMPPs IN PROGRESS

Sl. No.	UMPP	Type
1.	Orissa Integrated Power Ltd., Sundergarh UMPP, Orissa	Domestic Coal Based
2.	Chhattisgarh Surguja Power Ltd., Chhattisgarh UMPP	Domestic Coal Based
3.	Sakhigopal Integrated Power Ltd., Orissa Additional UMPP 1	Domestic Coal Based
4.	Ghogarpalli Integrated Power Ltd., Orissa Additional UMPP 2	Domestic Coal Based
5.	Deoghar Mega Power Ltd., Jharkhand 2nd UMPP	Domestic Coal Based
6.	Bihar UMPP	Domestic Coal Based
7.	Coastal Tamil Nadu Power Ltd., Cheyyur UMPP, Tamil Nadu	Imported Coal Based
8.	Tatiya Andhra Mega Power Ltd., Andhra Pradesh 2nd UMPP	Imported Coal Based
9.	Coastal Maharashtra Mega Power Ltd., Maharashtra UMPP	Imported Coal Based
10.	Coastal Karnataka Power Ltd., Karnataka UMPP	Imported Coal Based
11.	Gujarat 2nd UMPP	Imported Coal Based
12.	Tamil Nadu 2nd UMPP	Imported Coal Based

INDEPENDENT TRANSMISSION PROJECTS (ITPs)

Ministry of Power has also initiated Tariff Based Competitive Bidding Process for development and strengthening of Transmission System with an objective to promote competitive procurement of transmission services and encourage private investments in transmission lines.

Ministry of Power appoints Bid Process Coordinator (BPC) for each of the transmission project. The BPC undertakes 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 and bidding process for selection of the developer for the project.

The bidding process for the Independent Transmission Project viz. 'Transmission Project Associated with DGEN TPS (1200MW) of Torrent Power Ltd. and Interconnection between Srinagar and Tehri' was re-initiated during the year as the scope of the project was revised deleting the transmission scheme associated with Interconnection between Srinagar and Tehri and the transmission project with the revised scope was re-notified by Ministry of Power. The name of the SPV incorporated for the transmission project was also changed from "DGEN & Uttrakhand Transmission Company Limited" to "DGEN Transmission Company Limited". The scope of the transmission project has again been revised and Ministry of Power is in the process of re-notifying the transmission project with the revised scope.

During the Year 2012-13, Ministry of Power appointed PFC Consulting Limited as Bid Process Coordinator (BPC) for 4 new Independent Transmission Projects to be implemented through Tariff Based Competitive Bidding Process. During the year, PFC Consulting Limited incorporated following 4 SPVs as its wholly owned subsidiaries:

(i) Patran Transmission Company Limited, SPV established for Transmission System for Patran 400 kV S/S.

(ii) RAPP Transmission Company Limited, SPV established for Part ATS of RAPP U-7&8 in Rajasthan.

(iii) Darbhanga - Motihari Transmission Company Limited, SPV established for Eastern Region System Strengthening Scheme – VI.

(iv) Purulia&Kharagpur Transmission Company Limited, SPV established for 'Eastern Region System Strengthening Scheme – VII'.

The bidding processes for the above Independent Transmission Projects are under progress.

In June 2013, Ministry of Power has allocated two more Independent Transmission Projects as detailed below to be implemented through Tariff Based Competitive Bidding Process:

(i) Northern Region System Strengthening Scheme, NRSS - XXXIII

(ii) ATS for Tanda Expansion TPS (2X660 MW)

Incorporation of SPVs for the above two ITPs is in progress.

For the Independent Transmission Project - Transmission System associated with IPPs of Nagapattinam/Cuddalore Area- Package C (Madhugiri-Narendra 765kV D/c line, Kolhapur-Padghe 765kV D/c line (one ckt. via Pune)), the Empowered Committee in its 31st meeting recommended de-notification of the scheme as the elements of the scheme has either been deleted or merged with some other transmission scheme. Ministry of Power is in the process of de-notifying the scheme.

CLIENT BASE

Your company is on its path to become a premier consulting organisation in the Power Sector. On the basis of satisfaction in terms of quality of services rendered, clients reposed confidence by awarding of repeat orders. The Client base includes Public i.e. State/Central owned Power Sector Utilities (SPSUs/ CPSUs) as well as Private entities (IPPs), State Electricity Regulatory Commissions and State Governments. The numbers of States where PFCCL has rendered its services including the profile of clients are as follows:

Clients	No.
States Utilities	21
Licensees/ IPPs	7
Public Sector Undertakings	6
State Governments	4
Regulatory Commissions	3
Central Govt. Departments/Ministries	1
Total	**42**

PFCCL has worked on over 78 assignments for 42 Clients spread across 21 States/ UTs of India namely Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Puducherry, Punjab, Rajasthan, Tripura, Uttar Pradesh and West Bengal.

Presently, PFCCL is associated with projects having aggregate capacity of over 60,000 MW (including UMPPs) and handling significant consultancy assignments under Procurement of Power for Government of Punjab, Rajasthan & Jharkhand through 'Case 2' bidding as per the "Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees", issued by MoP, GoI.

PFCCL has ventured into a related area of tariff based competitive bidding i.e. Selection of Joint Venture Partner for setting up Thermal Power Plants through tariff based competitive bidding for NMDC and MCL.

PFCCL has also been awarded assignments for Reform & Restructuring of the State Electricity Boards (SEBs) in the States of Jharkhand, Kerala, Bihar and Meghalaya.

PFCCL has also signed an MoU with CMPDIL for jointly providing comprehensive consultancy solutions for the power projects involving coal mine related activities to various clients in Power Sector.

SUBSIDIARIES

During the Financial Year 2012-13, following four (04) new companies were incorporated as wholly owned subsidiaries of the Company:

1. Purulia & Kharagpur Transmission Company Limited was incorporated on 15th December, 2012 for the Transmission System for Eastern Region System Strengthening Scheme – VII.
2. Darbhanga-Motihari Transmission Company Limited was incorporated on 18th December, 2012 for the Transmission System for Eastern Region System Strengthening Scheme – VI.
3. Patran Transmission Company Limited was incorporated on 19th December, 2012 for the Transmission System for Patran 400 kv S/S.
4. RAPP Transmission Company Limited was incorporated on 20th December, 2012 for the Transmission System for Part ATS of RAPP U-7&8 in Rajasthan.

The incorporation of two companies as wholly owned subsidiaries of PFC Consulting Limited for development of transmission system for Northern Region System Strengthening Scheme, NRSS – XXXIII and for ATS for Tanda Expansion TPS (2x660 MW) is under process.

Statement pursuant to Section 212 of the Companies Act, 1956 is placed at Annexure – I of this Report.

JOINT VENTURE

PFCCL is moving towards tapping the opportunities available in technical consulting domain by envisaging a Joint Venture with a consulting organisation having international experience of providing consulting solutions in Thermal Generation segment of Power Sector. Global Expression of Interests (EoIs) were invited from consulting organisations having expertise in the area. EoIs have been received and are being scrutinized for finalizing the eventual JV partner.

LAUNCH OF WEBSITE

A dedicated website of PFCCL, www.pfcclindia.com, was launched in July 2012. The website aims to provide a much needed platform for external interface and to reach out to present & prospective Clients through internet. This website would provide information on the operations of PFCCL as well as display all the notifications related to ITPs (for which PFCCL has been nominated as BPC) and other tenders etc.

OFFICIAL LANGUAGE

The use of Hindi in Company's official work was emphasized.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposit during the year ending 31st March, 2013 as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

HUMAN RESOURCES DEVELOPMENT

The management lays increasing emphasis on Human Resources Development. The employees being the main asset of the Company were continuously trained to keep pace with the fast changing environment by continuously assessing their training needs.

AUDITOR'S REPORT

M/s. Jain Chopra & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988.

The particulars as required under the provisions of section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption has been furnished in Annexure II.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC. However, presently all payments related to the employees working for the Company are being made directly by the Company.

No employee in the Company has received remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011. Accordingly, no statement containing details of employees is required to be attached.

DIRECTORS

Presently the Board of Directors of the Company comprises of the following:

1	Shri Satnam Singh	Chairman / Chairman & Managing Director, PFC
2	Shri M. K. Goel	Director / Director (Commercial), PFC
3	Shri R. Nagarajan	Director / Director (Finance), PFC

In accordance with provisions of Companies Act, 1956, Shri M. K. Goel, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 30th June, 2013 mentioned that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment or supplement to Statutory Auditor's Report Under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure -III.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 2012-13 and of the profits of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors put on record their gratitude to the Central Government, various State Governments and their respective agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of India, the Statutory Auditors, Bankers, Power Finance Corporation Limited and the employees for their unstinted co-operation.

For and on behalf of the Board of Directors

Satnam Singh

(Satnam Singh)
Chairman

Place: New Delhi
Date: 20th August, 2013

Annexure-I

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to companies interest in the Subsidiary companies

Sl. No.	Name of the Subsidiary Company	DGEN Transmission Company Limited	Purulia & Kharagpur Transmission Company Limited	Darbhanga-Motihari Transmission Company Limited	Patran Transmission Company Limited	RAPP Transmission Company Limited
1.	The Financial Year of the Subsidiary Company ended on	31st March, 2013	The first financial year of the Companies will end on 31st December, 2013			
2.	Date from which it became Subsidiary Companies.	15th November, 2011	15th December, 2012	18th December, 2012	19th December, 2012	20th December,2012
3.	a) Number of shares held by PFC Consulting Ltd. along with its nominees in the Subsidiary at the end of the financial year of the Subsidiary Companies.	50000 Equity shares of Rs. 10 each'	50000 Equity shares of Rs. 10 each'	50000 Equity shares of Rs. 10 each'	50000 Equity shares of Rs. 10 each'	50000 Equity shares of Rs. 10 each"
	b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies.	100%	100%	100%	100%	100%
4.	The net aggregate amount of the Subsidiary Company's Profit / (Loss) so far as it concerns the members of the Holding Company.	NA	NA	NA	NA	N.A
	a) Dealt within the Holding Company's Accounts:					
	i) For the Financial year ended 31st March 2013.					
	ii) For the previous financial year(s) of the Subsidiary Companies since it became the Holding Company's Subsidiary.					
	b) Not dealt within the Holding Company's Accounts:					
	i) For the Financial year ended 31st March 2013					
	ii) For the previous financial year(s) of the Subsidiary Companies since it became the Holding Company's Subsidiary.					

ANNEXURE II

Disclosure of particulars u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as under:

A. CONSERVATION OF ENERGY:

(a) energy conservation measures taken;	The Company will take necessary measures as may be required from time to time for conservation of energy.
(b) additional investments and proposals, if any, being implemented for reduction of consumption of energy;	No specific investment has been made in this regard.
(c) impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	Not Applicable
(d) total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the rules in respect of industries specified in the Schedule thereto.	Not Applicable

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B of the Annexure to the Rules

FORM B: Form for disclosure of particulars with respect to absorption

Research and development (R & D)

1. Specific areas in which R & D carried out by the company.	During the year the Company has not carried any specific R&D
2. Benefits derived as a result of the above R&D	Not Applicable
3. Future plan of action	Not Applicable
4. Expenditure on R & D : (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover	 NIL NIL NIL Not Applicable

Technology, absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	No specific efforts have been taken in this regard.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : (a)Technology imported. (b)Year of import. (c)Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: Nil.

ANNEXURE III

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PFC CONSULTING LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of PFC Consulting Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of PFC Consulting Limited, New Delhi, for the year ended 31 March 2013. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 30 June 2013

INDEPENDENT AUDITOR'S REPORT

To

The Members of

PFC Consulting Limited

Report on the Financial Statements

We have audited the accompanying financial statements of PFC Consulting Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

1. The Company has not made provision in respect of Sundry Debtors older than three years in view of the accounting policy introduced on "Provisioning of dues from Govt. Departments/Agencies" considering them to be good and realisable.

2. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order:

2. As required by section 227(3) of the Act,

We report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

(e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829(E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

(f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Ashok Chopra
Partner
M.No. 017199
Jain Chopra & Company
Chartered Accountants
FRN 002198N

Place: New Delhi
Date: 29.05.2013

ANNEXURE TO AUDITORS' REPORT OF PFC CONSULTING LIMITED

The Annexure referred to in our report to the members of PFC Consulting Limited ('the Company') for the year ended 31 March 2013. We report that:

1. a) The company has maintained proper records showing full particulars, including details and situation of fixed assets on the basis of information available.

b) According to the information and explanations given to us, the fixed assets are physically verified by the management on annual basis. In our opinion, the frequency of verification of the fixed assets is reasonable, having regard to the size of the company and nature of the assets.

c) As per information no material discrepancies were noticed on such verification as compared to book records.

d) There was no disposal of any fixed assets during the period.

2. The Company is in the business of Consultancy Services and does not have inventories; hence clause (ii) of paragraph 4 of the Order is not applicable to the Company.

3. The company has neither taken nor granted any loans or advances in the nature of loan to parties covered in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regards to purchase of fixed assets and for the sale of services. However in case of assets bought by the employees and amounts reimbursed to them the internal controls otherwise prescribed for purchase of assets by the company are not followed in such cases for which the company has prescribed a separate procedure There are no purchases of inventory and sale of goods. On the basis of our examination of the books and records of the company, carried out in accordance with the accounting standards generally accepted, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the period that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

6. Based on our scrutiny of the company's records and according to the information and explanations given to us, in our opinion, the Company has not accepted deposit from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

7. In our opinion and according to the information and explanation given to us, the company has an internal audit system, which is commensurate with the size and nature of business of the company.

8. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, for any of the activities of the company.

9. a) The company is generally regular in depositing undisputed statutory dues with appropriate authorities including Income Tax, Vat, Wealth-Tax, Service Tax, Custom Duty, Excise-Duty/ Education Cess and other statutory dues applicable to it.

b). According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which are outstanding as at September 30, 2012 for a period of more than six months from the date they became payable.

10. The Company is a profit making company hence clause (x) of paragraph 4 of the Order is not applicable to the Company.

11. According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company.

12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The company is not a Chit Fund or a Nidhi/Mutual benefit fund/ Society, hence, clause (xiii) of paragraph 4 of the order is not applicable to the company.

14. The company is not dealing in or trading in shares, securities, debentures and other investments, hence, clause (xiv) of paragraph 4 of the order is not applicable to the company.

15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.

16. Since the company has not taken loan from any, financial institution or bank or debenture holder, hence clause (xvi) of paragraph 4 of the Order is not applicable to the company.

17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that the company has not raised any short term or long term funds during the period.

18. According to the information and explanations given to us, no preferential allotment of shares have been made by the company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

19. The company has not issued any debentures hence clause (xix) of paragraph 4 of the Order is not applicable to the company.

20. The Company has not raised any capital during the period hence clause (xx) of paragraph 4 of the Order is not applicable to the company.

21. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the company has been noticed or reported during the period under audit.

Ashok Chopra
Partner
M.No. 017199
Jain Chopra & Company
Chartered Accountants
FRN 002198N

Place: New Delhi
Date: 29.05.2013

PFC CONSULTING LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I.	**EQUITY AND LIABILITIES**			
	(1) Shareholders' Funds			
	(a) Share Capital	3	**500,000**	500,000
	(b) Reserves & Surplus	4	**1,023,725,671**	859,891,233
			1,024,225,671	860,391,233
	(2) Current Liabilities			
	(a) Trade Payables	5	**9,011,285**	11,040,344
	(b) Other Current Liabilities	6	**44,972,255**	50,345,839
	(c) Short- Term Provisions	7	**2,803,753**	23,763,778
			56,787,293	85,149,961
	Total		**1,081,012,964**	945,541,194
II.	**ASSETS**			
	(1) Non-current Assets			
	(a) Fixed Assets			
	Tangible assets	8	**4,966,932**	4,895,244
	(b) Non-Current Investments	9	**2,500,000**	500,000
	(c) Deferred Tax Assets (Net)	10	**5,477,066**	(447,153)
	(d) Long term loans and advances	11	**4,502,543**	3,535,908
			17,446,541	8,483,999
	(2) CURRENT ASSETS			
	(a) Trade Receivables	12	**73,584,661**	70,278,955
	(b) Cash and Bank Balances	13	**912,045,169**	782,570,808
	(c) Short-term loans and advances	11	**42,937,723**	26,352,726
	(d) Other Current Assets	14	**34,998,870**	57,854,706
			1,063,566,423	937,057,195
	Total		**1,081,012,964**	945,541,194

Corporate Information 1

Significant accounting policies 2

Other Notes to Financial Statements **21 to 43**

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors

(N.D. TYAGI) **CEO**	**(R. NAGARAJAN)** **Director**	**(SATNAM SINGH)** **Chairman**

RACHNA GUPTA SINGH
Company Secretary

AS PER OUR REPORT OF EVEN DATE
For Jain Chopra & Company
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-002198N)

ASHOK CHOPRA
(Partner)
M No. : 017199

Place : New Delhi
Date : 29.05.2013

PFC CONSULTING LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year Ended March 31, 2013	Year Ended March 31, 2012
I.	Revenue from Operations	15	**272,059,699**	490,624,697
II.	Other Income	16	**92,825,311**	69,752,794
III.	**Total Revenue (I+II)**		**364,885,010**	560,377,491
IV.	**Expenses**			
	Expenses for Consultancy	17	**19,938,389**	17,980,771
	Employee benefits expense	18	**79,010,592**	86,785,210
	Depreciation and Amortization expenses	8	**2,060,321**	822,080
	Other Expenses	19	**31,745,931**	34,133,226
	Prior Period Items (Net)	20	**(1,727,236)**	(454,238)
	Total Expenses		**131,027,997**	139,267,049
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**233,857,013**	421,110,442
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**233,857,013**	421,110,442
VIII.	Extraordinary itmes		-	-
IX.	**Profit Before Tax (VII-VIII)**		**233,857,013**	421,110,442
X.	**Tax Expense**			
	(1) Current Tax			
	for current year		**79,567,837**	144,044,831
	for earlier year		**(3,621,043)**	73,171
			75,946,794	144,118,002
	(2) Deferred Tax Assets		**(5,924,219)**	407,294
XI.	**Profit for the year from continuing operations (IX-X)**		**163,834,438**	276,585,146
XII.	**Profit from discontinuing operations**		**-**	-
XIII.	**Tax Expense of discontinuing operations**		**-**	-
XIV.	**Profit from discontinuing operations (after Tax) (XII-XIII)**		-	-
XV.	**Profit for the year (XI +XIV)**		**163,834,438**	276,585,146
XVI.	**Earnings per equity share:**			
	(1) Basic	39	**3,277**	5,532
	(2) Diluted	39	**3,277**	5,532

Corporate Information 1

Significant accounting policies 2

Other Notes to Financial Statements **21 to 43**

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors

(N.D. TYAGI) **CEO**	**(R. NAGARAJAN)** **Director**	**(SATNAM SINGH)** **Chairman**

RACHNA GUPTA SINGH
Company Secretary

AS PER OUR REPORT OF EVEN DATE
For Jain Chopra & Company
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-002198N)

ASHOK CHOPRA
(Partner)
M No. : 017199

Place : New Delhi
Date : 29.05.2013

PFC CONSULTING LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
A. Cash Flow from Operating Activities:		
Profit before tax	**233,857,013**	421,110,442
Adjustments for		
Add: Depreciation	**2,060,321**	822,080
Less: Provision Written Back	**(193,923)**	-
Less: Interest Income	**(92,614,882)**	(67,741,894)
Operating profit before working capital changes	**143,108,529**	354,190,628
Adjustment For Working Capital changes :		
(Increase)/Decrease in Trade Receivables	**(3,305,706)**	(59,738,722)
(Increase)/Decrease in Other Current Assets	**(108,707,190)**	(219,900,480)
(Increase)/Decrease in Loans & Advances	**(17,807,011)**	(14,410,357)
Increase/(Decrease) in Current Liabilities & Provisions	**(7,208,720)**	(34,413,288)
Cash Inflow/Outflow from operations before Tax	**6,079,902**	25,727,781
Less: Taxes Paid	**(96,651,440)**	(121,802,216)
Net Cash Flow from Operating Activities **(A)**	**(90,571,538)**	(96,074,435)
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	**(2,132,009)**	(4,943,862)
Interest Income	**92,614,882**	67,741,894
Investments in Shares of subsidiaries companies	**(2,000,000)**	(1,000,000)
Sale of Investments in Shares of subsidiaries companies	-	500,000.00
Net Cash Flow from Investing Activities **(B)**	**88,482,873**	62,298,032
C.Cash Flow from Financing Activities:		
Net Cash Flow from Financing Activities **(C)**	**-**	-
Net Increase/Decrease in Cash and Cash Equivalents (A+B+C)	**(2,088,665)**	(33,776,403)
Add: Cash and Cash Equivalents as on the beginning of the period*	**8,431,214**	42,207,617
Cash and Cash Equivalents as on the end of the period	**6,342,549**	8,431,214
*** Details of Cash & Cash Equivalents:**		
Balance with Banks	**190,349**	368,671
FD with maturity upto 3 months	**-**	8,062,543
Cheques in Hand	**6,152,200**	-
	6,342,549	8,431,214

Note to Cash Flow Statement:

The changes in fixed deposit accounts with maturity more than three months shown under note of Cash & Bank Balances amounting to ₹ 90,57,02,620 (P. Y. ₹ 77,41,39,594) have been considered as part of change in other current assets.

For and on behalf of Board of Directors

(N.D. TYAGI) **CEO**	**(R. NAGARAJAN)** **Director**	**(SATNAM SINGH)** **Chairman**

RACHNA GUPTA SINGH
Company Secretary

AS PER OUR REPORT OF EVEN DATE
For Jain Chopra & Company
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-002198N)

ASHOK CHOPRA
(Partner)
M No. : 017199

Place : New Delhi
Date : 29.05.2013

PFC CONSULTING LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

Notes on Financial Statements for the Year ended March 31, 2013

1 Corporate Information

"PFC Consulting Limited" (PFCCL) was incorporated under Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC) on March 25, 2008 for rendering Consultancy Services to Power Sector including development of Independent Transmission Projects (ITPs). The Certificate for Commencement of Business was obtained by the Company on April 25, 2008.

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements have been prepared in accordance with historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (GAAP) and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Fixed Assets

Fixed Assets are shown at historical cost less accumulated depreciation, except for the assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value. The historical cost includes all cost attributable for bringing the assets to its working condition for its intended use.

Expenditure on existing assets resulting in increase in previously assessed useful life/standard of performance is added in relevant assets.

Intangible Assets are recorded at their cost of acquisition.

d. Borrowing Cost

Borrowing Costs that are attributable to the acquisition, construction of fixed assets which take substantial time to get ready for its intended use are capitalized as part of the cost of such assets to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.

e. Depreciation / Amortisation

Depreciation on assets is provided on pro rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

Intangible Assets such as software are amortized by straight-line method over useful life of the assets estimated by the company. However software individually costing less than ₹ 1,00,000/ is fully amortized in the year of acquisition.

f. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long Term Investments.

Current Investments are valued at lower of cost and fair market value determined on an individual investment basis.

Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

g. Expenditure Incured by Holding Company

Expenditures incurred by the Holding Company on behalf of the company is recognized on accrual basis.

h. Cash Flow Statement

Cash flows is prepared in accordance with indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

i. Revenue Recognition

Income is accounted for on accrual basis, unless otherwise stated.

(i) Income from consultancy service is accounted for on the basis of assessment by the management of actual progress of work executed proportionately with respect to the total scope of work in line with the terms of respective consultancy contracts.

(ii) Fees for advisory and professional services for developing ultra mega power projects (Special Purpose Vehicle of Power Finance Corporation Limited)/Independent Transmission Projects becomes due only on transfer of project to the successful bidder and is accordingly accounted for at the time of such transfer.

(iii) Cost of employees working for developing ultra mega power projects and Independent Transmission Projects are charged on cost to Company basis/rate, as determined by the company in proportion to the man days (as assessed by the management) spent on the respective projects.

(iv) Consultancy fees calculated as above is net of Service Tax as payable under Finance Act 1994.

(v) Interest is accounted for on accrual basis.

(vi) Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sale price and the carrying value of the investment. Dividends are recorded when the right to receive income is established.

(vii) Interest on amount recoverable from subsidiaries is accounted for at the holding company's (PFC) rate of interest applicable for project loan/scheme (Transmission) to state sector borrower (category A) as applicable from time to time.

(viii) The sale proceeds from Request for qualification (RFQ) document/ Request for proposal (RFP) document for Independent Transmission Projects (ITPs) and Ultra Mega Power Project (UMPPs) are accounted for on receipt of the same.

j. Provisioning of dues from Govt. Departments/Agencies

Amounts under constant persuasion for realization and due from Central/State Govt. department/s, Public Sector Undertakings and Central Co-operative are provided as doubtful on final settlement made with client or verdict is passed by arbitration/court, in case of dispute and on the basis of management's previous experience with the particular client/case. Such amounts are written off when considered unrealizable.

k. Taxes on Income

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard-22 notified under the Companies act 1956.

l. Employee Benefits

The liabilities towards employee benefits in respect of gratuity, leave encashment, post retirement medical benefits, transfer travelling allowance on retirement/death, long term service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e. PFC Limited on acturial valuation at the year-end. The company contributes to the various funds as maintained and managed by the Holding Company and as apportioned by them.

m. Prepaid and Prior Period Expenses

Pre-paid expenses and prior period expenses/income of items of ₹ 5,000/- and below are charged to natural heads of accounts.

n. Provisions & Contigencies

(i) A provision is recongnised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions as determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(ii) Contingent liabilities are disclosed at present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts based on information available at Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current management estimate.

o. Independent Trasnmission Projects

Expenditures on the particular Independent Power Project is debited to the account "Amount recoverable from concerned Special Purpose Vehicles (SPVs) and shown under Loans & Advances".

3. SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised :		
Equity shares of ₹10/- each 50,000 (Previous Year 50,000) Equity shares	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
Equity shares of ₹10/- each 50,000 (Previous Year 50,000) Equity shares	**5,00,000**	5,00,000
	5,00,000	5,00,000

a. Reconciliation of the shares outstanding and the amount of share capital as at March 31, 2013 and March 31, 2012

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount (₹)	**No. of Shares**	Amount (₹)
At the beginning of the period	50,000	**5,00,000**	50,000	5,00,000
Issued During the period	-	-	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	**50,000**	5,00,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

Power Finance Corporation Limited, the Holding Company *	As at March 31, 2013	As at March 31, 2012
50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid	**5,00,000**	5,00,000

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Surplus in the statement of Profit and Loss	**8,59,891,233**	583,306,087
Addition during the period	**163,834,438**	276,585,146
TOTAL	**1,023,725,671**	859,891,233

5. TRADE PAYABLES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Trade Payables		
- Total Outstanding dues of Micro Enterprises & Small Enterprises	-	2,882,501
- Total Outstanding dues of creditors other than Micro Enterprises & Small Enterprises	**9,011,285**	8,157,843
TOTAL	**9,011,285**	11,040,344

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Earnest Money/ Security Deposit	**653,750**	1,504,625
Amount Payable to Successful Developer	**6,965,004**	9,178,526
Advance from Clients	**5,500,000**	14,226,179
TDS Payable	**3,070,684**	3,086,036
Service Tax on Consultancy (Accrued)	**877,564**	2,422,564
Expenses Payable	**2,493,685**	1,760,981
Payable to employees (PRP & Others)	**25,411,568**	18,166,928
TOTAL	**44,972,255**	50,345,839

7. SHORT TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Taxation - Income Tax	**2,803,753**	23,763,778
TOTAL	**2,803,753**	23,763,778

8. FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance as at April 1, 2012	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at March 31, 2013	Opening Balance as at April 1, 2012	For the Year	Withdrawn/ Written back	Closing Balance as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
I. TANGIBLE ASSETS :										
Owned Assets										
Furniture & Fixtures	424,107	212,240	-	636,347	176,675	64,725	-	241,400	394,947	247,432
EDP Equipments	5,342,038	859,129	-	6,201,167	983,042	1,890,657	-	2,873,699	3,327,468	4,358,996
Other Office Equipments	379,054	1,060,640	-	1,439,694	90,238	104,939	-	195,177	1,244,517	288,816
Total	**6,145,199**	**2,132,009**	**-**	**8,277,208**	**1,249,955**	**2,060,321**	**-**	**3,310,276**	**4,966,932**	**4,895,244**
Previous Year	1,245,457	4,899,742		6,145,199	471,995	777,960		1,249,955	4,895,244	
II. Intangible Assets :										
Computer Software	44,120	-	-	44,120	44,120	-	-	44,120	-	-
Total	**44,120**	**-**	**-**	**44,120**	**44,120**	**-**	**-**	**44,120**	**-**	**-**
Previous Year	-	44,120	-	44,120	-	44,120	-	44,120	-	-

9. NON- CURRENT INVESTMENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Trade Investments (valued at cost)		
Unquoted Equity Instruments		
Investment in Subsidiaries		
50,000 (March 31, 2012: 50,000) Equity shares of ₹ 10 each fully paid up in DGEN & Uttrakhand Transmission Co. Ltd.	**500,000**	500,000
50,000 (March 31, 2012: NIL) Equity shares of ₹ 10 each fully paid up in Patran Transmission Co. Ltd.	**500,000**	-
50,000 (March 31, 2012: NIL) Equity shares of ₹ 10 each fully paid up in Purulia Kharagpur Transmission Co. Ltd.	**500,000**	-
50,000 (March 31, 2012: NIL) Equity shares of ₹ 10 each fully paid up in Darbhanga Motihari Transmission Co. Ltd.	**500,000**	-
50,000 (March 31, 2012: NIL) Equity shares of ₹ 10 each fully paid up in RAPP Transmission Co. Ltd.	**500,000**	-
TOTAL	**2,500,000**	500,000

Note: The Company has incorporated controlled Special Purpose Vehicle in respect of Integrated Transmission Project for which the Company is appointed as bid process co-ordinator by Ministry of Power, Government of India. Details given below:

Name of the Company	Date of Incorporation
DGEN Transmission Company Limited	November 15, 2011
Patran Transmission Company Limited	December 19, 2012
Purulia Kharagpur Transmission Company Limited	December 15, 2012
Darbhanga Motihari Transmission Company Limited	December 18, 2012
RAPP Transmission Company Limited	December 20, 2012

10. DEFERRED TAX ASSETS (NET)

Particulars	As at March 31, 2013	As at March 31, 2012
Gross deferred tax liability	**534,606**	448,575
Gross deferred tax asset	**6,011,672**	1,422
Net deferred tax Assets	**(5,477,066)**	447,153

11. LOANS AND ADVANCES

(Amount in ₹)

Particulars	Long- Term		Short- Term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Security Deposit				
Secured, considered good	-	-	-	-
Unsecured , considered good	**426,300**	79,800	**134,600**	470,100
Doubtful	-	-	-	-
	426,300	79,800	**134,600**	470,100
Loans and advances to related parties				
Secured , considered good	-	-	-	-
Unsecured , considered good*	-	-	**24,286,873**	8,784,258
Doubtful	-	-	-	-
	-	-	**24,286,873**	8,784,258
*				
DGEN Transmission Company Limited			**11,474,630**	3,146,601
Patran Transmission Company Limited			**2,403,911**	-
RAPP Transmission Company Limited			**2,119,258**	-
Purulia Kharagpur Transmission Company Limited			**4,788,493**	-
Darbhanga Motihari Transmission Company Limited			**492**	-
Power Finance Corporation Limited			**3,500,089**	5,637,657
			24,286,873	8,784,258
Advances recoverable in cash or kind				
Secured, considered good**	-	-	**2,774,700**	3,194,700
Unsecured, considered good	-	-	**103,886**	103,886
Doubtful	-	-	-	-
	-	-	**2,878,586**	3,298,586
** Secured against Bank Guarantee				
Other loans and advances				
Advance Tax, TDS and FBT	-	-	**8,902,597**	9,157,976
Cenvat Credit & Advance Service Tax	-	-	**1,322,044**	374,863
Prepaid expenses	-	-	**51,716**	50,951
Recoverable from Others	-	-	**1,768,130**	1,321,067
Advances to Employees				
Secured, considered good	-	-	-	-
Unsecured, considered good	**4,076,243**	3,456,108	**3,593,177**	2,894,925
Doubtful	-	-	-	-
	4,076,243	3,456,108	**15,637,664**	13,799,782
Total	**4,502,543**	3,535,908	**42,937,723**	26,352,726

12. TRADE RECEIVABLES*

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Debts Outstanding for a period exceeding six months from the date they are due for payment		
Secured Considered Good	-	-
Unsecured Considered Good	**21,556,775**	8,782,600
Doubtful	-	-
Other Debts		
Secured Considered Good	-	-
Unsecured Considered Good	**52,027,886**	61,496,355
Doubtful	-	-
TOTAL	**73,584,661**	70,278,955

* Trade Receivables include amount due from Holding Company- ₹ 3,19,42,192/- (Previous year- ₹ 25,291,941/-). Further, ₹ 1,60,83,152/- (Previous Year ₹ 40,33,014/-) agaisnt Manpower Charges for Subsidiary companies, which will become due for payment on identification of successful bidder & on trasfer of the subsidiary to successful bidder is considered as Other debt.

13. CASH AND BANK BALANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Cash and Cash Equivalents		
(a) Balance in current accounts with:		
Scheduled Banks	**190,349**	368,671
(b) Deposits Accounts with Banks with original maturity up to 3 months	**-**	8,062,543
(c) Cheques in Hand	**6,152,200**	-
	6,342,549	8,431,214
Other Bank Balances		
Deposits Accounts with Banks with original maturity more than 3 months *	**905,702,620**	774,139,594
	905,702,620	774,139,594
TOTAL	**912,045,169**	782,570,808
* Deposit Accounts with more than 12 months maturity included above	**228,529,000**	132,639,594

14. OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Interest Accrued but not due on Term Deposits with banks	**29,814,097**	57,504,749
Interest Accrued but not due from Subsidiaries	**1,935,306**	135,407
Amount Receivable from clients (Net)	**3,249,467**	214,550
TOTAL	**34,998,870**	57,854,706

15. REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
From Consultancy Services	**268,559,699**	472,024,697
Other Operating Income	**3,500,000**	18,600,000
TOTAL	**272,059,699**	490,624,697

16. OTHER INCOME

(Amount in ₹)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Interest from Banks	**90,614,996**	66,129,620
Interest from Subsidiary Companies	**1,999,886**	1,612,274
Processing Fee	**-**	2,010,000
Miscellaneous Income	**16,506**	900
Excess provision written Back	**193,923**	-
TOTAL	**92,825,311**	69,752,794

17. EXPENSES FOR CONSULTANCY SERVICES

(Amount in ₹)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Sub Consultancy Charges	**18,423,787**	14,260,071
Advertisement Expenses	**1,018,420**	1,683,331
Conference & Meeting Expenses	**496,182**	2,037,369
Total	**19,938,389**	17,980,771

18. EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Salaries and Allowances	**49,408,819**	48,793,223
Performance Related Pay & Other	**18,528,810**	18,166,928
Contribution to Provident and other funds		
Contribution to Provident Fund	**3,073,843**	3,064,060
Contribution to Super Annuation Fund	**2,617,622**	10,055,370
Contribution to Gratuity Fund	**1,001,018**	1,380,159
Post Retirement Medical Benefits	**298,885**	1,244,529
Staff Welfare	**4,081,595**	4,080,941
Total	**79,010,592**	86,785,210

19. OTHER EXPENSES

(Amount in ₹)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Office Rent (Including Ground Rent)	**3,528,865**	3,071,135
Administrative Expenses	**152,122**	487,858
Advertisement Expenses	**2,380,013**	846,898
Electricity & Water charges	**1,617,038**	1,402,428
Site Office Expense	**86,149**	156,201
Repairs & Maintenance	**210,253**	638,642
Travelling & Conveyance	**9,191,462**	7,269,832
Postage, Telegraph	**220,459**	115,632
Books & Periodicals	**4,991**	19,064
Entertainment Expenses	**524,544**	497,479
Festival Celebration Expenses	**465,261**	419,466
Rates & Taxes (including House Tax)	**968,747**	994,869
Interest on Service Tax	**1,726**	3,985,151
Interest paid on TDS & Income tax	**428**	11,331
Insurance	**64,251**	69,083
Bank Charges	**3,170**	6,315
Meeting Expenses	**330,564**	224,815
Office Maintenance Expenses	**821,042**	922,968
Depreciation (Allocated by Holding Company)	**4,647,095**	4,769,167
Printing & Stationary	**372,080**	1,113,037
Legal & Professional Expenses	**381,448**	507,434
Security Expenses	**133,617**	1,202,638
Telephone Expenses	**1,185,986**	1,024,173
Vehicle Hiring and Running Expenses	**593,072**	974,522
Payment to Auditors		
As Auditor	**300,000**	225,000
Tax Audit Fee	**45,000**	45,000
Others	**150,000**	15,000
Training Expenses	**1,269,091**	789,341
Fees & Subscription	**-**	38,450
Outsourcing Expenses	**2,019,754**	2,290,297
Miscellaneous Expenses	**77,703**	-
TOTAL	**31,745,931**	34,133,226

20. PRIOR PERIOD ITEMS

(Amount in ₹)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
A- Income	**1,974,274**	465,488
B- Expenditure	**247,038**	11,250
TOTAL	**1,727,236**	454,238

21 All the employees of the Company are from the Holding Company i.e. Power Finance Corporation Limited. The liabilities towards Gratuity, Leave Encashment, transfer travelling allowance on retirement/death, Post Retirement Medical Benefits and Company Contribution to Super Annuation Fund etc. have been provided in the books as per the amount allocated by the holding company on the basis of Acturial Valuation/ calculations carried out by them.

22 The following common expenses have been provided in the books of account as payable to Power Finance Corporation Limited, the Holding Company :-

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
	₹	₹
Depreciation	**4,647,095**	4,769,167
Electricity & Water Charges	**1,595,683**	1,394,594
Staff Welfare	**276,305**	1,215,995
House Tax & Ground Rent	**1,827,415**	1,853,537
Insurance (Other than vehicles)	**27,029**	46,988
Postage & Telegram	**148,269**	105,793
PF audit Fee	**8,730**	9,016
Sundry Expenses	**423,438**	294,896
Telephone Expenses	**153,504**	88,364
Total	**9,107,468**	9,778,350

23 Amount for which the company is contingently liable - ₹ NIL (Previous Year- ₹ NIL).

24 Capital Commitments- ₹ NIL (Previous period- ₹ NIL).

25 The wording of Accounting Policy No. 2i(iii) has been modified from cost to company basis to cost to company basis/rate as determined by the company in proportion to the mandays so as to make it self-explanatory.

26 The Company is operating in a single segment i.e. providing consultancy services and is operating within India therefore no further disclosures are required as per Accounting Standard-17 on Segment Reporting.

27 Wherever any expenditure is shared with the Holding Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances as applicable are complied by the Holding Company.

28 In view of the nature of assets held by the company and the rate of depreciation charged thereon, in the opinion of the management no further provision for impairment of assets is necessary.

29 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Based on the available information with the company)	Year Ended March 31, 2013	Year Ended March 31, 2012
	₹	₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period		
- Principal amount due to micro and small enterprises	-	2,882,501
- Interest due on above	**-**	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the period	**-**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	**-**	-
The amount of interest accrued and remaining unpaid at the end of the period	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	**-**	-

30 Auditors Remuneration:

Particulars	**Year Ended March 31, 2013**			Year Ended March 31, 2012		
	Fees	**Service Tax**	**Total**	Fees	Service Tax	Total
Audit Fee	**300,000**	**37,080**	**337,080**	225,000	27,810	252,810
Tax Audit Fee	**45,000**	**5,562**	**50,562**	45,000	5,562	50,562
Others*	**150,000**	**18,540**	**168,540**	15,000	1,854	16,854

* Others for the year ended March 31, 2013 includes ₹ 20,000/- towards out of pocket expenses paid for the year ended March 31, 2012

31 The Company has adopted operating cycle of 12 months. The classification of current & Non-Current is based on above operating cycle.

32 Trade Receivable includes an amount of ₹ 83,77,600/- (Previous year- ₹ 61,35,400/-) which is due for over three years. Based on Correspondence with clients in this regard in the opinion of the management the above said debtors are good for recovery hence no provision has been made for bad and doubtful debts.

33 Expenditure incurred on advertisement of ₹ 23,80,013/- for searching of Joint Venture Partner is charged to Statement of Profit and Loss. Process of Selection of Joint Venture Partner is under progress.

34 The balances of debtors/creditors are as per the books of accounts of the company. The company has sent letters to various parties included under these heads for confirmation of their balances as per the books of accounts of the company for which confirmations from some of respective parties is awaited.

35 As per Accounting Standard 21 para 11 a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is incorporated and held exclusively with a view to its subsequent disposal in the near future. Therefore the financial statements of the subsidiaries are not consolidated with the financial statements of the Company.

36 Incorporation of Subsidiary Company

The Company has incorporated its four wholly owned subsidiaries namely:

- Patran Transmission Company Limited (PTCL) on December 19, 2012
- Purulia & Kharagpur Transmission Company Limited (PKTCL) on December 15, 2012
- RAPP Transmission Company Limited (RAAPTCL) on December 20, 2012
- Darbhanga Motihari Transmission Company Limited (DMTCL) on December 18, 2012

All the subsidiaries companies were incorporated with an authorized share capital of ₹ 5 lac to act as SPVs for developing of ITPs and transferring the same to successful bidders through the international bidding process. PFCCL has invested ₹ 5 lac in equity shares of all the SPVs. The first accounting year of all the four SPVs will be from December 2012 to December 2013, hence accounts has not been prepared for the period ended December 2012 to March 2013.

37 The value of invoices raised pursuant to execution of contract agreement/ issue of letter of award in respect whereof no income have been recognised and no amount received have been setoff from assets and liabilities amounting to ₹ 4,39,71,885/- (P.Y ₹ 42,085,225/-) respectively.

38 The disclosure as per Accounting Standard 18 Related Party Disclosure: -

The PFC Consulting Ltd is a wholly owned subsidiary of Power Finance Corporation Ltd. In light of the nature of business of consultancy and to facilitate day to day operations in order to further growth of the company, full powers (other than those excercisable in Board) have been delegated to the Chief Executive Officer (CEO) of the company by the Board of Directors.

(a) Name and nature of the relationship of the related parties: -

S. No.	Nature of Relationship	Name of the Related Party
1	Holding Company	Power Finance Corporation Limited
2	Subsidiaries	DGEN Transmission Company Limited
		Patran Transmission Company Limited
		Purulia Kharagpur Transmission Company Limited
		Darbhanga Motihari Transmission Company Limited
		RAPP Transmission Company Limited
3	Fellow Subsidiaries i.e. Subsidiary of Holding Company	Chhatisgarh Surguja Power Limited (Formerly Akaltara power Limited)
		Coastal Karnataka Power Limited
		Coastal Maharastra Mega Power Limited
		Orissa Integrated Power Limited
		Coastal Tamil Nadu Power Limited
		Sakhigopal Integrated Power Company Limited
		Ghogarpalli Integrated Power Company Limited
		Tatiya Andhra Mega Power Limited
		PFC Green Energy Limited
		PFC Capital Advisory Services Limited
		Power Equity Capital Advisors Private Limited
		Deoghar Mega Power Limited
4	Key Managerial Personnel:	
	The Key Managerial personnel of the Company are employees of the Holding Company (PFC) deployed on part time basis except C.E.O. who is on full time basis. No sitting fees has been paid to the directors. The details of such key Management Personnel are as follows:	

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri Satnam Singh*	Chairman	01.08.2008	Continuing
2	Shri M. K. Goel	Director	25.03.2008	Continuing
3	Shri R.Nagarajan	Director	21.10.2008	Continuing
4	Shri N.D. Tyagi	CEO	25.03.2008	Continuing

* Director for the period from March 25, 2008 to July 31, 2008

(b) Details of related parties transactions: -

S. No.	Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
1	**Consulting Income**					
	Year Ended March 31,2013	143,077,078	11,915,996	-	-	154,993,074
	Year Ended March 31,2012	120,792,237	174,915,460	-	-	295,707,697
2	**Other Operating Income (Sale of RfQ/ RfP)**					
	Year Ended March 31,2013	-	3,500,000	-	-	3,500,000
	Year Ended March 31,2012	-	17,200,000	1,400,000	-	18,600,000

3	**Remuneration Paid**					
	CEO					
	Year Ended March 31,2013	-	-	-	4,440,918	4,440,918
	Year Ended March 31,2012	-	-	-	3,925,643	3,925,643
4	**Payment of Expenses**					
	Year Ended March 31,2013	9,107,468	-	-	-	9,107,468
	Year Ended March 31,2012	13,715,373	-	-	-	13,715,373
5	**Investment in Subsidiaries during the year**					
	Year Ended March 31,2013	-	2,000,000	-	-	2,000,000
	Year Ended March 31,2012	-	1,000,000	-	-	1,000,000
6	**Interest Income**					
	Year Ended March 31,2013	-	1,999,886	-	-	1,999,886
	Year Ended March 31,2012	-	1,612,274	-	-	1,612,274
7	**Closing Balances**					
(i)	Investments					
	Year Ended March 31,2013	-	2,500,000	-	-	2,500,000
	Year Ended March 31,2012	-	500,000	-	-	500,000
(ii)	**Sundry Debtors**					
	Year Ended March 31,2013	31,942,192	16,083,152	-	-	48,025,344
	Year Ended March 31,2012	25,291,941	4,033,214	-	-	29,325,155
(iii)	**Amount Recoverable**					
	Year Ended March 31,2013	3,500,089	20,786,784	-	-	24,286,873
	Year Ended March 31,2012	5,637,657	3,146,601	-	-	8,784,258

*the billing in respect of the work done for fellow subsidiaries has been done to the Holding company which has further charged the same to the respective fellow subsidiary.

39 In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956 Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	**Particulars**	**Year Ended March 31, 2013**	Year Ended March 31, 2012
1	Nominal Value of share (₹)	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax (₹)	163,834,438	276,585,146
4	Basic Earning per share (₹)	3,277	5,532
5	Diluted Earning per share (₹)	3,277	5,532

40 Power Finance Corporation Limited (The Holding Company) has charged for Employees Benefits on account of Leave Encashment Unavailed ₹ 46,98,247/- (P.Y ₹ 29,05,444/-), Gratuity to Staff ₹ 1,001,018/- (P.Y ₹ 13,02,235/-), Post Retirement Medical Benefits ₹ 2,98,885/- (P.Y ₹ 12,44,529/-), Long Term Service Award ₹ 4,77,902/- (P.Y ₹ Nil), Baggage Allowance ₹ 10,944/- (P.Y ₹ Nil) and Economic Rehabilitation Scheme ₹ 61,780/- (P.Y ₹ Nil), Company contribution to super annuation fund ₹ Nil/- (P.Y ₹ 100,55,370) which is duly paid by company.

41 Transactions in foreign currency (Income/ Expenses)- ₹ NIL (Previous year- ₹ NIL). Figures have been rounded off to the nearest rupees unless otherwise stated.

42 In the opinion of the management the value of current assets loans and advances on realization in the ordinary course of business will not be less than the value at which these are stated in the Balance Sheet as at March 31, 2013.

43 Corresponding figures for the previous year have been regrouped/ rearranged wherever necessary to conform to current year's classification.

For and on behalf of Board of Directors

(N.D. TYAGI) **CEO**	**(R. NAGARAJAN)** **Director**	**(SATNAM SINGH)** **Chairman**

RACHNA GUPTA SINGH
Company Secretary

AS PER OUR REPORT OF EVEN DATE
For Jain Chopra & Company
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-002198N)

ASHOK CHOPRA
(Partner)
M No. : 017199

Place : New Delhi
Date : 29.05.2013

CHHATTISGARH SURGUJA POWER LIMITED

(A Wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To

The Members,

Your Directors have pleasure in presenting the 7th Annual Report on the performance of the Company for the financial year ending on 31st March, 2013 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 10th February, 2006 as a Special Purpose Vehicle (SPV) for Chhattisgarh UMPP by Power Finance Corporation Limited (PFC) as its wholly owned subsidiary, which is the fifth UMPP in the series of UMPP. The site for the Project is located at village Salka/Khamaria of Udaypur Tehsil of District Surguja, Chhattisgarh.

The Power from the project would be procured by seven States namely Chhattisgarh (2000 MW), Maharashtra (1000 MW), Gujarat (425 MW), Madhya Pradesh (275 MW), Goa (200 MW), Dadra & Nagar Haveli (50 MW), Daman & Diu (50 MW).

The Section 4 notification under Land Acquisition Act 1894 has been issued for the land being acquired for the project. Two Coal Blocks namely Puta Parogia Coal Block (692.16 MT) and Pindarakhi Coal Block (421.51 MT) in Hasdeo Arand coalfields of South Eastern Coalfields Limited have been allocated to the Company by Ministry of Coal. Water Resource Department, Government of Chhattisgarh has allocated 135 MCM water for the project. The water would be provided from Rehar River by constructing Hydro structures/ Anicuts / Checkdams. Rapid EIA Report for the Power Station is available.

Defence Clearance for the construction of project was received from Ministry of Defence, Delhi in August 2010. Further with the assistance of District Administration, several attempts have been made to conduct technical studies at site from mid November '2010 but the studies could not be completed due to resistance from local population. Civil Aviation clearance obtained from Airport Authority of India on 25.8.2011.

The Request for Qualification (RfQ) for the Project was issued on March 15, 2010 and the last date for submission of RfQ was initially 3rd May, 2010. On the advice of Ministry of Power, due to forest related issues concerning the coal block allotted for the project, the last date for submission of responses to RfQ has been extended several times and is now 30th October, 2013.

Petition was filed with CERC on 02.01.13 to grant extension of bidding process period by another 730 days i.e. from 31.03.13 to 31.03.15. Hearing with CERC was held on 26.03.13. CERC has granted the extension of time for completing the bidding process till 30.09.14.

R&R Policy duly incorporating the suggestions made by District Level R&R Committee has been submitted to the Government of Chhattisgarh for its approval.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 9.18 Crore in the development of the Project which has been transferred to capital work in progress. The total expenditure incurred by the Company till 31st March 2013 is ₹ 59.49 Crore.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the financial year 2012-13.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (₹ Five Lac only) comprising of 50,000 equity shares of ₹ Rs. 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 400,000,000/- (Rupees Forty Crores only) from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. N.K.S. Chauhan & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, Power Finance Corporation Limited (PFC), Holding Company, nominated Shri A.K.Agarwal, Director (Projects), PFC as the Chairman of the Board of Directors of the Company in place of Shri M.K.Goel, Director (Commercial), PFC. Accordingly, Shri A.K. Agarwal, was appointed as additional Director of the Company w.e.f. 23rd August, 2012. The members of the Company in the 6th Annual General Meeting held on 18th September, 2012 also approved the appointment of Shri A.K.Agarwal as Director of the Company liable to retire by rotation.

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri K. Sridhar and Shri A.S.Chavan, Directors shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Your Board places on record its deep appreciation for the valuable contribution made by Shri M.K.Goel, during his tenure as Chairman of the Company.

Consequent to the aforesaid changes, presently the Board of Directors of the Company comprises of the following:

Shri A.K.Agarwal	Chairman
Shri N. D. Tyagi	Director
Shri K. Sridhar	Director
Shri Yogesh Juneja	Director
Shri Umesh Agarwal	Director (Rep. State of Chhattisgarh)
Shri A.S.Chavan	Director (Rep. State of Maharashtra)
Shri Manu Srivastava	Director (Rep. State of Madhya Pradesh)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 30th June, 2013 has intimated that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment or supplement to Statutory Auditor's Report Under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure -I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2012-13.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Govt. of Chhattisgarh, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(A.K.Agarwal)
Chairman

Place: New Delhi
Date: 14th August, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CHATTISGARH SURGUJA POWER LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Chattisgarh Surguja Power Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Chattisgarth Surguja Power Ltd., New Delhi, for the year ended 31 March 2013. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 30 June 2013

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

CHHATTISGARH SURGUJA POWER LIMITED

1) We have audited the accompanying financial statements of Chhattisgarh Surguja Power limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4) **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5) **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For N.K.S. Chauhan & Associates
Chartered Accountants
Firm Regn. No. 013940N
CA NKS Chauhan
Partner
Membership No. : 088165

Place: New Delhi
Date: 28.05.2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Chhattisgarh Surguja Power limited on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.

2. The Company does not have any Inventories.

3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, fixed assets & payment for expenses. During the course of our audit, we did not notice any instance of failure to correct any weaknesses in the internal controls has been noticed.

5. In our opinion and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.

7. The Company does not have paid up capital and reserves of Rs.50 lakhs as at the commencement of the financial year and also did not have turnover exceeding Rs.5 crore for a period of three consecutive financial years immediately preceding the financial year concerned, the provisions of para 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

8. The Central Government has not prescribed for the maintenance of Cost Records under section 209 (1) (d) of the companies Act, 1956.

9. (a) According to the records of the company, undisputed statutory dues including Income-tax, Service Tax, cess to the extent applicable and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, service tax, which have not been deposited on account of any disputes.

10. The Company does not have any accumulated loss and has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

14. According to information and explanations given to us, the Company is not dealing or trading in Shares, Mutual funds & other Investments. Paragraph 4(xiv) of the order is not applicable.

15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that the Company has not raised any funds on short term basis, hence this clause is not applicable.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

19. The Company has not issued any debenture during the year.

20. The Company has not raised any money by way of public issue during the year.

21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For N.K.S. Chauhan & Associates
Chartered Accountants
Firm Regn. No. 013940N

CA NKS Chauhan
Partner
Membership No. : 088165

Place: New Delhi
Date: 28.05.2013

CHHATTISGARH SURGUJA POWER LIMITED

(Formerly known as Akaltara Power Limited)

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I . EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**500,000**	500,000
(b) Reserves and surplus	4	**(20,797)**	(20,797)
		479,203	479,203
(2) Non-current liabilities			
(a) Long-term borrowings	5	**452,893,702**	411,791,686
(b) Other Long-term liabilities	6	**152,758,901**	102,095,077
		605,652,603	513,886,763
(3) Current liabilities			
Other current liabilities	7	**4,986,164**	5,203,957
		4,986,164	5,203,957
TOTAL		**611,117,970**	519,569,923
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	**378,440**	498,017
(ii) Capital work-in-progress	9	**594,870,861**	503,015,370
(b) Other non-current assets	10	**15,858,750**	15,858,750
		611,108,051	519,372,137
(2) Current assets			
(a) Cash and cash equivalents	11	**9,768**	197,635
(b) Short-term loans and advances	12	**151**	151
		9,919	197,786
TOTAL		**611,117,970**	519,569,923

Expenditure During Construction Period	**13**
Corporate Information	**1**
Significant Accounting Policies	**2**
Other Notes to financial statements	**14 to 38**

For and on behalf of Board of Directors

(Yogesh Juneja) **Director** | **(K.Sridhar)** **Director** | **(A.K Agarwal)** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
NKS Chauhan & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg No. :013940N)

NKS CHAUHAN
(Partner)
M. No. : 088165

Place : New Delhi
Date : 28.05.2013

CHHATTISGARH SURGUJA POWER LIMITED

(Formerly known as Akaltara Power Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I.	Revenue from operations		-	-
II.	Other income		-	-
III.	**Total Revenue (I+II)**		-	-
IV.	Expenses		-	-
	Total Expenses		-	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		-	-
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		-	-
VIII.	Extraordinary items		-	-
IX.	**Profit before tax (VII-VIII)**		-	-
X.	**Tax expense:**			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		-	-
XII.	**Profit/(Loss) from discontinuing operations**		-	-
XIII.	**Tax expense of discontinuing operations**		-	-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		-	-
XV.	**Profit/(Loss) for the period (XI +XIV)**		-	-
XVI.	**Earnings per equity share:**			
	(1) Basic	32	-	-
	(2) Diluted	32	-	-

Expenditure During Construction Period	**13**
Corporate Information	**1**
Significant Accounting Policies	**2**
Other Notes to financial statements	**14 to 38**

For and on behalf of Board of Directors

(Yogesh Juneja) **Director** | **(K.Sridhar)** **Director** | **(A.K Agarwal)** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
NKS Chauhan & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg No. :013940N)

NKS CHAUHAN
(Partner)
M. No. : 088165

Place : New Delhi
Date : 28.05.2013

CHHATTISGARH SURGUJA POWER LIMITED

(Formerly known as Akaltara Power Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	PARTICULARS	Year ended March 31, 2013	Year ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	-	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	-
	Adjustment For Increase/Decrease in:		
	Other non-current assets	-	(1,497,037)
	Loans and advances	-	40,581,932
	Liabilities and provisions	**50,446,031**	41,348,089
	Net cash flow from operating activities	**50,446,031**	80,432,984
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital work-in-progress	**(91,735,914)**	(91,625,698)
	Purchase of Fixed assets	-	(599,687)
	Net cash used in investing activities	**(91,735,914)**	(92,225,385)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Long-term borrowings	**41,102,016**	11,791,686
	Net cash flow from financing activities	**41,102,016**	11,791,686
	Net increase/decrease in cash and cash equivalents	**(187,867)**	(715)
	Add: Cash and cash equivalents at beginning of the year	**197,635**	198,350
	Cash and cash equivalents at end of the year	**9,768**	197,635
	Balance with bank	9,768	197,635

For and on behalf of Board of Directors

(Yogesh Juneja)	(K.Sridhar)	(A.K Agarwal)
Director	Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
NKS Chauhan & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg No. :013940N)

NKS CHAUHAN
(Partner)
M. No. : 088165

Place : New Delhi
Date : 28.05.2013

CHHATTISGARH SURGUJA POWER LIMITED

(Formerly known as Akaltara Power Limited)

Notes to Financial Statements for the Year ended March 31, 2013

1 Corporate Information

The Company was incorporated on February 10, 2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking in the name of M/s Akaltara Power Limited and the name of the company was changed to the Chattisgarh Surguja Power Ltd (present name) w.e.f December 10, 2009. Certificate for Commencement of Business was issued on April 25, 2008. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Chhattisgarh (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are stated at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹.5000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. **Investments**

Investments are stated at cost.

j. **Borrowing Cost**

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. **Preliminary Expenses**

Preliminary expenses are written off in the year in which such expenditure is incurred.

l. **Contingent Liability**

Contingent liabilities are not provided for and are disclosed by way of notes.

m. **Cash Flow Statement**

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Particulars	**As at March 31, 2013**	As at March 31, 2012
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	500,000

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting Year**

Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	**Amount (₹)**	**No. of Shares**	Amount (₹)
Balance at the beginning of the year	50,000	**500,000**	50,000	500,000
Add: Shares Issued during the year	-	-	-	-
Balance at the end of the year	**50,000**	**500,000**	**50,000**	500,000

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding company**

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2012: 50,000) equity shares of ₹. 10 each fully paid	**500,000**	500,000

d. **Details of shares held by shareholders holding more than 5% of the aggregate shares in the company**

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	**% holding in the class**	**No. of Shares**	% holding in the class
Equity Shares of ₹. 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000	100%
	50,000	**100%**	**50,000**	100%

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	**As at March 31, 2013**	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**(20,797)**	(20,797)
Profit for the year	-	-
Less: Appropriation	-	-
Balance as at the end of the year	**(20,797)**	(20,797)

5. LONG- TERM BORROWINGS

(Amount in ₹)

Particulars	**As at March 31, 2013**	As at March 31, 2012
Loans and advances from related party (Unsecured)		
Power Finance Corporation Ltd	**52,893,702**	11,791,686
Other loans and advances (Unsecured)		
(Commitment advance)		
Chhattisgarh State Power Distribution Co. Ltd.	**200,000,000**	200,000,000
Dadar & Nagar Haveli	**5,000,000**	5,000,000
Daman & Diu	**5,000,000**	5,000,000
Gujarat Urja Vikas Nigam Limited	**27,500,000**	27,500,000
Maharashtra State Electricity Distribution Co. Ltd.	**100,000,000**	100,000,000
MP Power Trading Co. Ltd.	**42,500,000**	42,500,000
Office of the Chief Electrical Engineer, Govt. of GOA	**20,000,000**	20,000,000
	400,000,000	400,000,000
TOTAL	**452,893,702**	411,791,686

Terms of repayment for Unsecured borrowings

Loans and advances from related party and Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder.

6. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Interest Accrued but not due on long-term borrowings	**152,758,901**	102,095,077
TOTAL	**152,758,901**	102,095,077

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other payables		
Statutory dues (Tax deducted at Source)	**2,359,038**	4,583,547
Expenses Payable	**2,627,126**	620,410
TOTAL	**4,986,164**	5,203,957

8. TANGIBLE ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Opening Balance as at April 1, 2012	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at March 31, 2013	Opening Balance as at April 1, 2012	For the Year	Closing Balance as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Own Assets:									
EDP Equipments	227,700	-	-	227,700	56,417	68,513	124,930	102,770	171,283
Office Equipments	209,524	-	-	209,524	16,814	26,806	43,620	165,904	192,710
Furniture & Fixtures	218,712	-	-	218,712	84,688	24,258	108,946	109,766	134,023
Total	655,937	**-**	**-**	**655,937**	157,920	119,577	**277,496**	**378,440**	**498,017**
Previous Year	56,250	599,687	-	655,937	27,382	130,538	157,920	498,017	28,868

9. CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Capital work-in-progress	**273,449,758**	181,693,522
Add: Transferred from expenditure During Construction Period (Note-13)	**91,855,491**	91,756,236
	365,305,249	273,449,758
Capital Expenditures for Land	**229,565,612**	229,565,612
TOTAL	**594,870,861**	503,015,370

10. OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Interest receivable from related party but not due	**15,858,750**	15,858,750
(Power Finance Corporation Ltd.)		
TOTAL	**15,858,750**	15,858,750

11. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
In Current Account	**9,768**	197,635
TOTAL	**9,768**	197,635

12. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Others		
Tax deducted at source refundable	**151**	151
TOTAL	**151**	151

13. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
(a) Expenses		
Manpower Charges	**19,384,475**	26,601,461
Payment to the auditor :		
-As auditor	**131,672**	87,781
Advertisement Expenses	**9,868,202**	9,024,212
Bank Charges	**67**	715
Consultancy Charges	**2,394,972**	2,200,812
Survey and Study Expenses	**-**	2,558,960
Conference & Meetings	**136,255**	92,569
Official Hospitality	**8,043**	-
Legal & Professional Fees	**720,684**	77,019
Interest Exp on utilised portion	**55,366,372**	48,201,962
Interest Exp on unutilised portion	**-**	1,497,187
Depreciation	**119,577**	130,538
Telephone Expenses	**47,574**	28,131
Tour & Travelling Expenses	**431,941**	579,600
Vehicle Hiring	**833,585**	514,203
Office rent	**556,182**	170,645
Outsourcing Expenses	**888,979**	590,089
Printing & Stationery	**172,548**	21,974
Other Administration Expenses	**794,363**	875,565
Total (a)	**91,855,491**	93,253,423
(b) Other Income		
Interest on un-utilised portion	-	1,497,187
(TDS ₹ NIL, Previous year ₹ 151/-)		
Total (b)	**-**	1,497,187
Total (a-b)	**91,855,491**	91,756,236

14 Pursuant to decision of Ministry of Power, Government of India, the Company has received entire Commitment Advance of ₹.40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Long-term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

15 Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹.40,00,00,000/- received from procurers was given to the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.

16 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Interest expenses of ₹.5,53,66,372/- (Previous Year ₹.4,96,99,149/-) for the year comprised of interest of ₹.NIL (Previous Year ₹.14,97,187/) on unutilized portion and ₹.5,53,66,372/- (Previous Year ₹.4,82,01,962/-) on utilized portion including ₹.45,28,019/- (Previous year ₹.2,42,186/-) receivable/Payable to PFC Ltd. on amount spent by them before receipt of advance from procurers. Interest so payable (Net of interest receivable from PFC Ltd.) is capitalized under the head 'Capital work-in-progress'. Interest payable to procurers being accrued but not due is shown under the head Other Long-term liabilities.

17 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

18 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

19 An amount of ₹.22.83 Crores has been paid to Chhattisgarh Government for 2331.84 acres of private land at the time of Section 4 processing as advance in earlier years. The cost of the land has been revised by Chhattisgarh Government for arren, single crop and double crop land respectively. Hence the cost of land now estimated amounts to ₹.196 Crores which is payable after completion of section 6 and receiving the demand for the same, hence, no liability has been provided.

20 Total 135 MCM water quantity is estimated for CSPL project. Total 8 no. of Hydro-structure will be constructed on river Raher and its tributaries. Estimated cost of construction of Hydro structures is ₹.4 Crores / MCM totaling to ₹.540 Crores, ₹.2.70 Crores has already been paid in earlier years as Survey charges at the rate of 0.05% of ₹.540 Crores. Till now survey work is under progress, hence no liability provided. The company is also liable to pay compensation as per Rehabilitation and Resettlement policy on approval by the State Govt. of Chhattisgarh. The quantum of liability is not ascertainable presently until socio economic study are completed and approved by concerned Government authorities.

21 All the work for the Company are executed by PFC Consulting Ltd (PFCCL). Manpower Charges of ₹.1,93,84,475/- (Previous Year ₹.2,66,01,461/-) for man power cost of PFCCL employees charged by PFCCL on cost to company basis/rate, as determined by PFCCL, in proportion to actual man days spent by the employees for the Company as per invoice raised by PFCCL and include ₹.5,79,800/- (Previous Year ₹.9,77,112/-) of Sh. N.D. Tyagi (Director), ₹.4,65,400/- (Previous Year ₹.10,797/-) of Sh. Yogesh Juneja (Director) and ₹.5,20,000/- (Previous Year ₹.70,25,133/-) of Sh. Damodar Balapure (Director) .

22 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/ PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

23 Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

24 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹.1,92,21,600/- (Previous year ₹.1,92,21,600/-).

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the year is ₹.196 Crore (Previous year ₹.196 Crore) for land and ₹.540 Crore (Previous year ₹.540 Crore) for Hydro Structure. The company is also liable to pay compensation as per Rehabilitation and Resettlement policy on approval by the State Govt. of Chhattisgarh. The quantum of liability is not ascertainable presently until socio economic study are completed and approved by concerned Government Authorities.(Refer note no.19).

25 In the opinion of the Board, on realization in the ordinary course of the company's business the other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

26 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

27 The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd. (PFCL)/Holding Company, PFC Consulting Ltd (A wholly owned Subsidiary of PFCL) and from Power Procuring States and deployed on Part Time basis.

The details of such Key Management Personnel as on March 31, 2013 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri Anil Kumar Agrawal	Chairman	23.08.2012	Continuing
2	Shri K.Sridhar	Director	17.12.2008	Continuing
3	Shri Manu Srivastava *	Director	14.05.2012	Continuing
4	Shri N.D.Tyagi	Director	17.02.2010	Continuing
5	Shri Umesh K. Agrawal *	Director	17.02.2010	Continuing
6	Shri Yogesh Juneja	Director	17.02.2010	Continuing
7	Shri A.S.Chavhan *	Director	24.12.2010	Continuing
8	Shri M.K Goel	Director	27.02.2012	23.08.2012
9	Shri P.K.Vaishya *	Director	24.06.2009	14.05.2012
10	Shri Damodar Balapure	Director	10.06.2011	28.04.2012

* From Power Procuring States

28 The disclosure as per AS18 – Related Party Disclosure :

Chhattisgarh Surguja Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Chhattisgarh Surguja Power Limited where the PFCL/ PFCCL nominee exercises control.

Detail of maximum Credit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd C.Y ₹.5,28,93,702/-
P.Y ₹.1,17,91,686/-

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Sakhigopal Integrated Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprise under common control
15	Patran Transmission Company Limited	Enterprise under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprise under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprise under common control
18	RAPP Transmission Company Limited	Enterprise under common control

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S. No.	Particulars	March 31, 2013	March 31, 2012
		₹	₹
1	Interest expense for the year	**4,528,019**	242,186
2	Interest income for the year	-	1,497,187
3	Man Power Charges *	**19,384,475**	26,601,461
4	**Closing Balances:**		

(a)	Interest accrued but not due on long-term borrowings	**6,294,916**	1,766,897
(b)	Interest Receivable	**15,858,750**	15,858,750
(c)	Long Term Borrowings	**52,893,702**	11,791,686

*Charged by PFCCL

29 The Company's significant leasing arrangements are in respect of operating leases of premises for office for a period of one or two year(s). These leasing arrangements are usually renewable on mutually agreed terms. Lease payments in respect of premises for offices ₹.5,56,182/- (Previous year ₹.1,70,645/-) are included under 'Rent' in Note 13 – 'Expenditure during construction period'.

30 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

31 Auditors Remuneration (including Service Tax)

S. No.	Particulars	March 31, 2013	March 31, 2012
		₹	₹
1	Audit Fees	**131,672**	87,781

32 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	March 31, 2013	March 31, 2012
1	Nominal Value of share ₹	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax ₹	-	-
4	Earning per share ₹	-	-

33 The company has sent letters to various parties included under the head Long Term Borrowings for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

34 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

35 Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – Nil (Previous year-Nil)

(b) Income in foreign exchange – Nil (Previous year-Nil)

36 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

37 Figures have been rounded off to the nearest Rupee unless otherwise stated.

38 Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to Current year's classification.

For and on behalf of Board of Directors

(Yogesh Juneja)	(K.Sridhar)	(A.K Agarwal)
Director	Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
NKS Chauhan & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg No. :013940N)

NKS CHAUHAN
(Partner)
M. No. : 088165

Place : New Delhi
Date : 28.05.2013

COASTAL KARNATAKA POWER LIMITED

(A Wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To

The Members,

Your Directors have pleasure in presenting the 7th Annual Report on the performance of the Company for the financial year ended on 31st March, 2013 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 10th February, 2006 as a wholly owned subsidiary of Power Finance Corporation Limited for the development of Ultra Mega Power Project in the state of Karnataka.

Power from the project will be procured by five states namely Karnataka (1500MW), Maharashtra (1000MW), Tamil Nadu (1000MW), Rajasthan (300MW) and Kerala (200MW).

Secretary (Power), Govt. Of India (GoI) had requested Chief Secretary, Govt. Of Karnataka to suggest suitable site for the proposed Ultra Mega Power Project at the earliest. Hon'ble Minister of State (IC) for Power, GoI had also requested Chief Minister, Karnataka to suggest a suitable site. Further, Hon'ble Minister of State (IC) for Power, GoI informed Chief Minister, Karnataka that land requirement would be about 1065 acres if conveyor belt is used for transportation of coal from port and 1230 acres if MGR system for transportation of coal. In response, Chief Minister, Karnataka proposed a site in Dakshina Kannada District of Karnataka.

A site visit was undertaken by a team of PFCCL and CEA officials and a site visit report was sent to Govt. of Karnataka on 20th June, 2013 highlighting issues with respect to the site.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 41.07 Lakh in the development of the project which has been transferred to capital work in progress. The total expenditure incurred by the Company till 31st March 2013 is ₹ 285.64 Lakh.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend for the period commencing from 1st April, 2012 to 31st March, 2013.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2013. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

During the year under review, your Company has not received any Commitment Advance from the power procuring states.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. G. Dinesh Narayan & Co., Chartered Accountants, was appointed as Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, Power Finance Corporation Limited (PFC), Holding Company, nominated Shri A.K.Agarwal, Director (Projects), PFC as the Chairman of the Board of Directors of the Company in place of Shri R. Nagarajan, Director (Finance), PFC. Accordingly, Shri A.K. Agarwal, was appointed as additional Director of the Company w.e.f. 13th August, 2013. The members of the Company in the 6th Annual General Meeting held on 18th September, 2012 also approved the appointment of Shri A.K.Agarwal as Director of the Company liable to retire by rotation.

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri R. Rahman, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Your Board places on record its deep appreciation for the valuable contribution made by Shri R. Nagarajan, during his tenure as Chairman of the Board of Directors of the Company.

Consequent to the aforesaid change, the Board of Directors presently comprises of the following:

1.	Shri A.K.Agarwal	Chairman
2.	Shri Subir Mulchandani	Director
3.	Shri A. K. Gupta	Director
4.	Shri R. Rahman	Director

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 18th June, 2013 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2012-13.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(A.K.Agarwal)
Chairman

Place: New Delhi
Date: 2nd August, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF COASTAL KARNATAKA POWER LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Coastal Karnataka Power Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Coastal Karnataka Power Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 18th, June 2013

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

COASTAL KARNATAKA POWER LIMITED

1. We have audited the accompanying financial statements of Coastal Karnataka Power Limited , which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For G Dinesh Narayan & Co.
Chartered Accountants
Firm Regn. No. 000644N
CA N D Gupta
Partner
Membership No. : 016150

Place: New Delhi
Date: 28.05.2013

THE ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE OUR REPORT OF EVEN DATE TO THE MEMBERS OF COASTAL KARNATAKA POWER LIMITED ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. The Company does not have any Fixed Assets.

2. The Company does not have any Inventories.

3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, payment for expenses. During the course of our audit, we did not notice any instance of failure to correct any weaknesses in the internal controls has been noticed.

5. In our opinion and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.

7. The Company does not have paid up capital and reserves of Rs.50 lakhs as at the commencement of the financial year and also did not have turnover exceeding Rs.5 crore for a period of three consecutive financial years immediately preceding the financial year concerned, the provisions of para 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

8. The Central Government is not prescribed for the maintenance of Cost Records under section 209 (1) (d) of the companies Act, 1956.

9. (a) According to the records of the company, undisputed statutory dues including Income-tax, Service Tax, cess to the extent applicable and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, service tax, which have not been deposited on account of any disputes.

10. The Company does not have any accumulated loss and has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

14. According to information and explanations given to us, the Company is not dealing or trading in Shares, Mutual funds & other Investments. Paragraph 4(xiv) of the order is not applicable.

15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that the Company has not raised any funds on short term basis, hence this clause is not applicable.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

19. The Company has not issued any debenture during the year.

20. The Company has not raised any money by way of public issue during the year.

21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For G Dinesh Narayan & Co

Chartered Accountants
Firm Regn. No. 000644N

CA N D Gupta
Partner
Membership No. : 016150

Place: New Delhi
Date: 28.05.2013

COASTAL KARNATAKA POWER LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**500,000**	500,000
(b) Reserves and surplus	4	**(20,802)**	(20,802)
		479,198	479,198
(2) Non- current liabilities			
(a) Long-term borrowings	5	**14,710,860**	14,194,572
(b) Other Long-term liabilities	6	**13,308,338**	9,809,782
		28,019,198	24,004,354
(3) Current liabilities			
(a) Other current liabilities	7	**70,225**	70,226
		70,225	70,226
TOTAL		**28,568,621**	24,553,778
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Capital work-in-progress	8	**28,563,971**	24,456,578
		28,563,971	24,456,578
(2) Current assets			
(a) Cash and cash equivalents	9	**4,650**	97,200
		4,650	97,200
TOTAL		**28,568,621**	24,553,778
Expenditure During Construction Period	10		
Corporate Information	1		
Significant accounting policies	2		
Other Notes to financial statements	11 to 28		

For and on behalf of Board of Directors

R.Rahman Director	A.K.Gupta Director	A.K Agarwal Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-000644N)

N D GUPTA
(Partner)
M No. : 016150

Place : New Delhi
Date : 28.05.2013

COASTAL KARNATAKA POWER LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I.	Revenue from operations		-	-
II.	Other income		-	-
III.	**Total Revenue (I+II)**		**-**	-
IV.	Expenses		-	-
	Total Expenses		**-**	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**-**	-
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**-**	-
VIII.	Extraordinary items		-	-
IX.	**Profit before tax (VII-VIII)**		**-**	-
X.	**Tax expense:**			
	(1) Current tax		-	-
	(2) Deferred tax		**-**	-
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		**-**	-
XII.	**Profit/(Loss) from discontinuing operations**		**-**	-
XIII.	**Tax expense of discontinuing operations**		**-**	-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		**-**	-
XV.	**Profit/(Loss) for the period (XI +XIV)**		**-**	-
XVI.	**Earnings per equity share:**			
	(1) Basic	**21**	**-**	-
	(2) Diluted	**21**	**-**	-
Expenditure During Construction Period		**10**		
Corporate Information		**1**		
Significant accounting policies		**2**		
Other Notes to financial statements		**11 to 28**		

For and on behalf of Board of Directors

R.Rahman Director	**A.K.Gupta** Director	**A.K. Agarwal** Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-000644N)

N D GUPTA
(Partner)
M No. : 016150

Place : New Delhi
Date : 28.05.2013

COASTAL KARNATAKA POWER LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	-	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	-
	Adjustment For Increase/Decrease in:		
	Liabilities and provisions	**3,498,555**	2,976,584
	Net cash flow from operating activities	**3,498,555**	2,976,584
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital work-in-progress	**(4,107,393)**	(3,196,188)
	Net cash used in investing activities	**(4,107,393)**	(3,196,188)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
	Long-term borrowings	**516,288**	219,054
	Net cash flow from financing activities	**516,288**	219,054
	Net increase/decrease in cash and cash equivalents	**(92,550)**	(550)
	Add: Cash and cash equivalents at beginning of the year	**97,200**	97,750
	Cash and cash equivalents at end of the year	**4,650**	97,200
	Balance with bank	**4,650**	97,200

For and on behalf of Board of Directors

R.Rahman Director	**A.K.Gupta** Director	**A.K. Agarwal** Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-000644N)

N D GUPTA
(Partner)
M No. : 016150

Place : New Delhi
Date : 28.05.2013

COASTAL KARNATAKA POWER LIMITED

Notes to Financial Statements for the Year ended March 31, 2013

1 Corporate Information

The Company was incorporated on February 10, 2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on November 23, 2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Karnataka (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on pro rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

Depreciation on addition to / deduction from fixed assets during the year is charged on prorata basis from/up to the date in which assets are available for use / disposal.

Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans & Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

l. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised :		
50,000 Equity shares of Rs.10/- each (Previous year 50,000 Equity shares of Rs.10/- each)	**500,000**	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of Rs.10/- each fully paid-up (Previous year 50,000 Equity shares of Rs.10/- each fully paid)	**500,000**	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	500,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting Year

Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance at the beginning of the year	**50,000**	**500,000**	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	**50,000**	**500,000**	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2012: 50,000) equity shares of ₹. 10 each fully paid	**500,000**	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	**50,000**	**100%**	50,000	100%
Power Finance Corporation Limited, the Holding Company *				
	50,000	**100%**	50,000	100%

* Out of 50,000 (PY: 50,000) equity shares 600 (PY: 600) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**(20,802)**	(20,802)
Profit for the year	-	-
Less: Appropriation	-	-
Balance as at the end of the year	**(20,802)**	(20,802)

5. LONG TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Loans and advances from related party (unsecured)		
Power Finance Corporation Ltd	**14,710,860**	14,194,572
TOTAL	**14,710,860**	14,194,572

Terms of repayment for Unsecured borrowings

Loans and advances from related party	Repayable within 15 days from the date of transfer of the Company to its successful bidder

6. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Interest Accrued but not due on long-term borrowings	**13,308,338**	9,809,782
TOTAL	**13,308,338**	9,809,782

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other payables		
Statutory dues (Tax deducted at Source)	**7,023**	7,023
Expenses Payable	**63,202**	63,203
TOTAL	**70,225**	70,226

8. CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Capital work-in-progress	**24,456,578**	21,260,390
Add: Transferred from expenditure During Construction Period (Note-10)	**4,107,393**	3,196,188
TOTAL	**28,563,971**	24,456,578

9. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
In Current Account	**4,650**	97,200
TOTAL	**4,650**	97,200

10. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
(a) Expenses		
Manpower Charges	-	22,838
Bank Charges	**550**	550
Payment to the auditor:		
-As auditor	**105,338**	70,226
Legal & Professional Charges	**17,422**	10,119
Consultancy Charges	**286,481**	9,611
Conference & Meeting Expenses	**97,898**	80,120
Interest on utilised portion	**3,498,556**	2,975,296
Other Administrative Expenses	**101,148**	27,428
TOTAL	**4,107,393**	3,196,188

11 Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹.40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. However Commitment advance is yet to be received.

12 As per the scheme of setting up of the project entire expenditure to be incurred by the company for project exploration and initial spade work including interest on funds deployed and professional fees of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC Ltd.) consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into.

13 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder therefore no liability has been provided for fees payable to PFCL/PFCCL since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

14 The expenditures on development of the project were incurred by PFC Ltd. from its own funds. The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company. Interest so payable is capitalized under capital work-in-progress. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time. Total interest amounting to ₹.34,98,556/- (Previous Year ₹.29,75,296/-) has been accounted in the books of account. Interest has been capitalized under Capital work-in-progress. Interest payable has been shown under Other Long-term liabilities.

15 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

16 Expenditure during Construction Period (Note-10) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

17 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹.Nil. (Previous year ₹.Nil).

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹.Nil (Previous year ₹.Nil).

18 The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC Ltd.)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel as on March 31, 2013 are as follows:

S. No.	**Name**	**Designation**	**Date of Appointment**	**Date of Cessation**
1	Shri Anil Kumar Agarwal	Chairman	13.08.2012	Continuing
2	Shri R. Rahman	Director	08.06.2011	Continuing
3	Shri A.K. Gupta	Director	17.12.2008	Continuing
4	Shri S. Mulchandani	Director	17.08.2011	Continuing
5	Shri R. Nagarajan	Director	01.03.2012	13.08.2012

19 The disclosure as per AS18 – Related Party Disclosure :

The Coastal Karnataka Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Karnataka Power Limited where the PFC Ltd. nominees exercise control.

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties: -		
S. No.	**Name of the Related Party**	**Nature of Relationship**
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
5	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprise under common control
15	Patran Transmission Company Limited	Enterprise under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprise under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprise under common control
18	RAPP Transmission Company Limited	Enterprise under common control

Detail of maximum credit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹.(1,47,10,860/-) (PY: ₹.1,41,94,572/-)

The related Party Transactions was done only with Holding Company (PFC Ltd.) details are as follows:-

S. No.	**Particulars**	**As at March 31, 2013**	As at March 31, 2012
		(₹.)	(₹.)
1	Long Term Borrowings taken during the year	**516288**	219054
2	Interest Expense for the year	**3498556**	2975296
3	Man Power Charges *	**-**	22838
4	**Closing Balances**		
(a)	Interest Accrued but not due on long-term borrowings	**13308338**	9809782
(b)	Long Term Borrowings	**14710860**	14194572
*Charged by PFCCL			

20 Auditors Remuneration (including service tax)

Particulars	As at March 31, 2013	As at March 31, 2012
	(₹.)	(₹.)
Audit Fees	**105,338**	70,226

21 In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956 Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Nominal Value of share (₹.)	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax (₹.)	**-**	-
4	Earning per share (₹.)	**-**	-

22 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the development phase and yet to commence its operation.

23 Since there are no employees in the company the obligation as per Accounting Standard-15 (Revised) do not arises.

24 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management there are no dues payable to enterprises covered under "Micro Small and Medium Enterprises Development Act 2006"

25 Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a. Expenditure in foreign currency – ₹.NIL (Previous year- ₹.Nil)

b. Income in foreign exchange – ₹.NIL (Previous year- ₹.Nil)

26 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

27 Figures have been rounded off to the nearest Rupee unless otherwise stated.

28 Corresponding figures for the previous year have been regrouped/ rearranged wherever necessary to conform to Current year's classification.

For and on behalf of Board of Directors

R.Rahman	**A.K.Gupta**	**A.K Agarwal**
Director	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-000644N)

N D GUPTA
(Partner)
M No. : 016150

Place : New Delhi
Date : 28.05.2013

COASTAL MAHARASHTRA MEGA POWER LIMITED

(A Wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To

The Members,

Your Directors have pleasure in presenting the 7th Annual Report on the performance of the Company for the financial year ending on 31st March, 2013 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 1st March, 2006 under Companies Act, 1956 as wholly owned subsidiary of Power Finance Corporation Limited (PFC) for the development of Ultra Mega Power Project (UMPP) in the State of Maharashtra.

Power from the project will be procured by five states namely Maharashtra (2000 MW), Rajasthan (500 MW), Madhya Pradesh (500 MW), Chhattisgarh (500 MW) and Karnataka (500 MW).

State Government had given consent for the site near village Munge in Tehsil Deogarh for setting up the UMPP. However, due to local resistance at the site, Secretary (Power), Government of India (GoI) requested Chief Secretary (Govt. of Maharashtra) to suggest alternate site(s) or resolve the local issues related to site at Munge.

In review meeting of PFC held on 8th March, 2011 in Ministry of Power under the Chairmanship of Secretary, Power, it was decided that Maharashtra UMPP may be continued.

CMD, PFC during the discussions with Hon'ble Chief Minister of Maharashtra and Union Minister of Power on 18th September, 2012 requested to identify new site for setting up the UMPP.

PFCCL has been continually requesting Principal Secretary, Chief Minister Office, Govt. of Maharashtra (GoM) for identification of potential site for setting up the UMPP.

GoM on 24th May, 2013 has informed that the High Power Committee, constituted by MoEF, under the Chairmanship of Sh. M. Gadgil to study the ecological, environmental issues of Konkan area had recommended that no high capacity thermal power project should be allowed in Konkan area in future and that GoI has, now, constituted another committee under the Chairmanship of Sh. Kasturi Rangan to study the recommendation of Gadgil Committee and give recommendations. GoM has further informed that till these recommendations are finalized by GoI, any site for thermal power project in Konkan area cannot be finalized.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 69.83 Lakh in the development of the project which has been transferred to capital work in progress. Total expenditure incurred by the Company till 31st March, 2013 is ₹ 576.22 Lakh.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 1st April, 2012 to 31st March, 2013.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2013. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

The Company has received the entire commitment advance of ₹ 40,00,00,000/- (₹ Forty Crore Only) from power procuring states.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. M. D. Gujrati & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Presently the Board of Directors of the Company comprises of:

1.	Shri R. Nagarajan	Chairman
2.	Shri Alok Sud	Director
3.	Shri Yogesh Juneja	Director

In accordance with provisions of Section 255 and 256 of the Companies Act, 1956 Shri Alok Sud, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 24th June, 2013 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2012-13.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(R. Nagarajan)
Chairman

Place: New Delhi
Date: 1st August, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF COASTAL MAHARASHTRA MEGA POWER LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Coastal Maharashtra Mega Power Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Coastal Maharashtra Mega Power Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 24th, June 2013

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS of

COASTAL MAHARASHTRA MEGA POWER LIMITED

1) We have audited the accompanying financial statements of Coastal Maharashtra Mega Power Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For M.D.Gujrati & Co.
Chartered Accountants
Firm Regn. No. 005301N
CA R.K.Agrawal
Partner
Membership No. : 076984

Place: New Delhi
Date: 29.05.2013

ANNEXURE TO AUDITOR'S REPORT OF COASTAL MAHARASHTRA MEGA POWER LIMITED (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

1. (a) In our opinion and according to information and explanation given to us, provision of para 4(i)(a) of the Companies (Auditors Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details situation of fixed assets are not applicable to company as it does not have fixed assets.

(b) In our opinion and according to information and explanation given to us, provision of para 4(i)(b) of the Companies (Auditors Report) Order ,2003 relating to physical verification of fixed assets by the management is not applicable to company as it does not have fixed assets.

(c) In our opinion and according to information and explanations given to us, provision of para 4(i)(c) of the Companies (Auditors Report) Order ,2003 relating to disposal of any substantial part of fixed assets during the period are not applicable to company as it does not have fixed assets.

2. As the company has not purchased /sold goods during the year, nor there are any stocks. Accordingly clauses 4(ii)(a)(b) and (c) of the Companies (Auditors Report) Order, 2003 are not applicable to company

3. As explained to us, the Company has not taken nor granted any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii)(a)(b), (c) and (d) of the Companies (Auditors Report) Order, 2003 are not applicable to company.

4. In our opinion according to the information and explanation given to us, the company does not have fixed assets and inventories and has no commercial activities carried by the company during the period, the provision of para 4(iv) of the Companies (Auditors Report) Order, 2003 relating to adequate internal control procedure commensurate with the size of company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods are not applicable to company.

5. According to the information and explanation given to us, there are no transaction made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956

6. According to the information and explanation given to us, the Company has not accepted any deposits from public.

7. The company does not have paid up capital and reserves of Rs. 50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial period concerned, provision of para 4(vii) of the Companies (Auditors Report) Order, 2003 are not applicable to company.

8. The company does not have any business activities during the period, the provision of para 4 (viii) of the Companies (Auditors Report) Order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies Act is not applicable to the company.

9. (a) According to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Income Tax, Wealth Tax and other statutory dues with the appropriate Authorities through holding company i.e. PFC ltd/PFC Consulting ltd (Fellow Subsidiary Co). According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March, 2013 for a period of more than six months from the date they become payable.

(b) According to the information and explanation given to us, there are no dues of Income Tax, Wealth Tax, which have not been deposited on account of any dispute.

10. In our opinion the company has accumulated losses at the end of the current financial period. However it has not incurred any cash losses in the current financial period.

11. According to the records made available to us and information and explanations given by the management, the Company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the order is not applicable to the company.

12. In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditors Report) Order, 2003 are not applicable to company as it has not given any loans and advance on security of shares, Debentures and other securities.

13. In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly the provision of para 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

14. According to information and explanation given to us, the Company is not dealing or trading in Shares, securities, debenture and other Investments and hence the requirement of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to Company.

15. According to the information and explanations given to us, the Company has not given any guarantee in respect of loan taken by it from a banks or financial institutions.

16. In our opinion and according to the information and explanation given to us, the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

17. According to the information and explanation given to us and on an overall examination of the Balance sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956

19. According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

20. According to information and explanation given to us the company has not raised any money by public issues during the period.

21. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of
M.D. Gujrati & Co.
Chartered Accountants
(Firm Registration No: 005301N)
CA. R.K. Agrawal
(Partner)
M. No. : 076984

Place: New Delhi
Date: 29.05.2013

COASTAL MAHARASHTRA MEGA POWER LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**500,000**	500,000
(b) Reserves and surplus	4	**(37,865)**	(38,002)
		462,135	461,998
(2) Non-current liabilities			
(a) Long-term borrowings	5	**400,000,000**	400,000,000
(b) Other Long-term liabilities	6	**122,531,567**	89,308,315
		522,531,567	489,308,315
(3) Current liabilities			
Other current liabilities	7	**1,809,723**	4,208,751
Short-term provisions	8	**61**	-
		1,809,784	4,208,751
TOTAL		**524,803,486**	493,979,064
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Capital work-in-progress	9	**57,621,737**	50,639,125
(b) Other non-current assets	10	**110,683,420**	80,135,043
		168,305,157	130,774,168
(2) Current assets			
(a) Cash and cash equivalents	11	**7,275**	84,345
(b) Short-term loans and advances	12	**356,491,054**	363,120,551
		356,498,329	363,204,896
TOTAL		**524,803,486**	493,979,064

Expenditure during Construction Period	**13**
Corporate Information	**1**
Significant Accounting Policies	**2**
Other Notes to financial statements	**14 to 35**

For and on behalf of Board of Directors

Alok Sud Director | **Yogesh Juneja** Director | **R.Nagarajan** Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.AGRAWAL
(Partner)
M No. : 76984

Place : New Delhi
Date : 28.05.2013

COASTAL MAHARASHTRA MEGA POWER LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I.	Revenue from operations		-	-
II.	Other income		198	-
III.	**Total Revenue (I+II)**		**198**	-
IV.	Expenses		-	-
	Total Expenses		**-**	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**198**	-
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**198**	-
VIII.	Extraordinary items		-	-
IX.	**Profit before tax (VII-VIII)**		**198**	-
X.	**Tax expense:**			
	(1) Current tax		**61**	-
	(2) Deferred Tax		**-**	-
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		**137**	-
XII.	**Profit/(Loss) from discontinuing operations**		-	-
XIII.	**Tax expense of discontinuing operations**		-	-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		-	-
XV.	**Profit/(Loss) for the period (XI +XIV)**		137	-
XVI.	**Earnings per equity share:**			
	(1) Basic	26	**0**	-
	(2) Diluted	26	**0**	-
	Expenditure during Construction Period	13		
	Corporate Information	1		
	Significant Accounting Policies	2		
	Other Notes to financial statements	14 to 35		

For and on behalf of Board of Directors

Alok Sud Director | **Yogesh Juneja** Director | **R.Nagarajan** Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.AGRAWAL
(Partner)
M No. : 76984

Place : New Delhi
Date : 28.05.2013

COASTAL MAHARASHTRA MEGA POWER LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**137**	-
Prior Period Expenses/ Preliminary expenses	**-**	-
Operating profit before working capital changes	**137**	-
Adjustment For Increase/Decrease in:		
Other non-current assets	**(30,548,377)**	(32,802,047)
Loans and advances	**6,629,497**	2,999,553
Liabilities and provisions	**30,824,285**	35,488,599
Net cash flow from operating activities	**6,905,542**	5,686,105
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	**(6,982,612)**	(5,686,655)
Net cash used in investing activities	**(6,982,612)**	(5,686,655)
C. CASH FLOW FROM FINANCING ACTIVITIES	**-**	-
Net cash flow from financing activities	**-**	-
Net increase/decrease in cash and cash equivalents	**(77,070)**	(550)
Add: Cash and cash equivalents at beginning of the year	**84,345**	84,895
Cash and cash equivalents at end of the year	**7,275**	84,345
Balance with bank	**7,275**	84,345

For and on behalf of Board of Directors

Alok Sud	**Yogesh Juneja**	**R.Nagarajan**
Director	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.AGRAWAL
(Partner)
M No. : 76984

Place : New Delhi
Date : 28.05.2013

COASTAL MAHARASHTRA MEGA POWER LIMITED

Notes to Financial Statements for the Year ended March 31, 2013

1 Corporate Information

The Company was incorporated on March 1, 2006 under the Companies Act,1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on September 29, 2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Maharashtra (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are stated at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹.5000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Survey/Studies/Investigation/Consultancy/ Administration /Depreciation/Interest etc is treated as Capital work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long-term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. **Preliminary Expenses**

Preliminary expenses are written off in the year in which such expenditure is incurred.

l. **Contingent Liability**

Contingent liabilities are not provided for and are disclosed by way of notes.

m. **Cash Flow Statement**

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised :		
50,000 Equity shares of Rs.10/- each (Previous year 50,000 Equity shares of Rs.10/- each)	**500,000**	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of Rs.10/- each fully paid-up (Previous year 50,000 Equity shares of Rs.10/- each fully paid)	**500,000**	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	500,000

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting Year**

Equity Shares

	As at March 31, 2013 No. of Shares	As at March 31, 2013 Amount (₹)	As at March 31, 2012 No. of Shares	As at March 31, 2012 Amount (₹)
Balance at the beginning of the year	50,000	**500,000**	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	**50,000**	**500,000**	50,000	500,000

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding company**

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2012: 50,000) equity shares of Rs. 10 each fully paid	**500,000**	500,000

d. **Details of shares held by shareholders holding more than 5% of the aggregate shares in the company**

	As at March 31, 2013 No. of Shares	As at March 31, 2013 % holding in the class	As at March 31, 2012 No. of Shares	As at March 31, 2012 % holding in the class
Equity Shares of Rs. 10 each fully paid	50,000	100%	50,000	100%
Power Finance Corporation Limited, the Holding Company *				
	500,000	**100.00%**	500,000	100.00%

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**(38,002)**	(38,002)
Profit for the year	**137**	-
Less: Appropriation	**-**	-
Balance as at the end of year	**(37,865)**	(38,002)

5. LONG-TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other loans and advances (unsecured)		
Commitment advance		
Ajmer VVNL	**18,000,000**	18,000,000
BESCOM	**50,000,000**	50,000,000
Chhatisgarh State Electricity Board	**50,000,000**	50,000,000
Jaipur VVNL	**18,000,000**	18,000,000
Jodhpur VVNL	**14,000,000**	14,000,000
Maharashtra State Distribution Company Limited	**200,000,000**	200,000,000
M.P.Power Trading Co. Ltd.	**50,000,000**	50,000,000
Total	**400,000,000**	400,000,000

Terms of repayment for Unsecured borrowings

Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder

6. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Interest accrued but not due on long-term borrowings	**122,531,567**	89,308,315
TOTAL	**122,531,567**	89,308,315

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other payables		
Earnest Money Deposits	-	400,000
Statutory dues (Tax deducted at Source)	**1,746,521**	3,745,549
Expenses Payable	**63,202**	63,202
TOTAL	**1,809,723**	4,208,751

8. SHORT-TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Provision for Income tax	**61**	-
TOTAL	**61**	**-**

9. CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Capital work-in-progress	**50,639,125**	44,952,470
Add: Transferred from expenditure During Construction Period (Note-13)	**6,982,612**	5,686,655
TOTAL	**57,621,737**	50,639,125

10. OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Interest receivable from related party but not due		
(Power Finance Corporation Ltd)	**110,683,420**	80,135,043
Total	**110,683,420**	80,135,043

11. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
In Current Account	**7,275**	84,345
Total	**7,275**	84,345

12. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Loans and advances to related parties		
(Power Finance Corporation Ltd)	**356,487,996**	363,117,269
Others		
Tax deducted at source (Refundable)	**3,058**	3,282
Total	**356,491,054**	363,120,551

13. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
(a) Expenses		
Manpower Charges	**77,224**	53,986
Bank Charges	**1,550**	550
Payment to the auditor:		
-As auditor	**105,338**	70,225
Legal & Professional Charges	**50,144**	43,308
Consultancy Charges	**290,798**	12,998
Conference & Meeting Expenses	**97,898**	80,120
Interest on utilised portion	**6,258,187**	5,396,754
Interest on un-utilised portion	**30,551,435**	32,805,329
Other Administrative Expenses	**101,473**	28,714
Total (a)	**37,534,047**	38,491,984
(b) Other Income		
Interest on un- utilised portion	**30,551,435**	32,805,329
(TDS: ₹3058/- ; PY: ₹ 3282/-)		
Total (b)	**30,551,435**	32,805,329
Total (a-b)	**6,982,612**	5,686,655

14 Pursuant to decision of Ministry of Power, Procurers are required to pay commitment advance against their respective share of allocated power to them, without any obligation of payment of interest on commitment advance on part of the company. Accordingly commitment advance is received from procurer without any obligation or commitment for payment of interest on commitment advance paid by them. However company has provided interest liability on commitment advance received from procurer as per decision of company. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

15 Pursuant to the Financing Agreement with PFC Ltd., total commitment advance of ₹.40,00,00,000/- received from procurers as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder was given to the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.The said commitment advance has been shown in the Balance Sheet as Long-term Borrowings.

16 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Total Interest expenses of ₹.3,68,09,622/- (Previous Year ₹.3,82,02,083/- (Gross) includes interest of ₹.3,05,51,435/- (Previous Year ₹.3,28,05,329/-) on unutilized portion and ₹.62,58,187/- (Previous Year ₹.53,96,754/-) on utilized portion. Interest on utilized portion has been capitalized.

17 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed and Professional Fee of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC Ltd.), consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

18 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory& professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and the company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

19 All the work for the Company are executed by PFC Consulting Ltd (PFCCL). Manpower Charges of ₹.77224/- (Previous Year ₹.53986/-) for man power cost of PFCCL employees charged by PFCCL on cost to company basis/ rate, as determined by PFCCL in proportion to the actual man days spent by the employees for the Company as per invoice raised by PFCCL and include ₹.NIL (Previous Year ₹.7,229/-) of Sh.Dinesh Vij (Director) and ₹.Nil (Previous Year ₹.28793/-) of Sh. Yogesh Juneja. The total expenditure during the construction period along with interest shall be recovered by PFC Ltd. from the successful bidder at the time of award of the project. PFC Ltd. is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

20 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/ PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

21 Statement of Incidental Expenditure during Construction Period' (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

22 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹.Nil/- (Previous year ₹.2,47,16,953/-).

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹.Nil (Previous year ₹.Nil).

23 The Key Management Personnel of the Company are employee of the PFC Ltd. (Holding Company) and PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri R.Nagarajan	Chairman	31.12.2009	Continuing
2	Shri Yogesh Juneja	Director	31.12.2009	Continuing
3	Shri Alok Sud	Director	22.12.2008	Continuing
4	Shri Damodar Balapure	Director	15.04.2011	28.04.2012

24 The disclosure as per AS18 – Related Party Disclosure :

The Coastal Maharashtra Mega Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Maharashtra Mega Power Limited where the PFC Ltd. nominees exercise control.

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprise under common control
15	Patran Transmission Company Limited	Enterprise under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprise under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprise under common control
18	RAPP Transmission Company Limited	Enterprise under common control

Detail of maximum debit balance during the Year in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹.36,31,17,269/- (P.Y ₹.36,34,06,353/-)

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
		₹	₹
1	Interest Expense	945,924	816,827
2	Interest Income (Net of TDS)	30,548,377	32,805,329
3	Man Power Charges*	77,224	53,986
4	**Closing Balances**		
(a)	Interest accrued but not due on long-term borrowings	7,500,885	6,554,961
(b)	Interest Receivable (Net of TDS)	110,683,420	80,135,043
(c)	Short-term loans & Advances (Receivable)	356,487,996	363,117,269

*Charged by PFCCL

25 Auditors Remuneration (including Service Tax)

S. No.	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
		₹	₹
1	Audit Fees	105,338	70,225

26 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax ₹	137	-
4	Earning per share ₹	0	-

27 In the opinion of the Board, on realization in the ordinary course of the company's business the other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

28 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

29 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

30 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

31 The company has sent letters to various parties included under the head Long Term Borrowings (Commitment advance) for confirmation of their balances as per the books of accounts of the company for which some confirmations is yet to be received from the respective parties.

32 Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – ₹.Nil (Previous Year ₹.Nil)

(b) Income in foreign exchange – ₹.Nil (Previous Year ₹.Nil)

33 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

34 Figures have been rounded off to the nearest Rupee unless otherwise stated.

35 Corresponding figures for the previous year have been regrouped/ rearranged wherever necessary to conform to Current year's classification.

For and on behalf of Board of Directors

Alok Sud	Yogesh Juneja	R.Nagarajan
Director	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.AGRAWAL
(Partner)
M No. : 76984

Place : New Delhi
Date : 28.05.2013

ORISSA INTEGRATED POWER LIMITED

(A Wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To

The Members,

Your Directors have pleasure in presenting the 7th Annual Report on the performance of the Company for the financial year ending on 31st March, 2013 along with Audited Statement of Accounts, Auditor's Report and Review of the Accounts by the Comptroller & Auditor General of India for the reporting period.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 24th August, 2006 as a Special Purpose Vehicle (SPV) for Orissa UMPP by Power Finance Corporation Limited (PFC) as its wholly owned subsidiary Company.

Power produced from the project would be procured by nine States namely Odisha (1300 MW), Punjab (500 MW), Rajasthan (400 MW), Haryana (400 MW), Madhya Pradesh (400 MW), Uttar Pradesh (300 MW), Tamil Nadu (300 MW), Uttarakhand (200 MW), and Chhattisgarh (200 MW).

Brief status of the Project as on date of this report is as follows:

1. The Department of Water Resources, Government of Odisha (GoO) allocated water for the Project from the single source i.e. from Hirakud reservoir in Jan 2009, on the condition of receipt of undertaking for funding the development of additional storage scheme in the upstream of Hirakud Dam. The undertaking to this effect was given in July 2011.
2. Ministry of Coal, Government of India had allocated Meenakshi (285 MT), Meenakshi-B (250 MT) and Dipside of Meenakshi (350 MT) coal blocks located in the Ib river coal fields to Orissa Integrated Power Limited for the Project. Consequent to surrender of forest land and subsequent redrawn of boundaries, the originally allocated coal reserves has been revised by Ministry of Power, GoI to Meenakshi (285 MT), Meenakshi-B (254 MT) and Dipside of Meenakshi (299 MT). MoEF categorized the Coal blocks from "No-Go" area to "Go" area in June 2011.
3. To proceed ahead with the acquisition of land, all the Procurers deposited the cost of private land in proportionate to their share of allocated power amounting to Rs. 718.66 Cr for acquisition of private land of 2732.56 to OIPL. OIPL deposited the cost of private land with IDCO. In June, 2013. Section 7 notification under Land Acquisitions Act, 1894 was issued on 3.7.2013 and section 9(1) notification has been issued on 14.7.2013.
4. Application for diversion for Forest land for non forest use was submitted to PCCF through IDCO in May 2011, is under process in the office of RCCF in Rourkela.
5. The last date for submission of Request for Qualification (RfQ) issued on 11th June, 2010 was extended six times by two months on each occasion by the directions of Ministry of Power, GoI . The responses to RfQ were finally received on 1st August, 2011 from 20 bidders. The evaluation of the responses to RfQs is under process. As MoP is in the process of revising the Standard Bid Documents to be used for preparing the RfP, the validity of the responses to RfQ obtained from the bidders have been extended six times, latest till August, 31, 2013.
6. Meeting of Expert Appraisal Committee, MoEF was held in September 2012 to grant the environmental clearance to the project. The EAC directed OIPL to carry out additional studies which were not mentioned at the time of issuance of ToR for the project. Accordingly the additional studies have been conducted and the reports are under finalisation.
7. OIPL approached Central Electricity Regulatory Commission for extension of bid process time by another 730 days from the deadline of June 9, 2012. However, the Commission granted an extension only upto April 5, 2013 to complete the bid process. OIPL again on March 15, 2013 requested CERC to approve the extension of time taken for the bid process by further period of 730 days from April 6, 2013 to April 5, 2015. CERC vide its order dated 19.7.2013 has directed OIPL to close the present bidding process and start the bidding process afresh. In accordance with the revised SBDs to be issued by Ministry of Power, GoI. MOP vide its communication dated 24.7.2013 has dilected OIPL to extend the validity of RfQ bids by another month. Accordingly, OIPL has extended the validity of RfQ bids to 31.08.2013.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 16.01 Crore in the development of the Project which has been transferred to capital work in progress. The Company has incurred total expenditure of ₹ 87.27 Crore till 31st March, 2013.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the financial year 2012-13.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (₹ Five Lac only) comprising of 50,000 equity shares of ₹ 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 40.00 Crore from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. Jain & Malhotra, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, following changes were made in the constitution of the Board of the Company:

- Pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri R. Rahman was appointed as additional Director of the Company in place of Shri P.P.Srivastava w.e.f. 30th October, 2012.
- The Department of Energy, Government of Odisha, vide its letter No. PPD-TH-29/2011, 8999/En. Bhubneswar dated 15/11/2012, informed that Shri D.K. Singh, IAS, Chairman-cum-Managing Director, GRIDCO, Bhubneswar, has been nominated as Director on the Board of the Company in place of Shri Hemant Sharma. Accordingly Shri D.K.Singh was appointed as additional Director of the Company w.e.f 22nd November, 2012 in place of Shri Hemant Sharma.
- Subsequently, Government of Odisha, Department of Energy vide its Notification No.PPD-TH-(1)1/2013/494/En. dated 17/01/2013 informed

that Shri Pradeep Kumar Jena, Chairman-cum-Managing Director, GRIDCO, Bhubneswar, has been nominated as Director on the Board of the Company in place of Shri D.K. Singh. Accordingly Shri P.K.Jena was appointed as additional Director of the Company w.e.f 23rd January, 2013 in place of Shri D.K.Singh.

- Department of Energy, Government of Rajasthan, vide its letter No. F.2(1) Energy/2006/Part-1 dated 6/5/2013, nominated Shri S.K.Jain, Director (Technical) Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL) as member of the Board of Directors of the Company in place of of Shri. Y.K.Raizada. Accordingly Shri S.K.Jain was appointed as additional Director of the Company w.e.f 27th May, 2013 in place of Shri Y.K.Raizada.
- Subsequently, Government of Odisha, Department of Energy, vide its notification letter no. PPD-TH-(i)1/2013 6184/en. dated 2/08/2013 informed that Shri Hemant Sharma, Chairman-cum-Managing Director, GRIDCO & OPTCL is nominated as Director on the Board of Orissa Integrated Power Limited in place of Shri P.K. Jena, who has been transferred from GRIDCO. Accordingly, Shri Hemant Sharma was appointed as additional director of the company w.e.f. 16th August, 2013 in place of shri P.K. Jena.

In terms of the provisions of Section 260 of the Companies Act 1956, Shri R. Rahman, Shri Hemant Sharma and Shri S.K.Jain will hold office upto the date of ensuing Annual General Meeting. The Company has received the notice(s) along with requisite fee, under section 257 of the Companies Act, 1956, proposing their candidature for the office of Director liable to retire by rotation. The Board recommends that Shri R. Rahman, Shri Hemant Sharma and Shri S.K.Jain may be appointed as a Director(s), liable to retire by rotation.

Your Board places on record its deep appreciation for the valuable contribution made by Shri P.K. Jena, Shri Y.K.Raizada, Shri D.K.Singh and Shri P.P.Srivastava during their tenure as Directors of the Company.

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri K. Sridhar, Director and Shri G.S.Chhabra, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Consequent to the aforesaid changes, presently the Board of Directors of the Company comprises of the following:

Shri M.K.Goel	Chairman
Shri N. D. Tyagi	Director
Shri R.Rahman	Director
Shri K. Sridhar	Director
Shri Yogesh Juneja	Director
Shri Hemant Sharma	Director (Representing State of Odisha)
Shri S.K.Jain	Director (Representing State of Rajasthan)
Shri G.S.Chhabra	Director (Representing State of Punjab)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 18th June, 2013 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2012-13.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power Government of Odisha, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

M. K. Goel
Chairman

Place: New Delhi
Date: 16th August, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA INTEGRATED POWER LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Orissa Integrated Power Limited, New Delhi, for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27th May, 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Orissa Integrated Power Limited, New Delhi for the year ended 31 March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 18th, June 2013

INDEPENDENT AUDITOR'S REPORT

To

The Members

ORISSA INTEGRATED POWER LIMITED

Report on the Financial Statements

We have audited the attached Financial Statement of **M/s ORISSA INTEGRATED POWER LIMITED which comprises the Balance Sheet** as at **31st March 2013** and also the Statement of Profit and Loss and cash flow statement of the company for the year ended as on that date annexed thereto.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statement that give a true & fair view of the financial position, financial performance and cash flow of the company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act 1956("The Act"). This responsibility includes the design, implementation and maintenance of Internal Control relevant to the preparation & presentation of the Financial Statement that gives true & fair view and is free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with the Standard on Auditing issued by "The Institute of Chartered Accountant of India". Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedure to obtain audit evidence about the amount and disclosure in the financial statement. The procedure selected depends on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the company's preparation and fair presentation of the financial statement in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient & appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, they said Balance Sheet and Statement of Profit & Loss read together with the notes thereon gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

(i) In so far as it relates to the **Balance Sheet** of the **state of affairs** of the Company as at 31st March 2013; and

(ii) In so far as it relates to the **Statement of Profit and Loss** of the NIL (profit/Loss) for the year ended on that date.

(iii) In the case of the **Cash Flow Statement**, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in term of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.

2. As required by the Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the balance sheet, the statement of Profit & Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of this Act.

   (e) On the basis of the written representation received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in term of Section 274 (1) (g) of the act.

For JAIN & MALHOTRA
Firm Registration No.003610N
Chartered Accountants
Deepak Malhotra
Partner
Membership No. 080951

Place: New Delhi
Date : 27.05.2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph (3) of our report of even date)

1. In respect of its fixed assets:

   (a) In our opinion and according to information and explanation given to us, The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

   (b) As explained to us, the Fixed Assets have been physically verified by the Management during the year which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

   (c) As explained to us, the Company has not disposed off substantial part of fixed assets during the year.

2. The Company does not have any inventories.

3. The Company has neither granted nor accepted any loans, secured or unsecured to a party covered in the register maintained under Sec.301 of the Companies Act.1956.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of goods and services. During the course of our Audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. In our opinion, and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

6. No deposits within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 have been accepted by the Company.

7. The company does not have paid up capital and reserves of Rs. 50 Lakhs as at the commencement of the financial year and also did not have turnover exceeding 5 crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, the provisions of para 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to company.

8. The Central Government has not prescribed for the maintenance of cost records under Section 209(1)(d) of the Companies Act 1956.

9. According to the information and explanation given to us, no undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and any other material statutory dues, wherever applicable, were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable. Consequently, clauses 4(ix) (b) of the Order are not applicable to the Company.

10. The Company has accumulated losses of Rs. 2153903.00. However it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks.

12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares and other securities.

13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.

15. The company has not given guarantees for loans taken by others from Banks or financial institutions.

16. In our opinion and according to information and explanations give to us and on the basis of examination of books of accounts, no term loans have been raised by the company.

17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short – term assets except permanent working capital.

18. The Company has not issued any preferential allotment of shares during the year.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by way of public issue during the year.

21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For JAIN & MALHOTRA
Firm Registration No.003610N
Chartered Accountants
Deepak Malhotra
Partner
Membership No. 080951

Place: New Delhi
Date : 27.05.2013

ORISSA INTEGRATED POWER LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**500,000**	500,000
(b) Reserves and surplus	4	**(2,153,903)**	(2,153,903)
		(1,653,903)	(1,653,903)
(2) Non-current liabilities			
(a) Long-term borrowings	5	**672,485,215**	588,987,058
(b) Other Long-term liabilities	6	**272,110,453**	189,682,380
		944,595,668	778,669,438
(3) Current liabilities			
Other current liabilities	7	**1,080,844,514**	8,433,555
		1,080,844,514	8,433,555
TOTAL		**2,023,786,279**	785,449,090
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	**367,285**	546,087
(ii) Capital work-in-progress	9	**872,698,144**	711,999,493
(b) Other non-current assets	10	**65,146,403**	65,146,403
		938,211,832	777,691,983
(2) Current assets			
(a) Cash and cash equivalents	11	**1,077,996,810**	179,470
(b) Short-term loans and advances	12	**7,577,637**	7,577,637
		1,085,574,447	7,757,107
TOTAL		**2,023,786,279**	785,449,090

Expenditure during Construction Period	**13**
Corporate Information	**1**
Significant accounting policies	**2**
Other Notes to financial statements	**14 to 38**

For and on behalf of Board of Directors

(R. Rahman) Director | **(K.Sridhar)** Director | **(M.K. Goel)** Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
Jain & Malhotra
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:003610N)

DEEPAK MALHOTRA
(Partner)
M No. : 80951

Place : New Delhi
Date : 27.05.2013

ORISSA INTEGRATED POWER LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I.	Revenue from operations		-	-
II.	Other income		-	-
III.	**Total Revenue (I+II)**		-	-
IV.	Expenses		-	-
	Total Expenses		-	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		-	-
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		-	-
VIII.	Extraordinary items		-	-
IX.	**Profit before tax (VII-VIII)**		-	-
X.	**Tax expense:**			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		-	-
XII.	**Profit/(Loss) from discontinuing operations**		-	-
XIII.	**Tax expense of discontinuing operations**		-	-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		-	-
XV.	**Profit/(Loss) for the period (XI +XIV)**		-	-
XVI.	**Earnings per equity share:**			
	(1) Basic	34	-	-
	(2) Diluted	34	-	-
	Expenditure during Construction Period	13		
	Corporate Information	1		
	Significant accounting policies	2		
	Other Notes to financial statements	14 to 38		

For and on behalf of Board of Directors

(R. Rahman) Director | **(K.Sridhar)** Director | **(M.K. Goel)** Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
Jain & Malhotra
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:003610N)

DEEPAK MALHOTRA
(Partner)
M No. : 80951

Place : New Delhi
Date : 27.05.2013

ORISSA INTEGRATED POWER LIMITED

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	-	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	-
	Adjustment For Increase/Decrease in:		
	Other non-current assets	-	-
	Short-term loans and advances	-	21,332
	Liabilities and provisions	**1,154,839,032**	67,575,273
	Net cash flow from operating activities	**1,154,839,032**	67,596,605
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital work-in-progress	**(160,519,849)**	(142,786,294)
	Purchase of fixed assets	-	(422,622)
	Net cash used in investing activities	**(160,519,849)**	(143,208,916)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Long-term borrowings	**83,498,157**	75,611,711
	Net cash flow from financing activities	**83,498,157**	75,611,711
	Net increase/decrease in cash and cash equivalents	**1,077,817,340**	(600)
	Add: Cash and cash equivalents at beginning of the year	**179,470**	180,070
	Cash and cash equivalents at end of the year	**1,077,996,810**	179,470
	Balance with bank	**1,077,996,810**	179,470

For and on behalf of Board of Directors

(R. Rahman) **Director** — **(K.Sridhar)** **Director** — **(M.K. Goel)** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
Jain & Malhotra
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:003610N)

DEEPAK MALHOTRA
(Partner)
M No. : 80951

Place : New Delhi
Date : 27.05.2013

ORISSA INTEGRATED POWER LIMITED

Notes to Financial Statements for the Year ended March 31, 2013

1 Corporate Information

The Company was incorporated on August 24, 2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on September 29, 2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Orissa (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹.5000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. Taxes on Income

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 notified under the Companies act 1956.

l. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

m. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

n. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	500,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance at the beginning of the year	50,000	**500,000**	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	**50,000**	**500,000**	**50,000**	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

Power Finance Corporation Limited, the Holding Company	As at March 31, 2013	As at March 31, 2012
50,000 (31 March 2012: 50,000) equity shares of ₹. 10 each fully paid	**500,000**	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	50,000	**100%**	50,000	100%
	50,000	**100%**	**50,000**	100%

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**(2,153,903)**	(2,153,903)
Profit for the year	-	-
Less: Appropriation	-	-
Balance as at the end of the year	**(2,153,903)**	(2,153,903)

5 Long-Term Borrowings

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Loans and advances from related party (unsecured)		
Power Finance Corporation Ltd	**272,485,215**	188,987,058
Other loans and advances(unsecured)		
Commitment advance		
Ajmer VVNL	**14,400,000**	14,400,000
CSEB	**20,000,000**	20,000,000
Gridco	**130,000,000**	130,000,000
HPGCL	**40,000,000**	40,000,000
Jaipur VVNL	**14,400,000**	14,400,000
Jodhpur VVNL	**11,200,000**	11,200,000
M.P.Power Trading Co. Ltd.	**40,000,000**	40,000,000
Punjab State Electricity Board	**50,000,000**	50,000,000
Tamilnadu Electricity Board	**30,000,000**	30,000,000
UPPCL	**30,000,000**	30,000,000
Uttaranchal Power C.L	**20,000,000**	20,000,000
TOTAL	**672,485,215**	588,987,058

Terms of repayment for Unsecured borrowings

Loans and advances from related party and Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder.

6. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Interest Accrued but not due on long-term borrowings	**272,110,453**	189,682,380
TOTAL	**272,110,453**	189,682,380

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other payables		
Statutory dues (Tax deducted at Source)	**2,535,626**	5,021,894
Expenses Payable	**320,898**	3,411,661
Others(Deposit for land (Refer Note 19))	**1,077,987,990**	-
TOTAL	**1,080,844,514**	8,433,555

8. TANGIBLE ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Opening Balance as at April 1, 2012	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at March 31, 2013	Opening Balance as at April 1, 2012	During the Year	Closing Balance as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Own Assets:									
Furniture & Fixtures	205,343	-	-	205,343	84,067	21,951	106,018	99,325	121,276
EDP Equipments	512,245	-	-	512,245	137,543	149,881	287,424	224,821	374,702
Office and other equipments	71,377	-	-	71,377	21,269	6,970	28,239	43,138	50,108
Total	788,965	**-**	**-**	**788,965**	**242,878**	**178,802**	**421,680**	**367,285**	**546,087**
Previous Year	366,343	422,622	788,965	**788,965**	125,399	117,479	242,878	546,087	240,944

9. CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Capital work-in-progress	**318,069,661**	175,165,888
Add: Transferred from expenditure During Construction Period (Note-13)	**160,139,862**	142,903,773
	478,209,523	318,069,661
Capital Expenditure for Land	**394,488,621**	393,929,832
TOTAL	**872,698,144**	711,999,493

10. OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Interest receivable from related party but not due	**65,146,403**	65,146,403
(Power Finance Corporation Ltd.)		
TOTAL	**65,146,403**	65,146,403

11. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
In Current Account	**1,077,996,810**	179,470
TOTAL	**1,077,996,810**	179,470

12. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Others		
Tax deducted at source refundable	**7,577,637**	7,577,637
TOTAL	**7,577,637**	7,577,637

13. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
(a) Expenses		
Manpower Charges	**57,435,240**	50,726,290
Bank Charges	**650**	600
Payment to the auditor:		
-As auditor	**131,672**	87,781
Consultancy Charges & Professional Fee	**3,395,850**	2,789,077
Depreciation	**178,802**	117,479
Advertisement Expenses	**396,765**	8,317,768
Fees & Legal Expenses	**2,148,187**	14,518
Conference & Meetings	**354,089**	127,803
Cost of Document	**-**	1,400,000
Interest on utilised portion	**87,511,909**	72,445,233
Outsourcing Expense	**1,545,835**	1,699,312
Vehicle Hiring Charges	**1,223,121**	577,756
Survey and Investigation	**1,516,860**	2,572,728
Telephone Expenses	**65,097**	45,401
Tours & Travelling Expenses	**2,277,974**	1,705,052
Rent	**770,632**	603,810
Printing & Stationery Expenses	**311,723**	85,204
Postage & Courier	**22,358**	9,662
Electricity Expense	**113,847**	65,213
Repair & Maintenance	**35,155**	49,853
Other Administrative Expenses	**704,096**	863,233
Total (a)	**160,139,862**	144,303,773
(b) Other Income		
Interest on un-utilised portion	-	-
(TDS Rs. NIL , Previous year Rs.Nil)		
Sale of RFQ	-	1,400,000
Total (b)	**-**	1,400,000
Total (a-b)	**160,139,862**	142,903,773

14 Pursuant to decision of Ministry of Power, Government of India, the Company has received, entire Commitment Advance of ₹.40,00,00,000/- (Previous Year ₹.40,00,00,000/-) from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Long-term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

15 Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹.40,00,00,000/-(Previous Year ₹.40,00,00,000/-) received from procurers was given to the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet. However the amount utilized in excess of commitment advance, is shown as loans & advances from related party under long term borrowings.

16 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest received/ paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Interest expenses of ₹.8,75,11,909/- (Previous Year ₹.7,24,45,233/-) is towards Interest on utilized portion. Interest on utilized portion has been capitalized.

17 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory& professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

18 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

19 The land acquisition process for the Orissa UMPP is under way by the Orissa Govt. The notification under Section 6 of the Land Acquisition Act has been published by the Revenue and Disaster Management Department, Govt. of Orissa on 31.05.2011 (Gazette Notification date 23.06.2011) Orissa Industrial Infrastructure Development Corporation (IDCO) had intimated total dues of ₹.718.66 Crores towards the estimated cost of land, IDCO administration charges and collector's establishment cost pertaining to acquisition of private land measuring 2732.56 acres. Ministry of Power has decided that the cost of land would be paid by the procurers to Orissa Integrated Power Ltd. (OIPL) which would then deposit the cost of land with IDCO. Accordingly the payment of cost of private land would be paid by the power procurers in proportion of their allocated share of power. No interest would be payable to procurers by OIPL/PFC Ltd. on the cost of land deposited by procurers with OIPL. The amount received from procurers towards the cost of land would not be treated as loan or commitment advance or for normal day to day expenditure of the OIPL.

20 Water allocation for the project was given by Govt. of Orissa subject to the condition that Company shall bear the cost of development of additional storage scheme in the upstream of Hirakud reservoir, the physical works and execution of which will be taken up by DOWR. This undertaking was given to Govt. of Orissa after obtaining approval from the Board . Govt. of Orissa is yet to intimate this cost which has to be borne by the Company. Govt. of Orissa, Department of Water resources has informed that the estimate cost of aforesaid work will be approximately ₹.500 Crores.

21 All the work for the Company are executed by PFC Consulting Ltd (PFCCL). Manpower charges of ₹.5,74,35,240/- (Previous Year ₹.507,26,290/-) of PFCCL employees, is charged by PFCCL on cost to company basis/ rate, as determined by PFCCL in proportion to the man days spent by the employees for the Company as per invoice raised by PFCCL, which include charges for Sh. N.D.Tyagi (Director) ₹.12,76,600/-(Previous Year ₹.16,61,860/-), Sh.Ashwani Sharma (Director) ₹.NIL (Previous Year ₹.42,25,615/-), Sh.P.P.Srivastava ₹.30,67,500/- (Previous Year ₹.25,35,010/-) , Sh. Yogesh Juneja (Director) ₹.1,01,400/- (Previous Year ₹.71,864/-) and Shri R. Rahman ₹.16,90,000/- (Previous Year ₹.NIL) who are/were the directors of the Company.

22 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/ PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

23 The Key Management Personnel of the Company are employee of the PFC Ltd (Holding Company) and PFC Consulting Ltd

(A wholly owned subsidiary of PFC Ltd) and deployed on Part Time basis.

The details of such Key Management Personnel as on March 31, 2013 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri M.K.Goel	Chairman	02.11.2007	Continuing
2	Shri G.S.Chhabra *	Director	14.07.2010	Continuing
3	Shri Y.K.Raizada *	Director	21.02.2008	Continuing
4	Shri K. Sridhar	Director	24.12.2008	Continuing
5	Shri N.D.Tyagi	Director	30.12.2009	Continuing
6	R Rahman	Director	30.10.2012	Continuing
7	Shri Yogesh Juneja	Director	30.12.2009	Continuing
8	P. K. Jena *	Director	23.01.2013	Continuing
9	Shri D. K. Singh *	Director	22.11.2012	23.01.2013
10	Shri P.P Srivastava	Director	16.12.2011	30.10.2012
11	Shri Hemant Sharma*	Director	20.05.2011	22.11.2012

* from Power Procuring States

24. The disclosure as per AS18 – Related Party Disclosure :

The Orissa Integrated Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Orissa Integrated Power Limited.

Detail of maximum credit (debit) balance during the period in the accounts of directors and other related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd C.Y : ₹.27,24,85,215/-
P.Y : ₹.18,89,87,058/-

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFCL)	Holding Company
2	PFC Consulting Limited (PFCCL)	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
9	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprise under common control
15	Patran Transmission Company Limited	Enterprise under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprise under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprise under common control
18	RAPP Transmission Company Limited	Enterprise under common control

The related Party Transactions done during the year are as follows:-

S. No.	Particulars	As at March 31, 2013		As at March 31, 2012	
		PFCL	PFCCL	PFCL	PFCCL
1	Interest Expenses	**36,673,558**	**-**	22,314,083	-
2	Cost of Document	**-**	**-**	-	1,400,000
3	Manpower Charges*	**57,435,240**	**-**	50,726,290	-
4	**Closing Balance**				
a)	Interest receivable	**65,146,403**	**-**	65,146,403	-
b)	Interest accrued but not due on long-term borrowings	**70,048,104**	**-**	33,374,546	-
c)	Long-term Borrowings	**272,485,215**	**-**	188,987,058	-

*Charged by PFCCL

25 i) Estimated amount of contracts remaining to be executed on Project (Capital work-in-progress) and not provided for ₹.1.484 Crores (Previous Year ₹.1.640 Crores) excluding taxes.

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹.Nil (Previous year ₹.Nil).

26 Auditors Remuneration (including Service Tax)

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
		₹.	₹.
1	Audit fees	**131,672**	87,781

27 The Company owes no dues to small-scale units at year end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006.

28 Since there are no employees in the company, the obligation as per Accounting Standard- 15 (Revised) do not arises.

29 The Company's significant leasing arrangements are in respect of operating leases of premises for office for a period of one to two years. These leasing arrangements are usually renewable on mutually agreed terms. Lease payments in respect of premises for offices ₹.770,632/- (Previous year ₹.603,810/-) are included under 'Rent' in Note 13 – 'Expenditure during construction period'

30 Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

31 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

32 In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

33 The company has sent letters to various parties included under the head Long-term borrowings (Commitment advance) for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

34 **Earning Per Share**

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Nominal Value of share ₹.	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax ₹.	**-**	-
4	Earning per share ₹.	**-**	-

35 The additional information pursuant to the provisions of Paragraph 5, (ii),(iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – ₹.Nil (Previous year-₹.Nil)

(b) Income in foreign exchange – ₹.Nil (Previous year-₹.Nil)

36 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

37 Figures have been rounded off to the nearest Rupee unless otherwise stated.

38 Corresponding figures for the previous year have been regrouped/ rearranged wherever necessary to conform to Current year's classification.

For and on behalf of Board of Directors

(R. Rahman) **Director**	**(K.Sridhar)** **Director**	**(M.K. Goel)** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
Jain & Malhotra
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:003610N)

DEEPAK MALHOTRA
(Partner)
M No. : 80951

Place : New Delhi
Date : 27.05.2013

COASTAL TAMIL NADU POWER LIMITED

(A Wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTOR'S REPORT 2012-2013

To

The Members,

Your Directors have pleasure in presenting their 6th Annual Report on the working of the Company for the financial year ended 31st March, 2013 together with the Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was established on 9th January, 2007 as a Special Purpose Vehicle (SPV) by Power Finance Corporation Limited to undertake developmental activities for the proposed Ultra Mega Power Project in the State of Tamil Nadu. The project would be developed as per the Tariff based competitive bidding guidelines issued by Ministry of Power, Government of India.

The UMPP is proposed to be set up near village Cheyyur, District - Kancheepuram, Tamil Nadu. The power plant would be using coal to be imported through a Captive Port proposed near village Panaiyur, District- Kancheepuram, Tamil Nadu.

Brief status of the Project as on date is as follows:

a) As on date, Section 3(1) has been issued for entire private land (655.15 acres including 32.15 acres in lieu of Bhoodan land). Further, alienation of 463.95 acres of Government land is under progress.

b) Ministry of Environment and Forest (MoEF), GoI, has issued in-principle 'Stage I' forest clearance on 7.12.2012 for diversion of 24.29 acres of forest land.

c) Environment and CRZ clearance for the Captive Port at Panaiyur has been accorded by MoEF, New Delhi on 30.11.2012.

d) Expert Appraisal Committee (Thermal) has recommended the project to MoEF, New Delhi for Environment Clearance in its 74th meeting held on 20.05.2013.

e) An application for Defence Clearance has also been filed with Ministry of Defence and is under consideration.

f) All the necessary Pre-requisites till issuance of RfP are in place. The Company has sought advice from Ministry of Power (MoP) on SBDs to be followed for Cheyyur UMPP. MoP vide letter had advised that RfQ for Cheyyur UMPP will be issued on revised SBDs.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, the Company during the year has spent an amount of ₹ 881.44 Lakh on the development of the project which has been transferred to capital work in progress. Till 31st March, 2013, the Company has incurred total expenditure of ₹ 3880.06 Lakh.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 1st April, 2012 to 31st March 2013.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2013. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 4000.00 Lakh from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s Gupta Nanda & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, following changes were made in the constitution of the Board of the Company:

- The Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) nominated Shri R. Ganapathy Sankaran, Chief Engineer/ Civil/Projects & Environment, TANGEDCO as Director of the Company in place of Shri J. Uthayasooriyan, Chief Engineer/Projects. Accordingly Shri R. Ganapathy Sankaran was appointed as additional Director of the Company w.e.f 28th May, 2013 in place of Shri J. Uthayasooriyan.
- Shri K.N. Ramesh, Managing Director, Power Company of Karnataka Limited was appointed as additional Director of the Company w.e.f. 4th February, 2013 in place of Shri M. Naveen Kumar, on relinquishment of charge of Managing Director, Power Company of Karnataka Limited by Shri M. Naveen Kumar.

Pursuant to the provisions of Section 260 of the Companies Act 1956, Shri R. Ganapathy Sankaran and Shri K.N.Ramesh will hold office upto the date of ensuing Annual General Meeting. The Company has received the notices along with requisite fee, under section 257 of the Companies Act, 1956, proposing their candidature for the office of Director liable to retire by rotation. The Board recommends that Shri R. Ganapathy Sankaran and Shri K.N.Ramesh may be appointed as a Director(s), liable to retire by rotation.

In accordance with provisions of Companies Act, 1956, Shri Yogesh Juneja and Shri A.K.Gupta, Directors shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Your Board places on record its deep appreciation for the valuable contribution made by Shri J. Uthayasooriyan and Shri M. Naveen Kumar during their tenure as Director(s) of the Company.

Consequent to the aforesaid changes, the Board of Directors of the Company comprises of the following:

1.	Shri R. Nagarajan	Chairman
2.	Shri N. D. Tyagi	Director
3.	Shri R. Rahman	Director
4.	Shri A. K. Gupta	Director
5.	Shri Yogesh Juneja	Director
6.	Shri R. Ganapathy Sankaran	Director (Representing State of Tamil Nadu)
7.	Shri K. Vijayanand	Director (Representing State of Andhra Pradesh)
8.	Shri K.N.Ramesh	Director (Representing State of Karnataka)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 17th June, 2013 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 2012-13.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power Government of Tamil Nadu, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(R. Nagarajan)
Chairman

Place: New Delhi
Date: 14th August, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF COASTAL TAMIL NADU POWER LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Coastal Tamil Nadu Power Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Coastal Tamil Nadu Power Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 17th, June 2013

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

COASTAL TAMIL NADU POWER LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of Coastal Tamil Nadu Power Ltd. ("the Company") which comprise the Balance sheet as on 31st March, 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto and a summary of significant accounting policies and other explanatory information and notes.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act,1956.('the Act") .This responsibility includes the design, implementation and maintenance of the internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of Balance Sheet, of the state of affairs of the Company as on March 31, 2013;

(ii) in the case of the Statement of Profit and Loss , of the profit for the year ended on that date; and

(iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

As required by Section 227(3) of the Act, we report that :

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

(ii) In our opinion, proper books of as required by law have been kept by the Company so far as appears from our examination of those books.

(iii) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

(iv) In our opinion, the Balance sheet, the statement of profit and loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

(v) The requirements of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a Government company, in terms of Notification No. G.S.R.829(E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For Gupta Nanda & Co.
Chartered Accountants
Firm No.: 9039N
Sanjive Nanda
(Partner)
M.No.: 87108

Place: N. Delhi
Dated: 28.05.2013

ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF COASTAL TAMIL NADU POWER LIMITED
Referred to in paragraph 5 of our audit report of even date:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals during the year under audit and no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any substantial part of fixed assets during the year.

(ii) In our opinion and as per the information given to us company is having Nil balance of Inventory as on 31.03.2013. Hence, clause 4(ii) of the Companies (Auditor's Report) Order, 2003('Order') is not applicable.

(iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under Section 301 of the Companies Act, 1956, the provision of clause 4(iii) (a), (b), (c) and (d) of the Order are not applicable to the company.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the registers maintained under Section 301 of the Companies Act, 1956, the provision of clause 4(iii) (e), (f) and (g) of the Order are not applicable to the company.

(iv) In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for expenses incurred on the project directly by the Company only. Further, during the course of our audit we have neither come across nor have we been informed of any significant continuing failure to correct major weaknesses in the internal control system with regard to purchase of fixed assets and expenses incurred on the project directly by the Company only.

(v) (a) To the best of our knowledge and belief and according to the information and explanation given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 .

(b) To the best of our knowledge and belief and according to the information and explanation given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 hence clause (v) (b) of the order is not applicable.

(vi) The Company has not accepted any deposits from the public within the meaning of the Rule 2(b) of the Companies (Acceptance of Deposits) Rules 1975.

(vii) The Company is not having paid up capital and reserve exceeding Rs. 50 lakhs at the commencement of the concerned year or not having an average annual turnover exceeding Rs. 5 crores for a period of three consecutive financial years immediately preceding the year concerned, so clause (vii) is not applicable for the company.

(viii) According to the information and explanation given to us, the Central Government has prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 but same not yet applicable being company is in construction period.

(ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues , Cess and other material statutory dues directly incurred by the Company as applicable with the appropriate authorities.

(b) According to information and explanation given to us, no undisputed amounts in respect of Provident fund, Income Tax, Cess and other material statutory dues applicable to the company was in arrears as of March 31, 2013 for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues outstanding on account of Income Tax/ Service Tax / Cess that have not been deposited on account of disputes.

(x) The company has no accumulated loss as on 31st March, 2013 being under construction period. The Company has not incurred cash losses for the year ended 31st March, 2013 and in the immediately preceding financial year being still under construction stage.

(xi) According to the information and explanation given to us, and on the basis of our examination of the books of account, the company has not taken any loan from any financial institution or bank or debenture holders during audit period . Hence, clause (xi) is not applicable to the company.

(xii) According to the information and explanation given to us, and on the basis of our examination of the books of account, the company has not granted loans and advances on the basis of prime security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.

(xiii) The company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, clause 4(xiii) of the Order is not applicable.

(xiv)(a) In our opinion company is not dealing in or trading in shares ,securities, debentures and other securities. Hence clause (xiv) (a) and (b) are not applicable.

(xv) In our opinion and according to information and explanations given to us, the company has not given any guarantees for loans taken by others from bank or financial institutions.

(xvi) In our opinion and according to information and explanations given to us, the company have not availed any Term Loan during the year. Hence clause (xvi) is not applicable to the company.

(xvii) According to information and explanations given to us and based on the overall examination of the Balance Sheet of the Company, we report that as on balance sheet date company has not raised funds on short term basis. Hence, clause (xvii) is not applicable to the Company.

(xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the concerned year.

(xix) In our opinion and according to the information and explanations given to us, company has not issued any debenture during the year under audit. Hence clause (xix) is not applicable to the company.

(xx) The company has not raised any money by public issues during the year under audit.

(xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year under audit.

For Gupta Nanda & Co.
Chartered Accountants
Firm No.: 9039N
Sanjive Nanda
(Partner)
M.No.: 87108

Place: N. Delhi
Dated: 28.05.2013

COASTAL TAMIL NADU POWER LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I . EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**500,000**	500,000
(b) Reserves and surplus	4	**174,463**	118,120
		674,463	618,120
2) Non-current liabilities			
(a) Long-term borrowings	5	**400,000,000**	400,000,000
(b) Other Long-term liabilities	6	**169,276,592**	128,165,026
		569,276,592	528,165,026
3) Current liabilities			
(a) Trade payables	7	**744,525**	747,864
(b) Other current liabilities	8	**4,148,828**	11,220,904
(c) Short-term provisions	9	**26,467**	331,198
		4,919,820	12,299,966
TOTAL		**574,870,875**	541,083,112
II . ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	**41,126**	63,966
(ii) Capital work-in-progress	11	**388,006,729**	290,985,765
(b) Other non-current assets	12	**103,006,048**	92,327,754
		491,053,903	383,377,485
(2) Current assets			
(a) Cash and cash equivalents	13	**882,528**	25,038
(b) Short-term loans and advances	14	**82,934,444**	157,680,589
		83,816,972	157,705,627
TOTAL		**574,870,875**	541,083,112

Expenditure During Construction Period	**15**
Corporate Information	**1**
Significant Accounting Policies	**2**
Other Notes to financial statements	**16 to 39**

For and on behalf of Board of Directors

Yogesh Juneja **Director**	**A.K. Gupta** **Director**	**R. Nagarajan** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
Gupta Nanda & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:9039N)

SANJIVE NANDA
(Partner)
M No. : 87108

Place : New Delhi
Date : 28.05.2013

COASTAL TAMIL NADU POWER LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I.	Revenue from operations		-	-
II.	Other income			
	Interest on Income Tax Refund		**81,538**	1,071,838
III.	**Total Revenue (I+II)**		**81,538**	1,071,838
IV.	Expenses			
	Total Expenses		**-**	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**81,538**	1,071,838
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**81,538**	1,071,838
VIII.	Extraordinary items		-	-
IX.	**Profit before tax (VII-VIII)**		**81,538**	1,071,838
X.	**Tax expense:**			
	(1) Current tax		**25,195**	331,198
	(2) Deferred tax		**-**	-
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		**56,343**	740,640
XII.	**Profit/(Loss) from discontinuing operations**		-	-
XIII.	**Tax expense of discontinuing operations**		-	-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		-	-
XV.	**Profit/(Loss) for the period (XI +XIV)**		**56,343**	740,640
XVI.	**Earnings per equity share:**			
	(1) Basic	31	**1.13**	14.81
	(2) Diluted	31	**1.13**	14.81

Expenditure During Construction Period	**15**
Corporate Information	**1**
Significant Accounting Policies	**2**
Other Notes to financial statements	**16 to 39**

For and on behalf of Board of Directors

Yogesh Juneja **Director**	**A.K. Gupta** **Director**	**R. Nagarajan** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
Gupta Nanda & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:9039N)

SANJIVE NANDA
(Partner)
M No. : 87108

Place : New Delhi
Date : 28.05.2013

COASTAL TAMIL NADU POWER LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**81,538**	1,071,838
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	**81,538**	1,071,838
	Adjustment For Increase/Decrease in:		
	Other non-current assets	**(10,678,294)**	(17,272,786)
	Loans and advances	**74,746,145**	91,641,206
	Liabilities and provisions	**33,731,420**	35,517,802
	Cash Inflow/Outflow from Operations before Tax	**97,880,809**	110,958,060
	Less: Taxes Paid	**25,195**	331,198
	Net cash flow from operating activities	**97,855,614**	110,626,862
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital work-in-progress	**(96,998,124)**	(110,627,402)
	Net cash used in investing activities	**(96,998,124)**	(110,627,402)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net cash flow from financing activities	**-**	-
	Net increase/decrease in cash and cash equivalents	**857,490**	(540)
	Add: Cash and cash equivalents at beginning of the year	**25,038**	25,578
	Cash and cash equivalents at end of the year	**882,528**	25,038
	Balance with bank	**882,528**	25,038

For and on behalf of Board of Directors

Yogesh Juneja Director	A.K. Gupta Director	R. Nagarajan Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
Gupta Nanda & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:9039N)

SANJIVE NANDA
(Partner)
M No. : 87108

Place : New Delhi
Date : 28.05.2013

COASTAL TAMIL NADU POWER LIMITED

Notes to Financial Statements for the Year ended March 31, 2013

1 Corporate Information

The company was incorporated on January 9, 2007 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking pursuant to decision taken by Ministry of Power (GOI) in a meeting dated September 26, 2006. Certificate for Commencement of Business was issued on March 5, 2007. The company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Tamil Nadu (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc is treated as Capital-work-in-progress.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹5000/- are fully depreciated.

f. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

g. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

h. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

i. **Loans and Advances**

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

j. **Investments**

Investments are stated at cost.

k. **Provisions and Contingencies**

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent liabilities are disclosed in the notes.

l. **Earnings Per Share**

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is same as basic earnings per share as there are no potential equity shares as on Balance sheet date.

3. SHARE CAPITAL

(Amount in ₹)

Particulars	**As at March 31, 2013**	As at March 31, 2012
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	**500,000**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	**Amount (₹)**	No. of Shares	Amount (₹)
Balance at the beginning of the year	**50,000**	**500,000**	50,000	500,000
Add: Shares Issued during the year	-	-	-	-
Balance at the end of the year	**50,000**	**500,000**	**50,000**	**500,000**

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding company**

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2012: 50,000) equity shares of ₹. 10 each fully paid	**500,000**	500,000

d. **Details of shares held by shareholders holding more than 5% of the aggregate shares in the company**

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid	**50,000**	**100%**	50,000	100%
Power Finance Corporation Limited, the Holding Company *				
	50,000	**100%**	**50,000**	**100%**

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	**As at March 31, 2013**	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**118,120**	(622,520)
Profit for the year	**56,343**	740,640
Less: Appropriation	-	-
Balance as at the end of the year	**174,463**	118,120

5. LONG- TERM BORROWINGS

(Amount in ₹)

Particulars	**As at March 31, 2013**	As at March 31, 2012
Other loans and advances(Unsecured)		
(Commitment advance)		
Bangalore Electricity Supply Company Ltd.	**65,000,000**	65,000,000
Kerala State Electricity Board	**30,000,000**	30,000,000
Mangalore Electricity Supply Company Ltd.	**15,000,000**	15,000,000
Maharastra State Electricity Distribution Company Ltd.	**40,000,000**	40,000,000
Central Power Distribution Company of AP Ltd.	**40,000,000**	40,000,000
Punjab State Electricity Board	**20,000,000**	20,000,000
Tamilnadu Electricity Board	**160,000,000**	160,000,000
U.P.Power Corporation Ltd.	**30,000,000**	30,000,000
TOTAL	**400,000,000**	400,000,000

Terms of repayment for Unsecured borrowings

Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder.

6. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Interest Accrued but not due on long-term borrowings	**169,276,592**	128,165,026
TOTAL	**169,276,592**	128,165,026

7. TRADE PAYABLES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Rites Ltd.	**744,525**	747,864
TOTAL	**744,525**	747,864

8. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other payables		
Earnest Money Deposits	**400,000**	400,000
Statutory dues (Tax deducted at Source)	**2,301,829**	4,421,110
Expenses Payable	**1,446,999**	6,399,794
TOTAL	**4,148,828**	11,220,904

9. SHORT-TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Provision for Income tax	**26,467**	331,198
TOTAL	**26,467**	331,198

10. TANGIBLE ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Opening Balance as at April 1, 2012	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at March 31, 2013	Opening Balance as at April 1, 2012	For the Year	Closing Balance as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Office Equipments	169,987	-	-	169,987	106,021	22,840	128,861	41,126	63,966
Furniture & Fixtures	3,300	-	-	3,300	3,300	-	3,300	-	-
Total	173,287	**-**	**-**	**173,287**	**109,321**	**22,840**	**132,161**	**41,126**	**63,966**
Previous Year	173,287	-	-	173,287	71,992	37,329	109,321	63,966	101,295

11. CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Capital work-in-progress	**253,223,795**	157,940,970
Add: Transferred from expenditure During Construction Period (Note-14)	**88,143,506**	95,282,825
	341,367,301	253,223,795
Capital Expenditure for Land Acquisition	**46,639,428**	37,761,970
TOTAL	**388,006,729**	290,985,765

12. OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Interest receivable from related party but not due	**103,006,048**	92,327,754
(Power Finance Corporation Ltd.)		
TOTAL	**103,006,048**	92,327,754

13. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
In Current Account	**882,528**	25,038
TOTAL	**882,528**	25,038

14. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Security Deposit	**10,650**	10,650
Loans and advances to related parties		
(Power Finance Corporation Ltd)	**82,084,137**	153,727,713
Others		
Advance Income Tax	**25,195**	357,761
Tax deducted at source refundable	**814,462**	1,579,963
Recoverable from Others Utilities/Others	-	2,004,502
TOTAL	**82,934,444**	157,680,589

15. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
(a) Expenses		
Manpower Charges	**34,175,117**	41,011,028
Payment to the auditor:		
- As auditor	**114,747**	87,781
- Others	**16,854**	-
Rent	**197,784**	33,433
Bank Charges	**550**	5,600
Survey and Studies expenses	**9,089,461**	14,492,125
Professional, Legal & Consultancy Charges	**3,037,320**	1,710,592
Depreciation	**22,840**	37,329
Interest on utilised portion	**34,999,905**	26,023,481
Interest on un-utilised portion	**10,679,364**	17,274,515
Interest on Income Tax	**17,904**	-
Vehicle Hiring Expenses	**1,508,656**	523,203
Outsourcing Expenses	**1,937,963**	1,780,134
Telephone Expenses	**67,925**	48,463
Tours & Travelling Expenses	**1,420,112**	5,788,573
Printing & Stationery Expenses	**383,847**	165,454
Public Hearing Expenses	**-**	301,806
Application Fee	**-**	2,000,000
Other Administration Expenses	**1,152,521**	1,273,823
Total (a)	**98,822,870**	112,557,340
(b) Other Income		
Interest on un-utilised portion	**10,679,364**	17,274,515
(TDS ₹1070/- Previous Year ₹ 1,729/-)		
Total (b)	**10,679,364**	17,274,515
Total (a-b)	**88,143,506**	95,282,825

16 Pursuant to decision of Ministry of Power, Government of India, the Company has received, entire Commitment Advance of ₹.40,00,00,000/- (Previous Year ₹.40,00,00,000/-) from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Long-term borrowings. The company is under no obligation to pay interest on such advances, in view of the para no. 12 of minutes of meeting of Ministry of Power regarding development of UMPP which states that; "Procurers would provide the commitment advance for temporary infusion as equity in the SPV to enable it to leverage these funds to borrow, However, as a prudent accounting policy and as per the decision taken by the company/ holding company, interest has been provided on the said commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

17 Pursuant to the Financing Agreement between PFC Ltd. and the Company, the entire expenditure on development of the Project being developed by the Company were incurred by PFC Ltd. from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers. Further, total commitment advance of ₹.40,00,00,000/- (Previous Year ₹.40,00,00,000/-) received from procurers was parked with the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as Short-term loans and advances. Interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.

18 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

19 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

20 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the Holding Company/ Company Interest on unutilized portion of fund is receivable from PFC Ltd. and the same is payable to procurers. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on “monthly average short term deposit rate of PFC Ltd.".Total interest expense amounting to ₹.4,56,79,269/- (Previous Year ₹.4,32,97,996/-) has been accounted in the books of account for the year which includes interest of ₹.1,06,79,364/- (Previous year ₹.1,72,74,515/-) on unutilized portion and ₹.3,49,99,905/- (Previous year ₹.2,60,23,481/-) on utilized portion. Interest on utilized portion has been capitalized. Interest payable has been shown under Other Long-term liabilities.

21 Land acquisition for the project is being carried out as per Tamil Nadu Land Acquisition for Industrial purposes Act 1997. As per the Administrative Sanctions (AS) issued by Govt. of Tamil Nadu for acquisition of land, the tentative value of the private lands would be around ₹.75.64 Crore for Main Plant, Ash Dyke and Captive Port. The value of Government lands is yet to be intimated by Govt. of Tamil Nadu (GoTN). The land extents indicated in the AS may undergo revision as per CEA / MoEF / GoTN directions. However, the actual value of land would be known after the final award is issued by GoTN for both Private and Govt. land to be acquired for the Project. The Company has given its consent to bear the land cost, establishment and other charges for acquisition of land and has also confirmed its consent to bear the enhanced compensation awarded by the sub-court/ High Court. Further, the land to be acquired includes forest land (approx. 25 acres) and the company has also given its consent to bear the cost towards compensatory afforestation. The amount against land acquisition is payable on receipt of demand from the concerned authorities.

22 The "In-Principle" clearance for use of Sea water has been received from Tamil Nadu Maritime Board. Cost towards usage of water has not been indicated as yet by concerned Authorities.

23 All the work for the Company are executed by PFC Consulting Ltd. (PFCCL). Manpower Charges of ₹.3,41,75,117/- (Previous Year ₹.4,10,11,028/-) of PFCCL employees are charged by PFCCL on cost to company basis/ rate, as determined by PFCCL in proportion to actual man days spent by the employees for the Company as per invoice raised by PFCCL, and includes charges for Sh.N.D.Tyagi (Director) ₹.11,28,400/- (Previous Year ₹.26,56,457/-), ₹.NIL (Previous Year ₹.1,25,305/-) for Sh.Dinesh Vij (Director) , Sh. Yogesh Juneja (Director) ₹.39,88,400/- (Previous Year ₹.59,60,917/-). PFC Ltd. is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

24 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/ PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

25 Expenditure during Construction Period (Note-15) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

26 (i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹.1,43,67,408/- (Previous Year ₹.2,15,69,008/-)

(ii) Estimated Liability is respect of Land being acquired for the project through Govt. of TamilNadu ₹.75.64 Crores (Previous Year ₹.75.64 Crores) (Refer Note No. 21)

(iii) Contingent liabilities of the company and claims against the company not acknowledged as debt as certified by the management is ₹.Nil. (Previous Year ₹.Nil)

27 (i) The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC Ltd.)/Holding Company, PFC Consulting Ltd (A wholly owned Subsidiary of PFC Ltd.) and from Power Procuring States and deployed on Part Time basis.

The details of such Key Management Personnel as on March 31, 2013 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri R.Nagarajan	Chairman	31.12.2009	Continuing
2	Shri N.D.Tyagi	Director	31.12.2009	Continuing
3	Shri A.K. Gupta	Director	22.12.2008	Continuing
4	Shri Yogesh Juneja	Director	31.12.2009	Continuing
5	Shri K. N. Ramesh *	Director	04.02.2013	Continuing
6	Shri J.Uthasooriyan *	Director	20.03.2012	Continuing
7	Shri K.Vijayanand *	Director	19.08.2009	Continuing
8	Shri R.Rahman	Director	30.09.2011	Continuing
9	Shri Naveen Kumar *	Director	30.08.2010	04.02.2013

* from Power Procuring States

(ii) The disclosure as per AS18 – Related Party Disclosure :

The Coastal Tamil Nadu Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Tamil Nadu Power Limited where the nominees of holding company exercise control.

Detail of maximum debit balance during the year in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹.15,37,27,713/-(P.Y ₹.23,77,74,681/-)

(iii) Following are the related person:-

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
8	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprises under common control
15	Patran Transmission Company Limited	Enterprises under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprises under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprises under common control
18	RAPP Transmission Company Limited	Enterprises under common control

(iv) The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S. No.	Particulars	March 31, 2013	March 31, 2012
		₹.	₹.
1	Interest Income	**10,679,364**	17,274,515
2	Interest Expenses	**2,238**	1,934
3	Manpower Charges*	**34,175,117**	41,011,028
4	Closing Balances		
(a)	Interest accrued but not due on long-term borrowings	**17,754**	15,516
(b)	Interest Receivable	**103,006,048**	92,327,754
(c)	Short-term loans and advances	**82,084,137**	153,727,713

*Charged by PFCCL

28 The Company owes no dues to small-scale units at year end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006."

29 In the opinion of the Board, on realization in the ordinary course of the company's business the other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

30 Auditors Remuneration (including Service Tax)

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
		₹.	₹.
1	Audit Fees	**114,747**	87,781
2	Out of pocket expenses	**16,854**	-

31 **Earning Per Share**

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	March 31, 2013	March 31, 2012
1	Nominal Value of share ₹.	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax ₹.	**56,343**	740,640
4	Earning per share ₹.	**1.13**	14.81

32 **Operating Lease**

The Company's significant leasing arrangements are in respect of operating leases of premises for office for a period of one or two years. These leasing arrangements are usually renewable on mutually agreed terms. Lease payments in respect of premises for offices ₹.1,97,784/- (Previous year ₹.33,433/-) are included under 'Rent' in Note 14 – 'Expenditure during construction period'.

33 Balances in various personal accounts are subject to confirmation and reconciliation. The company has sent letters to various parties included under the head Long-term borrowings for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

34 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

35 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

36 Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii) and (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a) Expenditure in foreign currency – ₹.Nil (Previous Year ₹.Nil)

b) Income in foreign exchange – ₹.Nil (Previous Year ₹.Nil)

37 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

38 Figures have been rounded off to the nearest Rupee unless otherwise stated.

39 Corresponding figures for the previous year have been regrouped/ rearranged wherever necessary to conform to Current year's classification.

For and on behalf of Board of Directors

Yogesh Juneja	**A.K. Gupta**	**R. Nagarajan**
Director	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
Gupta Nanda & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:9039N)

SANJIVE NANDA
(Partner)
M No. : 87108

Place : New Delhi
Date : 28.05.2013

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To

The Members,

Your Directors have pleasure in presenting the 5th Annual Report on the working of the Company for the financial year ending on 31st March, 2013 along with Audited Statements of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 21st May, 2008 as a Special Purpose Vehicle (SPV) for Orissa first Additional UMPP as a wholly owned subsidiary of PFC Consulting Limited (PFCCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your company became a wholly owned subsidiary Company of PFC.

Power from the project would be procured by the twelve States namely Odisha (2000 MW), Uttar Pradesh (480 MW), Bihar (350 MW), Haryana (275 MW), Rajasthan (250 MW), Delhi (120 MW), Punjab (120 MW), Assam (120 MW), Himachal Pradesh (100 MW), Jammu & Kashmir (75 MW), Meghalaya (60 MW) and Nagaland (50 MW).

Bankhui coal Block in Talcher Coal Fields with indicative reserve of 800 MT has been allocated to the company by Ministry of Coal in June 2010. In a meeting taken by Chief Secretary, Government of Odisha in August, 2011 it was decided to set up 1st additional UMPP at the Coastal location using desalination technology.

Chief Secretary, Government of Odisha in the 2nd Steering committee meeting held in May 2012 conveyed the recommendation of Government of Odisha for locating the Coastal belt UMPP at Bijoypatna in Chandbali Tehsil of Bhadrak District. No Objection for the site from DRDO, Ministry of Defence has been received in September 2012.

'In-principle' permission to use sea water was accorded by Commerce & Transport Department, Govt. of Odisha in November 2012.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 0.22 Crore for the development of the Project which has been transferred to Capital work in progress.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend for the period commencing from 1st April, 2012 to 31st March, 2013.

SHARE CAPITAL

The paid-up share capital of the company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2013. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

The total commitment advance received till date is ₹ 16.27 Crore, out of the total commitment advance of ₹ 40.00 Crore, which is to be received from various power procurers. Commitment advance yet to be received from various power procurers as per their allocated share of power is ₹ 23.73 Crore.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. APN & Associates, Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri R. Rahman has been appointed as additional Director of the Company in place of Shri P.P.Srivastava w.e.f. 6th November, 2012. Your Board places on record its deep appreciation for the valuable contribution made by Shri P.P.Srivastava during his tenure as Director of the Company.

In terms of the provisions of Section 260 of the Companies Act 1956, Shri R. Rahman will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite fee, under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. The Board recommends that Shri R. Rahman may be appointed as a Director, liable to retire by rotation.

Consequent to the aforesaid changes, presently the Board of Directors consists of:

1.	Shri M. K. Goel	Chairman
2.	Shri R. Rahman	Director
3.	Shri Subir Mulchandani	Director
4.	Shri Yogesh Juneja	Director

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri M.K.Goel shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 18th June, 2013 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 2012-13.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Odisha, GRIDCO, IPICOL, IDCO, CEA, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(M. K. Goel)
Chairman

Place : New Delhi
Date : 23rd July, 2013

ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Sakhigopal Integrated Power Company Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Sakhigopal Integrated Power Company Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 18th, June 2013

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

1) We have audited the accompanying financial statements of Sakhigopal Integrated Power Company Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For APN & Associates
Chartered Accountants
Firm Regn. No. 001876N
CA Jitender Nath
Partner
Membership No. : 015549
Place: New Delhi
Date: 27.05.2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Sakhigopal Integrated Power Company Limited on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. The Company does not have any Fixed Assets.

2. The Company does not have any Inventories.

3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, payment for expenses. During the course of our audit, we did not notice any instance of failure to correct any weaknesses in the internal controls has been noticed.

5. In our opinion and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.

7. The Company does not have paid up capital and reserves of Rs.50 lakhs as at the commencement of the financial year and also did not have turnover exceeding Rs.5 crore for a period of three consecutive financial years immediately preceding the financial year concerned, the provisions of para 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

8. The Central Government is not prescribed for the maintenance of Cost Records under section 209 (1) (d) of the companies Act, 1956.

9. (a) According to the records of the company, undisputed statutory dues including Income-tax, Service Tax, cess to the extent applicable and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, service tax, which have not been deposited on account of any disputes.

10. The Company does not have any accumulated loss and has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

14. According to information and explanations given to us, the Company is not dealing or trading in Shares, Mutual funds & other Investments. Paragraph 4(xiv) of the order is not applicable.

15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that the Company has not raised any funds on short term basis, hence this clause is not applicable.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

19. The Company has not issued any debenture during the year.

20. The Company has not raised any money by way of public issue during the year.

21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For APN & Associates
Chartered Accountants
Firm Regn. No. 001876N

CA Jitender Nath
Partner
Membership No. : 015549

Place: New Delhi
Date: 27.05.2013

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I . EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(52,813)	(52,813)
		447,187	447,187
(2) Non-current Liabilities			
(a) Long-term borrowings	5	162,700,000	162,700,000
(b) Other Long-term liabilities	6	39,801,422	26,656,381
		202,501,422	189,356,381
(3) Current Liabilities			
(a) Other current liabilities	7	768,440	1,661,122
(b) Short-term provisions	8	-	156
		768,440	1,661,278
TOTAL		203,717,049	191,464,846
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Capital work-in-progress	9	29,382,373	10,600,697
(b) Other non-current assets	10	40,387,644	27,966,881
		69,770,017	38,567,578
(2) Current assets			
(a) Cash and cash equivalents	11	8,432	198,516
(b) Short-term loans and advances	12	33,938,600	152,698,752
		133,947,032	152,897,268
TOTAL		203,717,049	191,464,846

Expenditure During Construction Period	13
Corporate Information	1
Significant accounting policies	2
Other Notes to financial statements	14 to 35

For and on behalf of Board of Directors

R. Rahman	Subir Mulchandani	M.K. Goel
Director	Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
APN & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:001876N)

CA JITENDER NATH
(Partner)
M No. : 015549

Place : New Delhi
Date : 27.05.2013

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I.	Revenue from operations			
II.	Other income			
	Interest on Income Tax Refund		-	506
III.	**Total Revenue (I+II)**		-	506
IV.	Expenses		-	-
	Total Expenses		-	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		-	506
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		-	506
VIII.	Extraordinary items		-	-
IX.	**Profit before tax (VII-VIII)**		-	506
X.	**Tax expense:**			
	(1) Current tax		-	156
	(2) Deferred tax		-	-
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		-	350
XII.	**Profit/(Loss) from discontinuing operations**		-	-
XIII.	**Tax expense of discontinuing operations**		-	-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		-	-
XV.	**Profit/(Loss) for the period (XI +XIV)**		-	350
XVI.	**Earnings per equity share:**			
	(1) Basic	27	-	0.01
	(2) Diluted	27	-	0.01

Expenditure During Construction Period	13
Corporate Information	1
Significant accounting policies	2
Other Notes to financial statements	14 to 35

For and on behalf of Board of Directors

R. Rahman	Subir Mulchandani	M.K. Goel
Director	Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
APN & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:001876N)

CA JITENDER NATH
(Partner)
M No. : 015549

Place : New Delhi
Date : 27.05.2013

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Amount in ₹)

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	-	350
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	350
	Adjustment For Increase/Decrease in:		
	Other non-current assets	**(12,420,763)**	(13,995,659)
	Short-term loans and advances	**18,760,152**	4,222,741
	Liabilities and provisions	**12,252,203**	13,990,981
	Net cash flow from operating activities	**18,591,592**	4,218,413
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital work-in-progress	**(18,781,676)**	(4,208,753)
	Net cash used in investing activities	**(18,781,676)**	(4,208,753)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
	Long-term borrowings	-	-
	Net cash flow from financing activities	**-**	-
	Net increase/decrease in cash and cash equivalents	**(190,084)**	9,660
	Add: Cash and cash equivalents at beginning of the year	**198,516**	188,856
	Cash and cash equivalents at end of the year	**8,432**	198,516
	Balance with bank	**8,432**	198,516

For and on behalf of Board of Directors

R. Rahman	**Subir Mulchandani**	**M.K. Goel**
Director	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
APN & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:001876N)

CA JITENDER NATH
(Partner)
M No. : 015549

Place : New Delhi
Date : 27.05.2013

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

Notes to Financial Statements for the Year ended March 31, 2013

1 Corporate Information

The Company was incorporated on 21/05/2008 under the Companies Act, 1956 and Certificate for Commencement of Business was issued on April 17, 2009. The company is a wholly owned subsidiary of Power Finance Corporation (PFC), a Govt. of India undertaking. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Orissa (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC /PFCCL will be accounted for in the year of transfer of the company to the successful bidder (as and when due).

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹. 5,000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Taxes on Income

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 notified under the Companies Act, 1956.

k. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

l. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

m. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

n. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised :		
50,000 Equity shares of ₹.10/- each. (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹.10/- each . (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	500,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance at the beginning of the year	**50,000**	**500,000**	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	**50,000**	**500,000**	**50,000**	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

Power Finance Corporation Limited, the Holding Company	As at March 31, 2013	As at March 31, 2012
50,000 (31 March 2012: 50,000) equity shares of ₹. 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%
	50,000	**100%**	**50,000**	100%

*Out of 50,000 (PY: 50,000) equity shares 600 (PY: 600) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**(52,813)**	(53,163)
Profit for the year	-	350
Less: Appropriation	-	-
Balance as at the end of the year	**(52,813)**	(52,813)

5. LONG-TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other loans and advances (Unsecured)		
Commitment advance		
AVVNL	**9,000,000**	9,000,000
Bihar State Electricity Board	**35,000,000**	35,000,000
BSES Rajdhani Power Limited	**4,900,000**	4,900,000
BSES Yamuna Power Limited	**2,900,000**	2,900,000
Dakshin Haryana Bijli Vitran Nigam Ltd	**13,750,000**	13,750,000
HP State Electricity Board	**10,000,000**	10,000,000
Jaipur VVNL	**9,000,000**	9,000,000
Jodhpur VVNL	**7,000,000**	7,000,000
Meghalaya Energy Corporation Ltd	**6,000,000**	6,000,000
North Delhi Power Ltd	**3,400,000**	3,400,000
U P Power Corporation Ltd	**48,000,000**	48,000,000
Uttar Haryana Bijali Nigam Ltd	**13,750,000**	13,750,000
TOTAL	**162,700,000**	162,700,000

Terms of repayment for Unsecured borrowings

Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder.

6. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Interest Accrued but not due on long-term borrowings	**39,801,422**	26,656,381
TOTAL	**39,801,422**	26,656,381

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other payables		
Statutory dues (Tax deducted at Source)	**724,198**	1,499,518
Expenses Payable	**44,242**	161,604
TOTAL	**768,440**	1,661,122

8. SHORT TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Provision for Income tax	-	156
TOTAL	**-**	156

9. CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Capital work-in-progress	**10,600,697**	6,391,944
Add: Transferred from expenditure During Construction Period (Note-13)	**18,781,676**	4,208,753
TOTAL	**29,382,373**	10,600,697

10. OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Interest receivable from related party but not due	**40,387,644**	27,966,881
(Power Finance Corporation Ltd)		
TOTAL	**40,387,644**	27,966,881

11. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
In Current Account	**8,432**	198,516
TOTAL	**8,432**	198,516

12. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Loans and advances to related parties	**133,936,111**	152,697,352
(Power Finance Corporation Ltd)		
Others		
Tax deducted at source(Refundable)	**2,489**	1,400
TOTAL	**133,938,600**	152,698,752

13. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
(a) Expenses		
Manpower Charges	**14,170,644**	2,327,791
Payment to the auditor:		
-As auditor	**73,737**	49,158
Legal & Professional Charges	**52,589**	45,108
Consultancy Charges	**613,633**	93,702
Conference Charges	**98,515**	80,120
Printing & Stationary	**166,079**	11,472
Travelling Expenses	**293,570**	590,086
Advertisement Expenses	**258,746**	-
Vehicle Hiring Expenses	**99,556**	-
Outsourcing Expenses	**325,765**	-
Interest on utilised portion	**2,183,593**	948,961
Interest on un-utilised portion	**12,422,008**	13,997,059
Other Administrative Expenses	**445,249**	62,355
Total (a)	**31,203,684**	18,205,812
(b) Other Income		
Interest on un- utilised portion	**12,422,008**	13,997,059
(TDS Rs. 1,245/-, Previous year Rs.1,400/-)		
Total (b)	**12,422,008**	13,997,059
Total	**18,781,676**	4,208,753

14 Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹.40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The sum of ₹.16,27,00,000/- is received from procurers and ₹.23,73,00,000 is yet to be received from the State of Assam (₹.1,20,00,000/-) ,Delhi (₹.8,00,000/-), Jammu & Kashmir (₹.75,00,000/-), Nagaland (₹.50,00,000/-), Orissa (₹.20,00,00,000/-) and Punjab (₹.1,20,00,000/-)). The commitment advance received has been shown in the Balance Sheet as Long-term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

15 Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹.16,27,00,000/- received from procurers was parked with the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.

16 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Total interest expense amounting to ₹.1,46,05,601/- (Previous Year ₹.1,49,46,020/-) has been accounted in the books of account for the year which includes interest of ₹.1,24,22,008/- (Previous year ₹.1,39,97,059/-) on unutilized portion and ₹.21,83,593/- (Previous year ₹.9,48,961/-) on utilized portion. Interest on unutilized portion of fund is receivable from PFC Ltd. and the same is payable to procurers. Interest on utilized portion has been capitalized. Interest payable has been shown under Other Long-term liabilities.

17 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed and professional fees of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC Ltd.), consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into. The shares of the company shall be transferred by the Holding Company to the successful bidder of the project after completion of bidding process. The amount of consideration payable by the successful bidder as acquisition price for purchase of 100% equity shareholding of company and for taking over all assets and liabilities of company shall be at par at book value.

18 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

19 All the work for the Company are executed by PFC Consulting Ltd (PFCCL). The Manpower Charges of ₹.141,70,644 /- (Previous Year ₹.23,27,791/-) for cost of PFCCL employees charged by PFCCL on cost to company basis/rate, as determined by PFCCL in proportion to actual man days spent by the employees for the Company as per invoice raised by PFCCL and includes ₹.1,52,750/- (Previous year ₹.2,85,244/-) charged for Sh. P.P Shrivastava (Director),₹.NIL (Previous Year ₹.14,818/-) of Sh. Subir Mulchandani (Director), ₹.NIL (Previous year ₹.74,089/-) charged for Sh. Ashwani Sharma (Director), ₹.2,600/- (Previous year ₹.NIL) charged for Sh. Yogesh Juneja (Director)., and ₹.5,52,500/- (Previous Year ₹.NIL) charged for Sh. R Rahman (Director). PFC Ltd. is complying with statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

20 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

21 The Key Management Personnel of the Company are employee of the PFC Ltd (Holding Company) and PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri M.K.Goel	Chairman	17.12.2008	Continuing
2	Shri Subir Mulchandani	Director	21.05.2008	Continuing
3	Shri R Rahman	Director	06.11.2012	Continuing
4	Shri Yogesh Juneja	Director	30.12.2009	Continuing
5	Shri P.P Srivastava	Director	28.11.2011	06.11.2012

22 The disclosure as per AS18 – Related Party Disclosure :

The Sakhigopal Integrated Power Company Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Sakhigopal Integrated Power Company Limited where the PFCL/PFCCL nominees exercise control.

Detail of maximum debit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹.15,26,97,352/-(P.Y ₹.15,69,12,339/-)

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprises under common control

15	Patran Transmission Company Limited	Enterprises under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprises under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprises under common control
18	RAPP Transmission Company Limited	Enterprises under common control

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

(Amount in ₹)

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
		PFC Ltd.	PFC Ltd.
1	Interest Income for the year	**12,422,008**	13,997,059
2	Manpower Charges*	**14,170,644**	23,27,791
3	**Closing Balance**		
a)	Interest receivable (Net of TDS)	**40,387,644**	2,79,66,881
b)	Short-term loans and advances	**133,936,111**	15,26,97,352

23 i) Estimated amount of contracts remaining to be executed on Project (Capital work-in-progress) and not provided for ₹.NIL (Previous Year ₹.Nil)

ii) Contingent liabilities of the company and claims against the company not acknowledged as debts by the company as certified by the management for the year is ₹.Nil (Previous year ₹.Nil).

24 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that company is still in the construction stage and yet to commence its operation.

25 Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

26 Auditors Remuneration (including Service Tax)

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
		(Amount in ₹.)	(Amount in ₹.)
1	Audit Fees	73,737	49,158

27 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Nominal Value of share ₹.	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax ₹.	**-**	350
4	Earning per share ₹.	**-**	0.01

28 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

29 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

30 The company has sent letters to various parties included under the head Long Term Borrowings (Commitment advance) for confirmation of their balances as per the books of accounts of the company. However no confirmation has been received.

31 In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

32 Most of the additional information pursuant to the provisions of Paragraph 5, (ii),(iii) and (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a. Expenditure in foreign currency –₹.Nil (Previous Year ₹.Nil)

b. Income in foreign exchange – ₹.Nil (Previous Year ₹.Nil)

33 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

34 Figures have been rounded off to the nearest Rupee unless otherwise stated.

35 Corresponding figures for the previous year have been regrouped/ rearranged wherever necessary to conform to Current year's classification.

For and on behalf of Board of Directors

R. Rahman **Director**	**Subir Mulchandani** **Director**	**M.K. Goel** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
APN & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:001876N)

CA JITENDER NATH
(Partner)
M No. : 015549

Place : New Delhi
Date : 27.05.2013

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To

The Members,

Your Directors have pleasure in presenting the 5th Annual Report on the working of the Company for the financial year ending on 31st March, 2013 along with Audited Statements of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 22nd May, 2008 as a Special Purpose Vehicle (SPV) for Odisha second additional UMPP as a wholly owned subsidiary of PFC Consulting Limited (PFCCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your company became a wholly owned subsidiary Company of PFC.

Power from the project would be procured by the eleven States namely Odisha (2000 MW), Tamil Nadu (600 MW), Karnataka (350 MW), Jharkhand (350 MW), Kerala (190 MW), Andhra Pradesh (190 MW) West Bengal (120 MW), Puducherry (70 MW), Tripura (50 MW), Manipur (40 MW) and Mizoram (40 MW).

Ghogarpalli (280 MT) and Dipside of Ghogarpalli (360MT) coal Blocks in Ib valley Coalfields, with indicative reserve of 640 MT have been earmarked for the company by Ministry of Coal. After further exploration, incase requirement arises, Ministry of Coal will consider allocation of Chatbar Coal Block. The earlier identified site in Mursundi, District Sonepur could not be finalized as the location falls within the command area of Mega Lift Irrigation Scheme of Govt of Odisha. In a meeting taken by Chief Secretary, Govt. of Odisha in August, 2011 it was decided to set up 2nd additional UMPP at the inland location in Kalahandi/ Bolangir district. It was also decided that, Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) will lead and co-ordinate the visit of the team of officers from concerned departments to various locations and suggest suitable locations to take a final view on the selection of sites for the additional UMPP.

IPICOL coordinated a field visit of the team comprising officials from CEA, IPICOL, Odisha Industrial Infrastructure Development Corporation (IDCO), local revenue department, forest department and PFC to Bolangir and Kalahandi districts for selection of site for Inland based UMPP in April 2012.The site visit report of CEA for the selection of site for the Coastal Belt UMPP was submitted to Principal Secretary, Department of Energy, Govt of Odisha in May 2012. Chief Secretary, Govt of Odisha in the 2nd Steering Committee meeting held in May 2012 conveyed the recommendation of Govt. of Odisha for locating the Inland belt UMPP in Narla and Kesinga Subdivision of Kalahandi district.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 1.80 Crore on the development of the Project which has been transferred to Capital work in progress.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the financial year 2012-13.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2013. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

The total commitment advance received till date is ₹ 15.18 Crore, out of the total commitment advance of ₹ 40.00 Crore, which is to be received from various power procurers. Commitment advance yet to be received from various power procurers as per their allocated share of power is ₹ 24.82 Crore.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. R.P. Narang & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There are no adverse comments, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri R. Rahman has been appointed as additional Director of the Company in place of Shri P.P.Srivastava w.e.f. 6th November, 2012. Your Board places on record its deep appreciation for the valuable contribution made by Shri P.P.Srivastava during his tenure as Director of the Company.

In terms of the provisions of Section 260 of the Companies Act 1956, Shri R. Rahman will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite fee, under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. The Board recommends that Shri R. Rahman may be appointed as a Director, liable to retire by rotation.

Consequent to the aforesaid changes, presently the Board of Directors consists of:

1.	Shri M. K. Goel	Chairman
2.	Shri R. Rahman	Director
3.	Shri Subir Mulchandani	Director
4.	Shri Yogesh Juneja	Director

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri M.K.Goel shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 18th June, 2013 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 2012-13.

- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Odisha, GRIDCO, IPICOL, IDCO, CEA, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(M. K. Goel)
Chairman

Place : New Delhi
Date : 23rd July, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GHOGARPALLI INTEGRATED POWER COMPANY LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Ghogarpalli Integrated Power Company Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Ghogarpalli Integrated Power Company Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 18th, June 2013

INDEPENDENT AUDITOR'S REPORT

To

The Members of

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

1. We have audited the accompanying financial statements of GHOGARPALLI INTEGRATED POWER COMPANY LIMITED **("the Company")**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit/loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) In pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

For and on behalf of
R.P.NARANG & CO.
Chartered Accountants
(Firm Registration No.001794N)
RAHUL KHURANA
(Partner)
Membership No.: 527244

Place: New Delhi
Dated: 29.05.2013

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT OF GHOGARPALLI INTEGRATED POWER COMPANY LIMITED (REFERRED TO IN PARAGRAPH (5) OF OUR REPORT OF EVEN DATE)

1. (a) In our opinion and according to information and explanation given to us, provision of para 4(i)(a) of the Companies (Auditor's Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.

(b) In our opinion and according to information and explanation given to us provision of para 4(i)(b) of the companies (Auditor's Report) Order, 2003 relating to physical verification of fixed assets by the management is not applicable to Company as it does not have fixed assets.

(c) In our opinion and according to information and explanation given to us provision of para 4(i)(c) of the companies (Auditor's Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the year are not applicable to Company as it does not have fixed assets.

2. As the company has not purchased/ sold goods during the year nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

3. As explained to us, the Company has not taken nor granted any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

4. Having regards to the nature of company's business and based on our scrutiny of company's records and the information and explanation given to us, we report that company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regards to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regards to purchase of fixed assets.

5. According to the information and explanation given to us, there are no transaction made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section – 301 of the Companies Act, 1956.

6. According to the information and explanation given to us, the company has not accepted any deposits from public.

7. The company does not have paid up capital and reserves of Rs 50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a year of three consecutive financial years immediately preceding the financial year concerned, the provision of para 4 (vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to company.

8. The company does not have any business activities during the year, the provision of para 4 (viii) of the Companies (Auditor's Report) order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies act is not applicable to the company.

9. (a) According to information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund Employees State Insurance, Income Tax, Wealth Tax, and other statutory dues with the appropriate Authorities through holding company i.e. PFC Ltd. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March, 2013 for a period of more than six months from the date they become payable.

(b) According to information and explanation given to us, there are no dues of Income Tax, Wealth Tax, which have not been deposited on account of any dispute.

10. In our opinion the Company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in the current financial year.

11. According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company.

12. In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company as it has not given any loans and advance on security of shares, Debentures and other securities.

13. In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the companies (Auditor's Report) Order, 2003 is not applicable to company.

14. According to information and explanation given to us, the Company is not dealing or trading in shares, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to Company.

15. According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by it from banks and financial institutions.

16. In our opinion and according to information and explanation given to us the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

17. According to information and explanation given to us and on an overall examination of the Balance sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.

18. The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.

19. According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditor's Report) order, 2003 are not applicable to Company.

20. According to information and explanation given to us the company has not raised any money from public issues during the year.

21. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated..

For and on behalf of
R.P.NARANG & CO.
Chartered Accountants
(Firm Registration No.001794N)
RAHUL KHURANA
(Partner)
Membership No.: 527244

Place: New Delhi
Dated: 29.05.2013

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**500,000**	500,000
(b) Reserves and surplus	4	**(54,729)**	(54,729)
		445,271	445,271
(2) Non-current Liabilities			
(a) Long-term borrowings	5	**151,800,000**	151,800,000
(b) Other Long-term liabilities	6	**37,081,638**	24,766,710
		188,881,638	176,566,710
(3) Current Liabilities			
Other current liabilities	7	**667,749**	1,362,294
		667,749	1,362,294
TOTAL		**189,994,658**	178,374,275
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Capital work-in-progress	8	**26,223,797**	8,215,838
(b) Other non-current assets	9	**37,655,786**	25,954,585
		63,879,583	34,170,423
(2) Current assets			
(a) Cash and cash equivalents	10	**5,814**	74,881
(b) Short-term loans and advances	11	**126,109,261**	144,128,971
		126,115,075	144,203,852
TOTAL		**189,994,658**	178,374,275
Expenditure During Construction Period	12		
Corporate Information	1		
Significant accounting policies	2		
Other Notes to financial statements	13 to 35		

For and on behalf of Board of Directors

R.Rahman	Subir Mulchandani	M.K. Goel
Director	Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:001794N)

RAHUL KHURANA
(Partner)
M No. : 527244

Place : New Delhi
Date : 27.05.2013

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED March 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I.	Revenue from operations		-	-
II.	Other income		-	-
III.	**Total Revenue (I+II)**		**-**	-
IV.	Expenses		-	-
	Total Expenses		**-**	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**-**	-
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**-**	-
VIII.	Extraordinary items		-	-
IX.	**Profit before tax (VII-VIII)**		**-**	-
X.	**Tax expense:**			
	(1) Current tax		**-**	-
	(2) Deferred tax		**-**	-
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		**-**	-
XII.	**Profit/(Loss) from discontinuing operations**		-	-
XIII.	**Tax expense of discontinuing operations**		-	-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		-	-
XV.	**Profit/(Loss) for the period (XI +XIV)**		-	-
XVI.	**Earnings per equity share:**			
	(1) Basic	26	**-**	-
	(2) Diluted	26	**-**	-

Expenditure During Construction Period	12
Corporate Information	1
Significant accounting policies	2
Other Notes to financial statements	13 to 35

For and on behalf of Board of Directors

R.Rahman	Subir Mulchandani	M.K. Goel
Director	Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:001794N)

RAHUL KHURANA
(Partner)
M No. : 527244

Place : New Delhi
Date : 27.05.2013

CASH FLOW STATEMENT FOR THE YEAR ENDED March 31, 2013

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-	-
Prior Period Expenses/ Preliminary expenses	-	-
Operating profit before working capital changes	-	-
Adjustment For Increase/Decrease in:		
Other non-current assets	**(11,701,201)**	(13,139,578)
Short-term loans and advances	**18,019,710**	2,941,535
Liabilities and provisions	**11,620,383**	12,972,512
Net cash flow from operating activities	**17,938,892**	2,774,469
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	**(18,007,959)**	(2,774,469)
Net cash used in investing activities	**(18,007,959)**	(2,774,469)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
	-	-
Net cash flow from financing activities	-	-
Net increase/decrease in cash and cash equivalents	**(69,067)**	-
Add: Cash and cash equivalents at beginning of the year	**74,881**	74,881
Cash and cash equivalents at the end of the year	**5,814**	74,881
Balance with bank	**5,814**	74,881

For and on behalf of Board of Directors

R.Rahman	Subir Mulchandani	M.K. Goel
Director	Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:001794N)

RAHUL KHURANA
(Partner)
M No. : 527244

Place : New Delhi
Date : 27.05.2013

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

Notes to Financial Statements for the Year ended March 31, 2013

1 Corporate Information

The Company was incorporated on May 22, 2008 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking) and Certificate for Commencement of Business was issued on April 16, 2009. During the Financial year 2009-10, PFC Consulting Limited has transferred GIPL to PFC Limited on 09/02/2010. Now it is a wholly owned subsidiary of PFC Limited. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and to complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Orissa (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. **Borrowing Costs**

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. **Preliminary Expenses**

Preliminary expenses are written off in the year in which such expenditure is incurred.

l. **Contingent Liability**

Contingent liabilities are not provided for and are disclosed by way of notes.

m. **Cash Flow Statement**

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	**500,000**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance at the beginning of the year	**50,000**	**500,000**	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	**50,000**	**500,000**	**50,000**	**500,000**

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding company**

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2012: 50,000) equity shares of ₹. 10 each fully paid	**500,000**	500,000

d. **Details of shares held by shareholders holding more than 5% of the aggregate shares in the company**

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%
	50,000	**100.00%**	**50,000**	**100.00%**

* Out of 50,000 (PY: 50,000) equity shares 600 (PY: 600) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**(54,729)**	(54,729)
Profit for the year	-	-
Less: Appropriation	-	-
Balance as at the end of the year	**(54,729)**	(54,729)

5. Long-Term Borrowings

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other Loans and advances (Unsecured)		
Commitment Advances		
Banglore Electricity Supply Co Ltd.	**35,000,000**	35,000,000
Central Power Distribution Co. of A.P Ltd	**8,800,000**	8,800,000
Eastern Power Distribution Co. of A.P Ltd	**3,000,000**	3,000,000
Government of Pondicherry	**7,000,000**	7,000,000
Government of Mizoram	**4,000,000**	4,000,000
Kerala State Electricity Board	**19,000,000**	19,000,000
Northern Power Distribution Co. of A.P Ltd	**3,000,000**	3,000,000
Tamil Naidu Electricity Board	**60,000,000**	60,000,000
West Bengal State Electricity Dist. Co. Ltd	**12,000,000**	12,000,000
TOTAL	**151,800,000**	151,800,000
Terms of repayment for Unsecured borrowings		
Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder	

6. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Interest Accrued but not due on long-term borrowings	**37,081,638**	24,766,710
TOTAL	**37,081,638**	24,766,710

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other payables		
Statutory dues (Tax deducted at Source)	**623,507**	1,295,582
Expenses Payable	**44,242**	66,712
TOTAL	**667,749**	1,362,294

8. CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Capital work-in-progress	**8,215,838**	5,441,369
Add: Transferred from expenditure During Construction Period (Note-13)	**18,007,959**	2,774,469
TOTAL	**26,223,797**	8,215,838

9. OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Interest receivable from related party but not due	**37,655,786**	25,954,585
(Power Finance Corporation Ltd.)		
TOTAL	**37,655,786**	25,954,585

10. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
In Current Account	**5,814**	74,881
TOTAL	**5,814**	74,881

11. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured , considered good		
Loans and advances to related parties		
- Power Finance Corporation Limited (Holding Co.)	**126,106,774**	144,127,656
Others		
Tax deducted at source (refundable)	**2,487**	1,315
TOTAL	**126,109,261**	144,128,971

12. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
(a) Expenses		
Manpower Charges	**13,446,479**	1,676,924
Bank Charges	**-**	-
Payment to the auditor:		
- As auditor	**73,737**	49,157
Legal & Professional Charges	**52,589**	52,608
Consultancy Charges	**564,841**	90,008
Advertisement Expenses	**258,746**	-
Conference Charges	**101,124**	80,120
Tour and Travelling	**534,038**	-
Office Maintenance	**298,663**	-
Vehicle Hiring Charges	**92,526**	-
Security Expenses	**136,269**	-
Interest on utilised portion	**1,871,590**	774,080
Interest on un-utilised portion	**11,702,373**	13,140,893
Outsourcing Expenses	**347,446**	-
Printing & Stationery	**170,698**	11,471
Other Administrative Expenses	**59,213**	40,101
Total (a)	**29,710,332**	15,915,362
(b) Other Income		
Interest on un- utilised portion	**11,702,373**	13,140,893
(TDS: CY: ₹ 1,172/-; PY: ₹ 1,315/-)		
Total (b)	**11,702,373**	13,140,893
Total (a-b)	**18,007,959**	2,774,469

13 Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹.40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The sum of ₹.15,18,00,000/- is received from procurers and ₹.24,82,00,000/- is yet to be received from the State of Andhra Pradesh (₹.42,00,000/-) ,Orissa (₹.20,00,00,000/-), Jharkhand (₹.3,50,00,000/-), Mizoram (₹.40,00,000/-) and Tripura (₹.50,00,000/-)). The commitment advance received has been shown in the Balance Sheet as Long-term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

14 Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹.15,18,00,000/- received from procurers was given to the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.

15 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Total Interest Expense amounting to ₹.1,35,73,963/- (Previous Year ₹.1,39,14,973/-) has been accounted for in the books of account for the year which includes interest of ₹.1,17,02,373/- (Previous year ₹.1,31,40,893/-) on unutilized portion and ₹.18,71,590/-(Previous year ₹.7,74,080/-) on utilized portion. Interest on utilized portion has been capitalized. Interest Payable is grouped under Other Long-term liabilities.

16 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC Ltd.), consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into.

17 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

18 The shares of the company shall be transferred by the Holding Company to the successful bidder of the project after completion of bidding process. The amount of consideration payable by the successful bidder as acquisition price for purchase of 100% equity shareholding of company and for taking over all assets and liabilities of company shall be at par at book value.

19 All the work for the Company are executed by PFC Consulting Ltd. (PFCCL). The Manpower Charges of ₹.134,46,479/- (Previous Year ₹.16,76,924/-) for PFCCL employees charged by PFCCL on cost to company basis/rate, as determined by PFCCL in proportion to the actual man days spent by the employees for the Company as per invoice raised by PFCCL and include ₹.2,600/- (Previous Year ₹.NIL) of Shri Yogesh Juneja , ₹.1,59,250/- (Previous Year ₹.1,62,719/-) of Sh.P.P Srivastava (Director) ₹.NIL/- (Previous year ₹.36,160/-) of Sh. Ashwani Sharma, ₹.NIL/- (Previous Year ₹.14,464/-) of Sh. Subir Mulchandani (Director) and ₹.4,33,875/ - (Previous Year ₹.NIL) of Shri R Rahman (Director). PFC Ltd. is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

20 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

21 Expenditure during Construction Period (Note-12) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

22 In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

23 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

24 The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFCL)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel as on 31.03.2013 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri M.K.Goel	Chairman	17.12.2008	Continuing
2	Shri Subir Mulchandani	Director	22.05.2008	Continuing
3	Shri R Rahman	Director	06.11.2012	Continuing
4	Shri Yogesh Juneja	Director	30.12.2009	Continuing
5	Shri P.P Srivastava	Director	28.11.2011	06.11.2012

25 The disclosure as per AS18 – Related Party Disclosure :

Ghogarpalli Integrated Power Company Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Ghogarpalli Integrated Power Company Limited where the PFCL/PFCCL nominees exercise control.

Detail of maximum debit balance during the Year in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹.14,41,27,656/- (P.Y ₹.14,70,70,506/-)
Details of Related Parties:-

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary

5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
9	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprises under common control
15	Patran Transmission Company Limited	Enterprises under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprises under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprises under common control
18	RAPP Transmission Company Limited	Enterprises under common control

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
		₹.	₹.
1	Interest Income for the year	**11,702,373**	13,140,893
2	Manpower Charges *	**13,446,479**	1,676,924
3	**Closing Balance**		
a)	Interest receivable (Net of TDS)	**37,655,786**	25,954,585
b)	Short-term loans and advances	**126,106,774**	144,127,656

* Charged by PFCCL

26. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Nominal Value of share ₹.	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax ₹.	**-**	-
4	Earning per share ₹.	**-**	-

27. i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹.Nil.

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the year is ₹.Nil.

28. Auditors Remuneration (including Service Tax)

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
		₹.	₹.
1	Audit Fees	73,737	49,157

29. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

30. The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

31. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

32. Most of the additional information pursuant to the provisions of Paragraph 5, (ii),(iii),(viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – ₹.Nil (Previous Year ₹.Nil)

(b) Income in foreign exchange – ₹.Nil (Previous Year ₹.Nil)

33. The company has sent letters to various parties included under the head Long-Term borrowings (Commitment advance) for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

34. Figures have been rounded off to the nearest Rupee unless otherwise stated.

35. Corresponding figures for the previous year have been regrouped/ rearranged wherever necessary to conform to Current year's classification.

For and on behalf of Board of Directors

R.Rahman Director	Subir Mulchandani Director	M.K. Goel Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:001794N)

RAHUL KHURANA
(Partner)
M No. : 527244

Place : New Delhi
Date : 27.05.2013

TATIYA ANDHRA MEGA POWER LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To

The Members,

Your Directors have pleasure in presenting the 4th Annual Report on the working of the Company for the financial year ended 31st March, 2013 together with the Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 17th April, 2009 as a Special Purpose Vehicle (SPV) to undertake developmental activities for the proposed 4000MW, 2nd UMPP in Nayunipalli village, district Prakasam, Andhra Pradesh as a wholly owned subsidiary of PFC Consulting Limited (PFCCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your company became a wholly owned subsidiary Company of PFC.

The power from the project will be procured by twenty states namely Andhra Pradesh (2000 MW), Uttar Pradesh (595 MW), Madhya Pradesh (170 MW), Jharkhand (165 MW), Chhattisgarh (115 MW), Maharashtra (275 MW), Karnataka (115 MW), Tamil Nadu (115 MW), Kerala (75 MW), West Bengal (55 MW), Rajasthan (55 MW), Haryana (55 MW), Himachal Pradesh (45 MW), Assam (45 MW), Nagaland (20 MW), Meghalaya (20 MW), Manipur (20 MW), Mizoram (20 MW), Puducherry (20 MW) and Arunachal Pradesh (20 MW).

Section 4 notification for 726 acres of land was issued in November, 2010.

Govt. of Andhra Pradesh has accorded in-principle permission to the proposed UMPP for drawing sea water.

VANPIC Ports Pvt. Ltd., is the Port service provider for the proposed UMPP and has confirmed that they will be able to handle the coal requirements of the proposed UMPP.

The First and Second Season Marine EIA Studies have been completed and the draft report is being finalized by National Institute of Oceanography, Visakhapatnam.

The Feasibility Study on 'Rail Transportation of Coal, Petroleum, Oil and Lubricants' has been completed and the report is being finalized by M/s Rites Ltd. based on observations of South Central Railways and Central Electricity Authority.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 1.82 Crore in the development of the Project which has been transferred to capital work in progress. Total expenditure incurred by the Company till 31st March, 2013 is ₹ 9.48 Crore.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend for the period commencing from 1st April, 2012 to 31st March, 2013.

SHARE CAPITAL

The paid-up share capital of the company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2013. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

The total commitment advance received till date is ₹ 20.00 Crore, out of the total commitment advance of ₹ 40.00 Crore, which is to be received from various power procurers. Commitment advance yet to be received from various power procurers as per their allocated share of power is ₹ 20.00 Crore.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. SVP & Associates, Chartered Accountants, was appointed as Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Presently the Board of Directors of the Company comprises of the following:

1.	Shri M. K. Goel	Chairman
2.	Shri Subir Mulchandani	Director
3.	Shri Yogesh Juneja	Director
4.	Shri R. Rahman	Director

In accordance with provisions of Companies Act, 1956 Shri R. Rahman, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 17th June, 2013 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2012-13.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(M. K. Goel)
Chairman

Place : New Delhi
Dated : 23rd July, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TATIYA ANDHRA MEGA POWER LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Tatiya Andhra Mega Power Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Tatiya Andhra Mega Power Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 17th, June 2013

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

TATIYA ANDHRA MEGA POWER LIMITED

We have audited the accompanying financial statements of Tatiya Andhra Mega Power Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan andperform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For SVP & Associates
(Chartered Accountants)
FRN: 003838N
CA. Tarun Kansal
(Partner)
Membership No. : 084751

Place: New Delhi
Date: 27.05.2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Tatiya Andhra Mega Power Limited on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. The Company does not have any Fixed Assets.

2. The Company does not have any Inventories.

3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, payment for expenses. During the course of our audit, we did not notice any instance of failure to correct any weaknesses in the internal controls has been noticed.

5. In our opinion and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.

7. The Company does not have paid up capital and reserves of Rs.50 lakhs as at the commencement of the financial year and also did not have turnover exceeding Rs.5 crore for a period of three consecutive financial years immediately preceding the financial year concerned, the provisions of para 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

8. The Central Government is not prescribed for the maintenance of Cost Records under section 209 (1) (d) of the companies Act, 1956.

9. (a) According to the records of the company, undisputed statutory dues including Income-tax, Service Tax, cess to the extent applicable and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, service tax, which have not been deposited on account of any disputes.

10. The Company does not have any accumulated loss and has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

14. According to information and explanations given to us, the Company is not dealing or trading in Shares, Mutual funds & other Investments. Paragraph 4(xiv) of the order is not applicable.

15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that the Company has not raised any funds on short term basis, hence this clause is not applicable.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

19. The Company has not issued any debenture during the year.

20. The Company has not raised any money by way of public issue during the year.

21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For SVP & Associates
(Chartered Accountants)
FRN: 003838N

CA. Tarun Kansal
(Partner)
Membership No. : 084751

Place: New Delhi
Date: 27.05.2013

TATIYA ANDHRA MEGA POWER LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I . EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**500,000**	500,000
(b) Reserves and surplus	4	**(29,459)**	(29,459)
		470,541	470,541
(2) Non-current liabilities			
(a) Long-term borrowings	5	**200,000,000**	200,000,000
(b) Other long-term liabilities	6	**46,042,931**	27,798,027
		246,042,931	227,798,027
(3) Current Liabilities			
Other current liabilities	7	**929,687**	2,151,103
TOTAL		**247,443,159**	230,419,671
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Capital work-in-progress	8	**94,799,121**	76,591,165
(b) Other non-current assets	9	**30,218,088**	19,245,755
		125,017,209	95,836,920
(2) Current assets			
(a) Cash and cash equivalents	10	**5,311**	94,378
(b) Short-term loans and advances	11	**122,420,639**	134,488,373
		122,425,950	134,582,751
TOTAL		**247,443,159**	230,419,671
Expenditure During Construction Period	**12**		
Corporate Information	**1**		
Significant accounting policies	**2**		
Other Notes to financial statements	**13 to 35**		

For and on behalf of the Board of Directors

R.Rahman
Director

Subir Mulchandani
Director

M.K. Goel
Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:003838N)

CA. TARUN KANSAL
(Partner)
M No. : 084751

Place : New Delhi
Date : 27.05.2013

TATIYA ANDHRA MEGA POWER LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDING MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I.	Revenue from operations		-	-
II.	Other income		-	-
III.	**Total Revenue (I+II)**		**-**	-
IV.	Expenses			
	Total Expenses		**-**	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**-**	-
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**-**	-
VIII.	Extraordinary items		-	-
IX.	**Profit before tax (VII-VIII)**		**-**	-
X.	**Tax expense:**			
	(1) Current tax		**-**	-
	(2) Deferred tax		**-**	-
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		**-**	-
XII.	**Profit/(Loss) from discontinuing operations**		-	-
XIII.	**Tax expense of discontinuing operations**		-	-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		-	-
XV.	**Profit/(Loss) for the period (XI +XIV)**		-	-
XVI.	**Earnings per equity share:**			
	(1) Basic	30	**-**	-
	(2) Diluted	30	**-**	-
Expenditure During Construction Period		**12**		
Corporate Information		**1**		
Significant accounting policies		**2**		
Other Notes to financial statements		**13 to 35**		

For and on behalf of the Board of Directors

R.Rahman
Director

Subir Mulchandani
Director

M.K. Goel
Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:003838N)

CA. TARUN KANSAL
(Partner)
M No. : 084751

Place : New Delhi
Date : 27.05.2013

TATIYA ANDHRA MEGA POWER LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDING MARCH 31, 2013

(Amount in ₹)

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	-	-
	Operating profit before working capital changes	-	-
	Adjustment For Increase/Decrease in:		
	Other non-current assets	**(10,972,333)**	(12,038,489)
	Loans and advances	**12,067,734**	(2,535,667)
	Liabilities and provisions	**17,023,488**	17,996,368
	Net cash flow from Operating Activities	**18,118,889**	3,422,212
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital work-in-progress	**(18,207,956)**	(21,922,399)
	Net cash used in investing activities	**(18,207,956)**	(21,922,399)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
	Long-term borrowings	**-**	18,500,000
	Net cash flow from financing activities	**-**	18,500,000
	Net increase/decrease in cash and cash equivalents	**(89,067)**	(187)
	Add: Cash and cash equivalents at beginning of the year	**94,378**	94,565
	Cash and cash equivalents at end of the year	**5,311**	94,378
	Balance with bank	**5,311**	94,378

For and on behalf of the Board of Directors

R.Rahman **Director**	**Subir Mulchandani** **Director**	**M.K. Goel** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:003838N)

CA. TARUN KANSAL
(Partner)
M No. : 084751

Place : New Delhi
Date : 27.05.2013

TATIYA ANDHRA MEGA POWER LIMITED

Notes to Financial Statements for the Period ended March 31, 2013

1 Corporate Information

The Company was incorporated on April 17, 2009 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking). Certificate for Commencement of Business was issued on February 19, 2010. During the financial year 2009-10 PFCCL has transferred the company (TAMPL) to PFC Limited as per decision of Ministry of Power and presently it is wholly owned subsidiary of PFC Limited. The Company is a special purpose vehicle incorporated to facilitate the acquisition of the land and complete the preliminary work regarding the statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project for 4000 MW in the state of Andhra Pradesh (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹.5000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost

j. **Borrowing Cost**

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. **Preliminary Expenses**

Preliminary expenses are written off in the year in which such expenditure is incurred.

l. **Contingent Liability**

Contingent liabilities are not provided for and are disclosed by way of notes.

m. **Cash Flow Statement**

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**500,000**	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	**500,000**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance at the beginning of the year	**50,000**	**500,000**	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	**50,000**	**500,000**	**50,000**	**500,000**

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding company**

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2012: 50,000) equity shares of ₹. 10 each fully paid	**500,000**	500,000

d. **Details of shares held by shareholders holding more than 5% of the aggregate shares in the company**

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid	**50,000**	**100%**	50,000	100%
Power Finance Corporation Limited, the Holding Company *				
	50,000	**100%**	**50,000**	**100%**

* Out of 50,000 (PY: 50,000) equity shares 600 (PY: 600) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	(29,459)	(29,459)
Profit for the year	-	-
Less: Appropriation	-	-
Balance as at the end of the year	**(29,459)**	(29,459)

5. LONG- TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other loans and advances (unsecured)		
Commitment advance		
Ajmer-AVVNL	**1,705,000**	1,705,000
Assam State Electricity Board	**4,500,000**	4,500,000
Chattisgarh State Power Holding Co Ltd	**11,500,000**	11,500,000
Dashin Haryana Bijlee Vitran Nigam Ltd	**2,750,000**	2,750,000
Govt. of Arunachal Pradesh	**2,000,000**	2,000,000
Govt. of Manipur	**2,000,000**	2,000,000
Govt. of Mizoram	**2,000,000**	2,000,000
Govt. of Nagaland	**2,000,000**	2,000,000
Govt. Of Puducherry	**2,000,000**	2,000,000
Himachal Pradesh State Electricity Board	**4,500,000**	4,500,000
Jaipur-JVVNL	**2,090,000**	2,090,000
Jharkhand State Electricity Board	**16,500,000**	16,500,000
Jodhpur-JVVNL	**1,705,000**	1,705,000
Kerala State Electricity Board	**7,500,000**	7,500,000
Maharastra State Electricity Dist. Co Ltd	**27,500,000**	27,500,000
Meghalaya Energy Corporation Ltd.	**2,000,000**	2,000,000
M.P. Power Trading Co Ltd	**17,000,000**	17,000,000
Power Company of Karnataka Ltd	**11,500,000**	11,500,000
Tamil Nadu Electricity Board	**11,500,000**	11,500,000
Uttar Haryana Bijlee Vitran Nigam Limited	**2,750,000**	2,750,000
Uttar Pradesh Power Corp. Limited	**59,500,000**	59,500,000
West Bengal Electricity Distribution Co Ltd	**5,500,000**	5,500,000
TOTAL	**200,000,000**	200,000,000

Terms of repayment for Unsecured borrowings

Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder.

6. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
Interest Accrued but not due on long-term borrowings	**46,042,931**	27,798,027
TOTAL	**46,042,931**	27,798,027

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other payables		
Statutory dues (Tax deducted at Source)	**885,445**	1,927,767
Expenses Payable	**44,242**	223,336
TOTAL	**929,687**	2,151,103

8. CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Capital work-in-progress	**58,381,165**	36,458,766
Add: Transferred from expenditure During Construction Period (Note-12)	**18,207,956**	21,922,399
	76,589,121	58,381,165
Capital Expenditure for Land	**18,210,000**	18,210,000
TOTAL	**94,799,121**	76,591,165

9. OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Interest receivable from related party but not due	**30,218,088**	19,245,755
(Power Finance Corporation Ltd.)		
TOTAL	**30,218,088**	19,245,755

10. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
In Current Account	**5,311**	94,378
TOTAL	**5,311**	94,378

11. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Loans and advances to related parties	**122,418,334**	134,487,167
(Power Finance Corporation Ltd)		
Others		
Tax deducted at source (Refundable)	**2,305**	1,206
TOTAL	**122,420,639**	134,488,373

12. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
(a) Expenses		
Manpower Charges	**6,612,691**	10,234,562
Advertisement Expenses	**9,726**	29,400
Payment to the auditor:		
- As auditor	**73,737**	49,158
Legal & Professional Charges	**286,012**	45,108
Outsourcing Expenses	**539,636**	506,759
Tour & Travelling Expenses	**20,291**	269,316
Consultancy Charges	**565,701**	1,228,803
Interest Expenses on utilized portion	**9,178,526**	7,121,789
Interest Expenses on un-utilized portion	**10,973,432**	12,039,695
Printing & stationery	**160,896**	22,624
Telephone	**6,872**	12,850
Survey & Studies Expenses	**-**	2,012,975
Conference & Meeting	**129,232**	-
Vehicle Hiring Charges	**147,105**	-
Other Administration Expenses	**477,531**	389,055
Total (a)	**29,181,388**	33,962,094
(b) Other Income		
Interest on un-utilised portion	**10,973,432**	12,039,695
(TDS ₹1099/- Previous Year ₹ 1206/-)		
Total (b)	**10,973,432**	12,039,695
Total (a-b)	**18,207,956**	21,922,399

13 Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹.40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. A sum of ₹.20,00,00,000/- is received from procurers and ₹.20,00,00,000 is yet to be received. The said commitment advance has been shown in the Balance Sheet as Long-term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

14 Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹.20,00,00,000/- received from procurers was given to the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.

15 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Total interest expense amounting to ₹.2,01,51,958/- (PY: ₹.1,91,61,484/-) has been accounted in the books of account for the year which includes interest of ₹.1,09,73,432/- (PY: ₹.1,20,39,695/-) on unutilized portion and ₹.91,78,526 /- (PY: ₹.71,21,789/-) on utilized portion. Interest on utilized portion has been capitalized. Interest payable has been shown under Other long-term liabilities.

16 As per the scheme of setting up of the project, entire expenditures to be incurred by the company for project exploration and initial development work including interest on funds deployed and professional fees of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company PFC Ltd. consequent upon which the company along with, all its assets and liabilities shall stand transferred to such bidder.

17 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by them. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and Company will be transferred to successful bidder, therefore no liability has been provided for fees payable, the same will be charged in the year of transfer of the company to successful bidder.

18 The application for requisition of 980.30 acres of land (726.51 acres of private land and 253.79 acres of government land) was submitted to the district collector, Prakasam District, through APGENCO on 27.11.09. Section 4(1) notification was published in local newspapers on 15.11.10 to an extent of 726.51 acres of private land. Application for alienation of Government land was submitted to District Collector, Ongole on 01.12.10. ₹.1.82 Crores was incurred towards miscellaneous expenditure, publication charges and other administrative cost for land acquisition.

19 All the work for the Company is executed by PFC Consulting Ltd (PFCCL). Manpower Charges of ₹.66,12,691/- (Previous Year ₹.1,02,34,562/-) for man power cost of PFCCL employees charged by PFCCL on cost to company basis/rate, as determined by PFCCL in proportion to the actual man days spent by the employees for the Company as per invoice raised by PFCCL. This include ₹.14,43,000/- (Previous Year ₹.27,18,756/-) charged for Sh.R.Rahman(Director), ₹.NIL/- (Previous Year ₹.28,726/-) charged for Sh. Sh. Dinesh Vij (Director), ₹.NIL/- (Previous Year ₹.41,294/-) charged for Subir Mulchandani (Director) and ₹.2,600/- (Previous Year ₹.NIL) charged for Sh. Yogesh Juneja (Director). PFC Ltd. is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

20 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/ PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

21 Expenditure during Construction Period (Note-12) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

22 i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹.1,67,52,500/- (Previous Year ₹.1,67,52,500/-)

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹.Nil. (Previous Year ₹.Nil)

23 Auditors Remuneration (including Service Tax)

(Amount in ₹)

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Audit Fees	**73,737**	49,158

24 The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFCL)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri M.K.Goel	Chairman	17.04.2009	Continuing
2	Shri Subir Mulchandani	Director	17.04.2009	Continuing
3	Shri R. Rahman	Director	18.04.2011	Continuing
4	Shri Yogesh Juneja	Director	17.08.2011	Continuing

25 The disclosure as per AS18 – Related Party Disclosure :

Tatiya Andhra Mega Power Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Tatiya Andhra Mega Power Limited where the PFC Ltd. nominees exercise control.

Detail of maximum debit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹.13,44,87,167/- (P.Y ₹.14,28,59,376/-)

Details of Related parties and nature of relationship

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprise under common control
15	Patran Transmission Company Limited	Enterprise under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprise under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprise under common control
18	RAPP Transmission Company Limited	Enterprise under common control

The related Party Transactions are as follows:-

(Amount in ₹)

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
		PFC Ltd. (Holding Co.)	PFC Ltd. (Holding Co.)
1	Interest Expense	**97,255**	83,982
2	Interest Income	**10,973,432**	12,039,695
3	Manpower Charges*	**6,612,691**	10,234,562
4	**Closing Balance**		
a)	Interest accrued but not due on long-term borrowings	**771,208**	673,953
b)	Interest Receivable (Net of TDS)	**30,218,088**	19,245,755
c)	Short-term loans and advances	**122,418,334**	134,487,167

*Charged by PFCCL

26 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

27 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

28 In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

29 The company has sent letters to various parties included under the head Long-term borrowings (Commitment advance) for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

30 **Earning Per Share**

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Nominal Value of share ₹.	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax ₹.	**-**	-
4	Earning per share ₹.	**-**	-

31 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

32 Most of the additional information pursuant to the provisions of Paragraph 5, (ii),(iii),(viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – ₹.Nil (Previous Year ₹.Nil)

(b) Income in foreign exchange – ₹.Nil (Previous Year ₹.Nil)

33 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

34 Figures have been rounded off to the nearest Rupee unless otherwise stated.

35 Corresponding figures for the previous year have been regrouped/ rearranged wherever necessary to conform to Current year's classification.

For and on behalf of the Board of Directors

R.Rahman	Subir Mulchandani	M.K. Goel
Director	Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:003838N)

CA. TARUN KANSAL
(Partner)
M No. : 084751

Place : New Delhi
Date : 27.05.2013

DEOGHAR MEGA POWER LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 1st Annual Report on the performance of the Company for the period from 26th April, 2012 to 31st March, 2013 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 26th April, 2012 as a Special Purpose Vehicle (SPV) by Power Finance Corporation Limited (PFC) as its wholly owned subsidiary, for development of second Ultra Mega Power Project (UMPP) in the State of Jharkhand.

Govt of Jharkhand (GoJ) has given "in-principle" approval for the site at Hussainabad, Devipur Division, District Deoghar, Jharkhand on 26th June, 2012. The total land required for the project is 2256.65 acres across 20 villages, which includes 1652.70 acres of private land, 321.95 acres of Govt. land and 282 acres of forest land.

The water requirement for the project is 106 Million Cubic Metre (MCM), out of which GoJ on 14th January, 2012 has conveyed "in-principle" approval for drawl of 80.25 MCM water from River Ajay basin. The study for adequate water availability as well as the Socio-Economic Impact Assessment (SEIA) & Environment Management Plan (EMP) Studies of the proposed storage dam on river Ajay have been awarded to IIT Roorkee and studies are being carried out.

The Expert Appraisal Committee (EAC) of Ministry of Environment & Forest (MoEF) considered the project for issuance of Terms of Reference (ToR) during its meeting held on 5th November, 2012.

Ministry of Power (MoP) and Central Electricity Authority (CEA) has requested Ministry of Coal (MoC) & Central Mine Planning and Design Institute Ltd. (CMPDIL) to suggest captive coal blocks for the project.

Ministry of Power (MoP) has been requested to allocate power from the UMPP to various States.

An application for issuance of Section 4(1) Notification under Land Acquisition Act, 1894 for acquisition of 1652 acres of private land was filed with the concerned authority on 1st March, 2013. The application for diversion of 282 acres of forest land was submitted to the concerned authority on 17th July, 2013.

FINANCIAL REVIEW

During the period under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 2.48 Crore for the development of the Project which has been transferred to Capital work in progress.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend for the period commencing from 26th April, 2012 to 31st March, 2013.

SHARE CAPITAL

The paid-up share capital of the company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2013. During the year, the entire share capital of the Company was held by PFC and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. VSD & Associates, Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2012-2013 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Presently the Board of Directors of the Company comprises of the following:

1.	Shri R. Nagarajan	Chairman
2.	Shri P.P.Srivastava	Director
3.	Shri N.B.Gupta	Director
4.	Shri Yogesh Juneja	Director

Shri R. Nagarajan, Shri P.P.Srivastava, Shri N.B.Gupta and Shri Yogesh Juneja, being the first Directors appointed by virtue of Memorandum and Articles of Association of the Company hold office upto the ensuing Annual General Meeting. The shareholders approval is sought for the appointment of the above mentioned Directors, as Directors liable to retire by rotation.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 24th June, 2013 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the period from 26th April, 2012 to 31st March, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the period from 26th April, 2012 to 31st March, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 2012-13.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Jharkhand, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(R. Nagarajan)
Chairman

Place : New Delhi
Date : 1st August, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF DEOGHAR MEGA POWER LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Deoghar Mega Power Limited, New Delhi for the year ended 31 st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Deoghar Mega Power Limited, New Delhi, for the period 26th April 2012 to March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 24th, June 2013

INDEPENDENT AUDITOR'S REPORT

To

The Members of

DEOGARH MEGA POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Deogarh Mega Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

(c) the Balance Sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.

(d) in our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

for VSD & Associates
Chartered Accountants
(Vinod Sahni)
F.C.A.
Partner
M. No.086666
F.R.No.008726N

Place : New Delhi
Dated : 29.05.2013

ANNEXURE TO AUDITOR'S REPORT OF DEOGARH MEGA POWER LIMITED

1. (a) In our opinion and according to information and explanation given to us, provision of para 4(i) (a) of the Companies (Auditor's Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.

   (b) In our opinion and according to information and explanation given to us provision of para 4(i) (b) of the companies (Auditor's Report) Order, 2003 relating to physical verification of fixed assets by the management is not applicable to Company as it does not have fixed assets.

   (c) In our opinion and according to information and explanation given to us provision of para 4(i) (c) of the companies (Auditor's Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the period are not applicable to Company as it does not have fixed assets.

2. As the company has not purchased/ sold goods during the period nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

3. As explained to us, the Company has not granted or taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

4. Having regards to the nature of company's business and based on our scrutiny of company's records and the information and explanation given to us, we report that company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regards to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regards to purchase of fixed assets.

5. According to the information and explanation given to us, there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section – 301 of the Companies Act, 1956.

6. According to the information and explanation given to us, the company has not accepted any deposits from public.

7. The company does not have paid up capital and reserves of Rs 50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a year of three consecutive financial years immediately preceding the financial year concerned, the provision of para 4 (vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to company.

8. The company does not have any business activities during the period, the provision of para 4 (viii) of the Companies (Auditor's Report) order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies act is not applicable to the company.

9. (a) According to information and explanation given to us, the company is regular in depositing Income Tax, and other statutory dues with the appropriate Authorities through holding company i.e. PFC Ltd & PFCC Ltd. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March 2013 for a period of more than six months from the date they become payable.

(b) According to information and explanation given to us, there are no dues of Income Tax which have not been deposited on account of any dispute.

10. The company has been registered for less than five years.

11. According to the records made available to us and information and explanations given by the management, the company has not defaulted in repayment of dues to a financial institution.

12. In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company as it has not given any loans and advance on security of shares, Debentures and other securities.

13. In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the companies (Auditor's Report) Order, 2003 is not applicable to company.

14. According to information and explanation given to us, the Company is not dealing or trading in shares, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to Company.

15. According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by it from banks and financial institutions.

16. In our opinion and according to information and explanation given to us the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

17. According to information and explanation given to us and on an overall examination of the Balance sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.

18. The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.

19. According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditor's Report) order, 2003 are not applicable to Company.

20. According to information and explanation given to us the company has not raised any money from public issues during the period.

21. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the period that causes the financial statements to be materially misstated.

for VSD & Associates
Chartered Accountants
(Vinod Sahni)
F.C.A.
Partner
M. No.086666
F.R.No.008726N

Place : New Delhi
Dated : 29.05.2013

DEOGHAR MEGA POWER LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013
I . EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	3	500,000
(b) Reserves and surplus	4	(39,056)
		460,944
(2) Non-current liabilities		
(a) Long-term borrowings	5	23,069,815
(b) Other Long-term Liabilities	6	1,296,993
		24,366,808
(3) Current liabilities		
Other current liabilities	7	58,731
		58,731
TOTAL		**24,886,483**
II . ASSETS		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets		-
(ii) Capital work-in-progress	8	24,881,483
		24,881,483
(2) Current Assets		
Cash and cash equivalents	9	5,000
		5,000
TOTAL		**24,886,483**
Expenditure During Construction Period	10	
Corporate Information	1	
Significant accounting policies	2	
Other Notes to financial statements	11 to 29	

For and on behalf of Board of Directors

Yogesh Juneja
Director

N.B. Gupta
Director

R. Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
VSD & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:008726N)

VINOD SAHNI
(Partner)
M No. : 086666

Place : New Delhi
Date : 29.05.2013

DEOGHAR MEGA POWER LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM APRIL 26, 2012 TO MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	For the period April 26, 2012 to March 31, 2013
I.	Revenue from operations		-
II.	Other income		-
III.	**Total Revenue (I+II)**		**-**
IV.	Expenses		
	Preliminary Expenses		39,056
	Total Expenses		**39,056**
V.	**Loss before exceptional and extraordinary items and tax (III-IV)**		**(39,056)**
VI.	Exceptional items		-
VII.	**Loss before exceptional and extraordinary items and tax (V-VI)**		**(39,056)**
VIII.	Extraordinary items		-
IX.	**Loss before tax (VII-VIII)**		**(39,056)**
X.	**Tax expense:**		
	(1) Current tax		**-**
	(2) Deferred tax		**-**
XI.	**Loss for the period from continuing operations (IX-X)**		**(39,056)**
XII.	**Profit/(Loss) from discontinuing operations**		-
XIII.	**Tax expense of discontinuing operations**		-
XIV.	**Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)**		-
XV.	**Loss for the period (XI +XIV)**		**(39,056)**
XVI.	**Earnings per equity share:**		
	(1) Basic	23	**(0.78)**
	(2) Diluted	23	**(0.78)**
	Expenditure During Construction Period	10	
	Corporate Information	1	
	Significant accounting policies	2	
	Other Notes to financial statements	11 to 29	

For and on behalf of Board of Directors

Yogesh Juneja
Director

N.B. Gupta
Director

R. Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
VSD & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:008726N)

VINOD SAHNI
(Partner)
M No. : 086666

Place : New Delhi
Date : 29.05.2013

DEOGHAR MEGA POWER LIMITED

CASH FLOW STATEMENT FOR THE PERIOD FROM APRIL 26, 2012 TO MARCH 31, 2013

(Amount in ₹)

	Particulars	For the period April 26, 2012 to March 31, 2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Loss before tax	**(39,056)**
	Prior Period Expenses/ Preliminary expenses	**-**
	Operating profit before working capital changes	**(39,056)**
	Adjustment For Increase/Decrease in:	
	Increase/Decrease in Current Assets & Current Liabilities	**-**
	Net cash flow from operating activities	**(39,056)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**	
	Capital work-in-progress	**(23,584,490)**
	Liabilities and provisions of Capital Expenditure	**58,731**
	Net cash used in investing activities	**(23,525,759)**
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**	
	Long-term borrowings	**23,069,815**
	Issue of Share Capital	**500,000**
	Interest Paid	**(1,296,993)**
	Interest Payable	**1,296,993**
	Net cash flow from financing activities	**23,569,815**
	Net increase/decrease in cash and cash equivalents	**5,000**
	Add: Cash and cash equivalents at beginning of the year	-
	Cash and cash equivalents at end of the year	**5,000**
	Balance with bank	5,000

For and on behalf of Board of Directors

Yogesh Juneja Director **N.B. Gupta** Director **R. Nagarajan** Chairman

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
VSD & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:008726N)

VINOD SAHNI
(Partner)
M No. : 086666

Place : New Delhi
Date : 29.05.2013

DEOGHAR MEGA POWER LIMITED

Notes to Financial Statements for the Period from April 26, 2012 to March 31, 2013

1 Corporate Information

The Company was incorporated on April 26, 2012 under the Companies Act 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on September 26, 2012. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Jharkhand (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis. Fees for advisory and professional services for developing Independent Transmission Project payable to PFC Consulting Limited (Holding Company) will be accounted for in the year of transfer of the company to the successful bidder (As and when due).

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of Fixed Assets acquired during the year costing up to Rs. 5,000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Consultancy /Administration /Interest / Manpower Charges/ Legal & Professional etc. is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans & Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred

j. Investments

Investments are stated at cost.

k. Borrowing Costs

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

l. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in books when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

n. Taxes

Provision for Current taxes is made in accordance with the relevant provisions of the Income - Tax Act, 1961. Deferred tax are recognized subject to prudence on timing differences between accounting profits and tax profits using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date Deferred tax assets are recognised and carried forward only if there is a virtual reasonable certainty that the assets will be realisable in future.

3- SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013
Authorised :	
50,000 Equity shares of ₹.10/- each	**500,000**
Issued, subscribed and fully paid up shares :	
50,000 Equity shares of ₹.10/- each fully paid-up	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	No. of Shares	As at March 31, 2013 (Amount in ₹)
Balance as at the beginning of the year	-	-
Add: Shares issued during the year	**50,000**	**500,000**
Balance as at the end of the year	**50,000**	**500,000**

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

Power Finance Corporation Limited, the Holding Company	As at March 31, 2013
50,000 equity shares of ₹. 10 each fully paid	**500,000**

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2013 No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid		
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**
	50,000	**100%**

*Out of 50,000 equity shares 600 shares are held by nominees of Power Finance Corporation Limited on its behalf.

4 - RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013
Surplus in Statement of Profit and Loss	
Balance as at the beginning of the year	**-**
Loss for the year	**(39,056)**
Less: Appropriation	-
Balance as at the end of the year	**(39,056)**

5 - LONG-TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2013
Loans and advances from related party (Unsecured)	
Power Finance Corporation Ltd (Holding Co.)	**23,069,815**
TOTAL	**23,069,815**

Terms of repayment for Unsecured borrowings	
Loans and advances from related party	Repayable within 15 days from the date of transfer of the Company to its successful bidder

6 - OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013
Others	
Interest Accrued but not due on long-term borrowings	**1,296,993**
TOTAL	**1,296,993**

7 - OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013
Other payables	
Expenses Payable	**52,833**
Statutory dues (Tax deducted at source)	**5,898**
TOTAL	**58,731**

8 - CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013
Transferred from expenditure during construction period (Note-10)	24,881,483
TOTAL	**24,881,483**

9 - CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013
Balances with banks:	
In current account	5,000
TOTAL	**5,000**

10 - EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	For the period April 26, 2012 to March 31, 2013
(a) Expenses	
Manpower Charges	14,746,273
Payment to the auditor:	
- As auditor	58,989
Legal & Professional Charges	66,543
Consultancy Charges	2,398,987
Advertisement	136,108
Office Maintenance	161,957
Printing & Stationary	159,069
Vehicle Hiring	125,827
Tour & Travelling	1,253,915
Telephone	5,735
Canteen Expenses	93,119
Interest Expenditure	1,296,993
Survey & Studies	4,019,679
Meeting & Conference	97,893
Security Charges	136,757
Outsourcing expense	87,416
Other Administrative Expenses	36,223
TOTAL	**24,881,483**

11 Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹.40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. However Commitment advance is yet to be received.

12 The Company pays interest to PFC Ltd. (Holding Company) on the expenses incurred by them on behalf of the company at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the project loan/schemes(Generation) for Borrower under Category "State Sector Borrowers (Category 'A')" as determined from time to time. Interest expenses of ₹.12,96,993/- for the period is payable to PFC Ltd. on amount spent by them. Interest so payable is capitalized under the head Capital work-in-progress'. Interest payable to holding company being accrued but not due is shown under the head Other Long-term liabilities.

13 The Company has agreed to pay a sum of ₹.50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder therefore no liability has been provided for fees payable to PFCL/PFCCL since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

14 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

15 All the work for the Company are executed by PFC Consulting Ltd (PFCCL). Manpower Charges of ₹.147,46,273/- of PFCCL employees is charged by PFCCL on cost to company basis/rate, as determined by the PFCCL in proportion to the actual man days spent by the employees for the company as per invoice raised by PFCCL and include ₹.80600/-of Sh. P.P Srivastava (Director), ₹.7,77,400/- of Sh. Yogesh Juneja (Director).

16 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

17 Expenditure during Construction Period (Note-10) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

18 The Key Management Personnel of the Company are employee of the Holding Company (PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri Radhakrishnan Nagarajan	Chairman	26.04.2012	Continuing
2	Shri Naveen Bhushan Gupta	Director	26.04.2012	Continuing
3	Shri Prem Prakash Srivastava	Director	26.04.2012	Continuing
4	Shri Yogesh Juneja	Director	26.04.2012	Continuing

19 The disclosure as per AS 18 – Related Party Disclosure :

Deoghar Mega Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Deoghar Mega Power Limited where the PFCL/ PFCCL nominee exercises control.

Details of Related parties and nature of relationship

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited (PFCCL)	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Orissa Integrated Power Limited	Fellow Subsidiary
5	Coastal Karnataka Power Limited	Fellow Subsidiary
6	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
7	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
8	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
9	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
11	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
12	PFC Green Energy Limited	Fellow Subsidiary
13	PFC Capital Advisory Services Limited	Fellow Subsidiary
14	DGEN Transmission Company Limited	Enterprises under common control
15	Patran Transmission Company Limited	Enterprises under common control
16	Darbhanga Motihari Transmission Company Limited	Enterprises under common control
17	Purulia Kharagpur Transmission Company Limited	Enterprises under common control
18	RAPP Transmission Company Limited	Enterprises under common control

Detail of maximum Credit balance during the Year in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹.2,30,69,815/-

Details of Related party transactions

(Amount in ₹)

S.No.	Particulars	As at March 31, 2013
		PFC Ltd.(Holding Co.)
1	Equity Contribution	500,000
2	Manpower Charges *	14,746,273
3	Interest on Long Term Borrowings	1,296,993
4	**Closing Balances: -**	
	Long Term Borrowings	23,069,815
	Interest Accrued but not due on long-term borrowings	1,296,993

* Charged by PFCCL

20 Auditors Remuneration (including service tax)

Particulars	As at March 31, 2013
	(₹)
Audit Fees	58,989

21 Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a. Expenditure in foreign currency –₹.NIL

b. Income in foreign exchange –₹.NIL

22 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹.NIL.

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the year is ₹.NIL

23 **Earning Per Share**

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2013
1	Nominal Value of share ₹.	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax ₹.	(39,056)
4	Earning per share (Basic & Diluted) ₹.	(0.78)

24 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

25 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

26 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the development phase and yet to commence its operation.

27 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

28 Figures have been rounded off to the nearest Rupee unless otherwise stated.

29 Since this being the first accounting year of the company, the accounts have been prepared for the period from 26/04/2012 to 31/03/2013. As such previous year figures are not applicable.

For and on behalf of Board of Directors

Yogesh Juneja **Director**	**N.B. Gupta** **Director**	**R. Nagarajan** **Chairman**

AS PER OUR REPORT OF EVEN DATE
For & On Behalf of
VSD & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:008726N)

VINOD SAHNI
(Partner)
M No. : 086666

Place : New Delhi
Date : 29.05.2013

PFC GREEN ENERGY LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2012-2013

To,

The Members,

Your Directors have pleasure in presenting the second Annual Report on the performance of your Company for the financial year ended March 31, 2013 along with Audited Statements of Accounts and Auditors' Report thereon.

COMMENCEMENT OF BUSINESS BY THE COMPANY

Your Company received the Certificate of Registration (CoR) to function as a Non-Banking Financial Company on October 1, 2012 from the Reserve Bank of India (RBI). With the receipt of CoR, your Company commenced its business operations during the fourth quarter of the financial year.

LENDING OPERATIONS

Your Company issued sanction of ₹8 crores during the FY 2012-13 to a private sector entity for Solar Photovoltaic (PV) Power Project.

FINANCIAL PERFORMANCE

During the year under review, your Company has earned an operating income of ₹5,00,000/- and income from other sources amounting to ₹51,82,871/-. Whereas, in the previous financial period, your Company had earned an income of ₹6,74,540/- from other sources and nil income from operations as the business was to commence on receipt of CoR from RBI.

The total Expenditure incurred during the period under review is ₹81,51,473/- as against the expenditure of ₹2,42,04,430/- for the previous financial period ending March 31, 2012, which also includes preliminary expenses of ₹2,25,35,030/-. The expenditure incurred on filing/ legal fees regarding formation of the Company and all expenses incurred prior to the incorporation of the company were treated as preliminary expenses.

DIVIDEND

As the Company has not made any profit in the FY 2012-13, no dividend has been declared for the period under review. Also, no amount has been transferred to reserves in the Balance sheet as at 31st March, 2013.

SHARE CAPITAL

During the last quarter of FY 2012-13 the issued and paid up share capital of your Company was increased from ₹4.99 crores to ₹109.99 crores. The paid up share capital of the Company consists of the following:

Equity Share Capital: 2.599 crores Equity Shares of ₹10/- each.

Fully Convertible Preference Share (FCPS) Capital: 8.4 crores FCPS of ₹10/- each.

During the FY 2012-13 the entire share capital of the Company was held by Power Finance Corporation Limited (PFC), the holding company along with its nominees.

During the first quarter of 2013-14, your Company has further allotted shares of ₹68 crores to PFC, thereby increasing the paid up share capital to ₹177.99 crores. The additional capital consists of 1.36 crores Equity Shares of ₹10/- each and 5.44 crores Fully Convertible Preference Shares of ₹10/- each.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PERSONNEL

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and the matters related to personnel department are being taken care by the holding Company.

AUDITORS

M/s. KSJ & Company, Chartered Accountants, New Delhi was appointed as Statutory Auditor of the Company for the FY 2012-13 by the Comptroller and Auditor General of India. There are no adverse comments, observations or reservations in the auditors report on the accounts of the company.

COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG)

The Comptroller and Auditor General of India had conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of your Company for the FY 2012-13.

The Comptroller and Auditor General of India vide their letter dated June 30, 2013 has mentioned that on the basis of their audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956. A copy of the aforesaid letter issued by C&AG in this regard is enclosed as **Annexure I.**

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

Auditors' Report pertaining to Non-Banking Financial Companies has been taken from the Statutory Auditors of your Company, as per the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008".A copy of the certificate is enclosed as **Annexure II.**

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company's operations do not involve any manufacturing or processing activities, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988.

The particulars as required under the provisions of section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption has been furnished in **Annexure III.**

Further during the period under review, there has been no foreign exchange earnings and outgo.

PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS

Presently the Board of Directors of the Company comprises of the following:

Shri Satnam Singh	Chairman
Shri M. K. Goel	Director
Shri R. Nagarajan	Director
Shri A.K Agarwal	Director

In accordance with the provisions of Section(s) 255 and 256 of the Companies Act, 1956 Shri R. Nagarajan, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

AUDIT COMMITTEE

During the period under review, the paid up share capital of your Company increased to ₹109.99 crores, therefore in accordance with Section 292A of the Companies Act, 1956 an Audit Committee of Directors was constituted. The Committee consists of the following members:

Shri M. K. Goel	Chairman
Shri R. Nagarajan	Member
Shri A.K Agarwal	Member

OFFICIAL LANGUAGE

The use of Hindi in Company's official work was emphasized.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company. Therefore there is no requirement to comply with Section 212 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

(i) In the preparation of Annual Accounts for the financial year 2012-13, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 2012-13 and of the loss of the company for that period;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors had prepared the annual accounts on a going concern basis.

GRIEVANCE REDRESSAL

Your company has a Grievance Redressal system for dealing with the grievances of the customers. A designated Nodal Officer is responsible to ensure quick redressal of grievances within the permissible time frame.

ACKNOWLEDGEMENT

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

Your Directors also convey its gratitude to the holding Company i.e. Power Finance Corporation Limited as well as the bankers for the active and continued support to the Company. The Board also conveys its gratitude to the clients and customers for their trust and support.

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

For and on behalf of the Board of Directors,

Satnam Singh

(SATNAM SINGH)
CHAIRMAN

Place: New Delhi
Date: August 20, 2013

ANNEXURE I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PFC GREEN ENERGY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of PFC Green Energy Limited, New Delhi for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountant of India. This is stated to have been done by them vide their Audit Report dated 16 May, 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of PFC Green Energy Limited, New Delhi, for the year ended 31 March 2013. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/
(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 30 June, 2013

ANNEXURE II

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

To,

The Board of Directors
PFC Green Energy Limited,
Urjanidhi, 1, Barakhamba Lane,
Connaught Place
New Delhi – 110001

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Company, we report that:

1. The Company is engaged in the business of Non-Banking financial institution, having valid Certificate of Registration from Reserve Bank of India issued on 1-10-2012 vide certificate no. N-14.03258.

2. As per amendments to NBFC Regulations vide notification nos.134 to 140, dated 13/01/2000, the Government Companies have been exempted from applicability of provisions of RBI Act relating to maintenance of liquid assets and creation of Reserve Funds and the directions relating to acceptance of public deposits and prudential norms. The exemption of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 was also notified vide RBI Master Circular No. 145 dated 1st July 2009.

3. The company has not accepted any public deposits during the year 2012-13.

4. For the Financial year ending 31st March 2013, the Company has complied with the Accounting Standards, Income recognition, Provisioning for Bad and Doubtful debts, and Exposure Norms as per the Prudential Norms of RBI as applicable to NBFC-ND-SI.

For KSJ & Co.
(Chartered Accountants)
FRN:016024N

Sd/-
(SACHIN JAIN)
Partner
M.No. 095984

Palce: New Delhi
Date: 16.05.2013

ANNEXURE III

Disclosure of particulars u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particularsin the Report of Board of Directors) Rules, 1988 are given as under:

A. CONSERVATION OF ENERGY:

(a)	energy conservation measures taken;	The Company will take necessary measures as may be required from time to time for conservation of energy.
(b)	additional investments and proposals, if any, being implemented for reduction of consumption of energy;	No specific investment has been made in this regard.
(c)	impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	Not Applicable
(d)	total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the rules in respect of industries specified in the Schedule thereto.	Not Applicable

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B of the Annexure to the Rules

FORM B: Form for disclosure of particulars with respect to absorption

Research and development (R & D)

1.	Specific areas in which R & D carried out by the company.	During the year the Company has not carried any specific R&D
2.	Benefits derived as a result of the above R&D	Not Applicable
3.	Future plan of action	Not Applicable
4.	Expenditure on R & D : (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover	 NIL NIL NIL Not Applicable

Technology, absorption, adaptation and innovation

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	No specific efforts have been taken in this regard.
2.	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : (a) Technology imported. (b) Year of import. (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: Details of foreign exchange earnings and outgo appear as item no. 9 of part C i.e. other notes on accounts.

Independent Auditor's Report to the Members of PFC Green Energy Limited

Report on Financial Statements

We have audited the accompanying financial statements of PFC Green Energy Limited ("the Company") which comprise the balance sheet as at 31st March 2013, the statement of Profit & Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2013;

(ii) in the case of the statement of profit and loss, of the loss for the year ended on that date; and

(iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

   (e) The requirement of section 274(1) (g) of the Companies Act, 1956 relating to disqualification of directors are not applicable to the company being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R. 829(E) dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

   (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For KSJ & Co.

Chartered Accountants
(FRN-016024N)

Sd/-
Sachin Jain
Partner
M. No. 095984

Place: New Delhi
Date: 16.05.2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of PFC Green Energy Limited on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

   b) Physical verification of the fixed assets was conducted by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification as compared with the book records.

   c) In our opinion and according to the information and explanation given to us, the Company has not disposed off the substantial part of its fixed assets, which will affect its status as going concern.

2. The main objective of the company is to provide finance to Renewable Energy Projects and does not involve carrying of any inventories; hence clause (ii) of paragraph 4 of the Order is not applicable to the Company.

3. The Company has not taken any loan from director/party covered in the register maintain under section 301 of the Companies Act, 1956 and accordingly 4(iii) (b), (c) and (d) are not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.

5. Based on the audit procedure applied by us and the information and explanation provided by the management, we are of the opinion that there were no transactions during the period that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

6. According to the information and explanations given to us, the Company has not accepted any deposits from public within the purview of section 58A and section 58AA of the Companies Act, 1956 and the rules framed there-under.

7. The Company has an internal audit system commensurate with its size and nature of business.

8. In our opinion and according to information and explanations given to us that the order of Central Govt. issued under section 209 (1) (d) of Companies Act, 1956 (1 of 1956), is not applicable to the Company.

9. According to the records of the Company, the Companies is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Wealth Tax etc. and any other statutory dues to the extent applicable to it.

10. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments, accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from bank or financial institutions.

16. According to the information and explanation given to us, the company has not taken loan from any financial institution or bank or debenture holder; hence clause (xvi) of paragraph 4 of the order is not applicable to the company.

17. On the basis of our examination of the books of accounts and the information and explanation given to us no funds raised on short-term basis have been used for long term investment.

18. According to the information and explanations given to us, the Company has issued 10% Fully Convertible Preference Shares amounting to Rs. 84 crores to its holding company on 21st March 2013 and the terms under which such allotment has been done are not prejudicial to the interest of the company.

19. According to the information and explanations given to us, during the year of audit report, the Company has not issued debentures.

20. The Company has not raised any money by public issues during the year.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For KSJ & Co.

Chartered Accountants
(FRN-016024N)

Sd/-
Sachin Jain
Partner
M. No. 095984

Place: New Delhi
Date: 16.05.2013

PFC GREEN ENERGY LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

BALANCE SHEET AS AT 31st MARCH 2013

(Amount in ₹)

Particulars	Note Part A		As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	1		1,099,900,000	49,900,000
Reserves and surplus	2		(20,213,902)	(16,237,282)
Non-current liabilities			-	-
Current liabilities				
Short-term borrowings	3		-	506,388
Other current liabilities	4		2,070,134	421,399
TOTAL			1,081,756,232	34,590,505
ASSETS				
Non-current assets				
Fixed assets	5			
- Tangible Assets				
- Gross Block		409,597		
- Accumulated Depreciation		(120,051)	289,546	232,014
Deferred tax assets (net)			5,784,590	7,292,608
Long-term loans and advances	6		1,098,733	-
Current assets				
Cash and Bank Balances	7		1,070,504,048	26,358,055
Short-term loans and advances	8		1,011,992	45,526
Other current assets	9		3,067,323	662,302
TOTAL			1,081,756,232	34,590,505
SIGNIFICANT ACCOUNTING POLICIES	Part B			
OTHER NOTES ON ACCOUNTS	Part C			

Notes from Part A to Part C form integral part of accounts

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Rachna Singh)	(A. Chakravarti)	(R. Nagarajan)	(Satnam Singh)
Company Secretary	CEO	Director	Chairman

AS PER OUR REPORT ATTACHED
For KSJ & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:016024N)

Sd/-
SACHIN JAIN
(Partner)
M No. : 095984

Place : New Delhi
Date : 16.05.2013

PFC GREEN ENERGY LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

(Amount in ₹)

	Particulars	Note Part A	Year Ended 31.03.2013	Year Ended 31.03.2012
	Revenue from Operation	10	500,000	-
	Other income	11	5,182,871	674,540
I	**Total Revenue**		5,682,871	674,540
	Expenses:			
	Employee benefits expense	12	7,280,361	1,347,907
	Finance costs	13	202	381
	Depreciation and amortization expense	5	109,468	10,583
	Other expenses	14	761,442	22,845,559
II	**Total Expenses**		8,151,473	24,204,430
III	**Profit before exceptional and extraordinary items and tax (I - II)**		(2,468,602)	(23,529,890)
IV	Exceptional items		-	-
V	**Profit before extraordinary items and tax (III - IV)**		(2,468,602)	(23,529,890)
VI	Extraordinary Items		-	-
VII	**Profit before tax (V - VI)**		(2,468,602)	(23,529,890)
VIII	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		1,508,018	(7,292,608)
IX	**Profit (Loss) for the period from continuing operations (VII-VIII)**		(3,976,620)	(16,237,282)
X	**Profit (Loss) for the period (IX)**		(3,976,620)	(16,237,282)
	Earnings per equity share:			
	(1) Basic		(0.71)	(3.25)
	(2) Diluted		(0.71)	(3.25)
	SIGNIFICANT ACCOUNTING POLICIES	Part B		
	OTHER NOTES ON ACCOUNTS	Part C		

Notes from Part A to Part C form integral part of accounts

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Rachna Singh)	(A. Chakravarti)	(R. Nagarajan)	(Satnam Singh)
Company Secretary	CEO	Director	Chairman

AS PER OUR REPORT ATTACHED
For KSJ & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:016024N)

Sd/-
SACHIN JAIN
(Partner)
M No. : 095984

Place : New Delhi
Date : 16.05.2013

NOTE : Part A

1. SHARE CAPITAL

(Amount in ₹)

Share Capital	As at 31.03.2013	As at 31.03.2012
Authorised		
20,00,00,000 Preference Shares of ₹10 each	2,000,000,000	2,000,000,000
(Previous Year 20,00,00,000 Preference Shares of ₹10 each)		
100,00,00,000 Equity Shares of ₹10 each	10,000,000,000	10,000,000,000
(Previous Year 100,00,00,000 Equity Shares of ₹10 each)		
Issued, subscribed & paid up		
8,40,00,000 10% Fully Convertible cummulative Preference Shares	840,000,000	-
of ₹10 each each fully paid - up		
(Previous Year Nil)		
2,59,90,000 Equity Shares of ₹10 each fully paid - up	259,900,000	49,900,000
(Previous Year 49,90,000 Equity Shares of ₹10 each fully paid - up)		
Total	**1,099,900,000**	49,900,000

1 (a) Shareholding more than 5 % shares specifying the number of shares held:

Name of Holders	As at 31.03.2013	As at 31.03.2012
Power Finance Corporation Limited		
- % of Share Holding	100%	100%
- No. of Shares Held (10% Fully Covertible Commulative Preference Shares)	84,000,000	-
- Amount in ₹	840,000,000	-
- No. of Shares Held (Equity shares)	25,990,000	4,990,000
- Amount in ₹	259,900,000	49,900,000

2) RESERVES & SURPLUS

(Amount in ₹)

Reserves & Surplus	As at 31.03.2013	As at 31.03.2012
Surplus		
Opening balance	(16,237,282)	-
(+) Net Profit/(Net Loss) during the year	(3,976,620)	(16,237,282)
Closing Balance	**(20,213,902)**	(16,237,282)

3) SHORT TERM BORROWINGS

(Amount in ₹)

Short Term Borrowings	As at 31.03.2013	As at 31.03.2012
Unsecured, considered good		
(a) Loans and advances from related parties (of the above, ₹ NIL is guaranteed by Directors and / or others)	-	506,388
Total	**-**	506,388

4) OTHER CURRENT LIABILITIES

(Amount in ₹)

Other Current Liabilities	As at 31.03.2013	As at 31.03.2012
Provision for Expenses	69,183	153,132
Baseline Compensation payable to employees	1,039,052	145,145
Incentive Payment payable to employees	795,860	95,860
TDS Payable	58,462	21,498
Other payable	107,577	5,764
Total	**2,070,134**	421,399

5) FIXED ASSETS

(Amount in ₹)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at 01.04.2012	Additions/ (Disposals)	Acquired through business combinations	As at 31.03.2013	As at 01.04.2012	Depreciation charge for the year	On disposals	As at 31.03.2013	As at 31.03.2013	As at 01.04.2012
Tangible Assets										
EDP Equipment	224,833	75,000	-	299,833	10,154	100,995	-	111,149	188,684	214,679
Office Equipment	17,764	92,000	-	109,764	429	8,473	-	8,902	100,862	17,335
Total	242,597	167,000	-	409,597	10,583	109,468	-	120,051	289,546	232,014
Previous Year	-	**242,597**	**-**	**242,597**	**-**	**10,583**	**-**	**10,583**	**232,014**	**-**

6) LONG-TERM LOANS AND ADVANCES

(Amount in ₹)

Long-term loans and advances	As at 31.03.2013	As at 31.03.2012
Unsecured, considered good		
(a) Capital Advances		
- Advances to NICSI (Website Development)	682,439	-
(b) Other Advances		
- Advances to Employees	416,294	-
Total	1,098,733	-

7) CASH & BANK BALANCE

(Amount in ₹)

Cash and Bank Balance	As at 31.03.2013	As at 31.03.2012
A) Cash & Cash Equivalents		
a. Balances with banks		
- Current Accounts	31,048	508,055
- Fixed Deposits (which have original maturity of 3 months or less)	1,070,473,000	2,460,000
B) Other Balances		
a. Fixed Deposits	-	23,390,000
(which have original maturity of more than 3 months)		
Total	1,070,504,048	26,358,055

8) SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Short-term loans and advances	As at 31.03.2013	As at 31.03.2012
Unsecured, considered good		
- Security Deposits	93,500	42,000
- Loans & Advances to related parties	342,299	-
- Advances to Employees (current maturity)	272,444	-
- Advance Income Tax and Tax Deducted at Source (net)	303,749	3,526
Total	1,011,992	45,526

9) OTHER CURRENT ASSETS

(Amount in ₹)

Other current assets	As at 31.03.2013	As at 31.03.2012
Interest accrued but not due on deposits & investments	3,055,603	662,302
Cenvat Credit	11,720	-
Total	3,067,323	662,302

10) INCOME FROM OPERATION

(Amount in ₹)

Income from Operation	Year Ended 31.03.2013	Year Ended 31.03.2012
Appraisal fees	500,000	-
Total	500,000	-

11) OTHER INCOME

(Amount in ₹)

Other Income	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest Income from Fixed Deposit with Banks	4,986,992	674,540
Excess Liabilities written back	194,958	-
Misc. Income	921	-
Total	5,182,871	674,540

12) EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

Employee Benefits Expense	Year Ended 31.03.2013	Year Ended 31.03.2012
Salaries and Wages	5,228,417	712,095
Contributions to provident & other funds	824,333	448,114
Rent for residential accommodation of employees	1,023,109	125,120
Staff Welfare	204,502	62,578
Total	7,280,361	1,347,907

13) FINANCE COSTS

(Amount in ₹)

Finance Costs	Year Ended 31.03.2013	Year Ended 31.03.2012
Bank Charges	202	381
Total	202	381

14) OTHER EXPENSES

(Amount in ₹)

Other Expenses	Year Ended 31.03.2013	Year Ended 31.03.2012
Legal & Professional Fees	20,916	64,308
Preliminary Expenses	-	22,535,030
Repair & Maintenance	19,520	11,060
Electricity & Water Charges	1,500	-
Auditors' Remuneration	56,854	56,768
Service Tax	6,545	-
Telephone Expenses	115,902	11,242
Manpower Expenses - On Contract Basis	209,403	31,098
Brokerage Charges	24,000	42,000
Business Promotion	23,109	10,000
Printing & Stationery	11,754	-
Conference & Meeting Expenses	21,341	-
Training & Seminar Expenses	6,995	-
Transfer Expenses	-	69,356
Travelling & Conveyance	243,603	14,697
Total	**761,442**	22,845,559

14 (A) AUDITOR'S REMUNERATION

(Amount in ₹)

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Statutory Audit Fee	41,854	28,090
Certication Fee	15,000	28,678
Total	**56,854**	56,768

Note – Part B

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the generally accepted accounting principles and accounting standards notified by the Companies (Accounting Standards) Rules, 2.6 and relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires management to make estimates and as sumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in theperiod in which the results are known and/or materialised.

2. FIXED ASSETS

(a) Fixed Assets are shown at historical cost less accumulated depreciation and impairment losses, if any. The assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value. The historical cost includes all cost attributable for bringing the assets to its working condition for its intended use.

(b) Intangible Assets are recorded at their cost of acquisition.

3. DEPRECIATION/AMORTIZATION

(a) Depreciation on Fixed Assets is provided on pro-rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

(b) Depreciation on addition to/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date in which assets are available for use/disposal.

(c) Items of Fixed Assets acquired during the year costing upto ₹5,000/- are fully depreciated.

4. EXPENDITURE INCURRED BY HOLDING COMPANY

Expenditure incurred by the Holding Company on behalf of the Company is recognized on accrual basis and the same is classified as Short Term Borrowing payable to / Loan & Advances recoverable from the Holding Company.

5. REVENUE RECOGNITION

Income is accounted for on accrual basis, unless otherwise stated.

6. TAXES ON INCOME

Provision for taxation includes provision for Income Tax and Deferred Tax.Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard -22 on Accounting for Taxes on Income.

7. EARNINGS PER SHARE

Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

8. PROFIT AND LOSS ACCOUNT

(a) The liabilities towards employee benefits in respect of gratuity, leave encashment, post-retirement medical benefits, transfer travelling allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained by the Holding Company as per actuarial valuation at the year-end. The company provides for such employee benefits on the basis of apportionment by the Holding Company.

(b) Pre-paid expenses and prior period expenses/income of items of ₹5,000/- and below are charged to natural heads of accounts.

9. PROVISIONS AND CONTINGENCIES

(a) A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions as determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(b) Contingent liabilities are disclosed at present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts based on information available at Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current management estimate.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and cash on deposit with banks. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amount of cash to be cash equivalents.

11. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

Note – Part C

Other Notes on Accounts

1. "PFC Green Energy Limited" (PFC GEL) was incorporated under Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC) on 30th Mar 2011. Company has received certificate for commencement of business from Registrar of Companies on 30th July 2011. For pursuing the main objects,Certificate of Registration to function as a Non-Banking Financial Company has been received by the company from Reserve Bank of India on October 01, 2012.

2. All the employees of the Company are from the Holding Company i.e. Power Finance Corporation Limited. The liabilities towards Gratuity, Leave Encashment, Post-Retirement Medical Benefits and Company Contribution to Superannuation Fund etc. have been provided in the books as per the amount allocated by the holding company on the basis of Actuarial Valuation/calculations carried out by them.

3. The Company does not have more than one reportable segment in terms of Accounting Standard 17 on Segment Reporting.

4. Wherever any expenditure is incurred or payment made by the Holding Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances as applicable are complied by the Holding Company, on behalf of the Company.

5. The Company has no outstanding liability towards micro, small & medium enterprises.

6. Disclosure as per AS-18 on Related Party Disclosure:-

(a) Name and Nature of the relationship of the related parties:

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2	**Key Management Personnel**	

S No.	Name	Designation	Date of Appointment	Date of Resignation
(i)	Shri Satnam Singh	Chairman	30.03.2011	Continuing
(ii)	Shri M. K. Goel	Director	30.03.2011	Continuing
(iii)	Shri R. Nagarajan	Director	30.03.2011	Continuing
(iv)	Shri A. K. Agarwal	Director	03.08.2012	Continuing
(v)	Shri A. Chakravarti	CEO	14.09.2012	Continuing

(b) Details of Related Party Transactions:

S No.	Name	Nature of Transaction	Volume of Transaction (FY 2012-13) (₹)	Outstanding Balance on 31.03.2013 (₹)	Volume of Transaction (FY 2011-12) (₹)	Outstanding Balance on 31.03.2012 (₹)
(i)	Power Finance Corporation Limited	Expenses paid by PFC on behalf of PFC GEL	6,37,200	3,42,299	2,30,44,418	5,06,388
		Amount adjusted due to employee's movement between PFC & PFC GEL	7,50,934		Nil	
		Excess Liabilities Written back	228,565		Nil	

7. The Deferred Tax Asset/Liabilities have been created in terms of the Accounting Standard - 22 on Accounting for Taxes on Income.As per AS-22, carrying amount of deferred tax assets is required to be reviewed at each balance sheet date and the carrying amount of a deferred tax asset can be written off to the extent that it is no longer reasonably certain or virtually certain.

The deferred tax asset amounting to Rs. 57,84,590/- has been shown in the financial statements for the year 2012-13, which has been calculated as under :-

S. No.	Description	Amount (₹) 31.03.2013	Amount (₹) 31.03.2012
A	**Deferred Tax Assets**		
	Preliminary Expenses	55,70,659	73,11,490
	Employees related provisions	2,45,921	-
Total (A)		**58,16,580**	73,11,490
B	**Deferred Tax Liability**		
	Depreciation	31,990	18,882
Total (B)		**31,990**	18,882
Net Deferred Tax Assets / (Liability) (A-B)		**57,84,590**	72,92,608

8. In terms of Accounting Standard -20 on "Earnings per Share", Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	Amount (₹) 31.03.2013	Amount (₹) 31.03.2012
1	Net Profit / (Loss) after tax used as Numerator (₹)	(39,76,620)	(1,62,37,282)
2	Weighted average number of equity shares used as denominator (basic & diluted)	56,22,877	49,90,000
3	Earnings Per Share (Basic & Diluted) (₹)	(0.71)	(3.25)
4	Face Value per Share (₹)	10	10

9. No foreign currency transaction occurred during the period.

10. Figures have been rounded off to the nearest rupees unless otherwise stated.

11. Figures for the previous year have been regrouped / rearranged wherever considered necessary to confirm to this year classification.

12. Contingent Liability

During FY2012-13 the company issued 10% Fully Convertible Preference Shares amounting to ₹84.00 crores on 21st March, 2013. However, due to loss/insufficiency of profits, dividend amounting to₹8.40 crores has neither been declared nor distributed during the year.

13. Notes from Part A to Part C form an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of Board of Directors

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**
(Rachna Singh)	**(A. Chakravarti)**	**(R. Nagarajan)**	**(Satnam Singh)**
Company Secretary	**CEO**	**Director**	**Chairman**

AS PER OUR REPORT ATTACHED
For KSJ & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:016024N)

Sd/-
SACHIN JAIN
(Partner)
M No. : 095984

Place : New Delhi
Date : 16.05.2013

PFC GREEN ENERGY LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

(Amount in ₹)

Particulars		Year Ended 31.03.2013		Year Ended 31.03.2012
Cash Flow from Operating Activities :-				
Net Loss before Tax and Extraordinary items	(2,468,602)		(23,529,890)	
ADD: Adjustments for				
Depreciation	109,468		10,583	
Interest Income on Fixed Deposits	(4,986,992)		(674,540)	
Operating profit before working Capital Changes:		**(7,346,126)**		(24,193,847)
Increase / Decrease in Working Capital :				
Current Liabilities	1,142,347		927,787	
Current Assets	(966,466)	175,881	(45,526)	882,261
Cash flow before extraordinary items		**(7,170,245)**		(23,311,586)
Extraordinary items		-		-
Cash Inflow/Outflow from operations before Tax		**(7,170,245)**		(23,311,586)
Income Tax paid		300,223		3,526
A) Net Cash flow from Operating Activities		**(6,870,022)**		(23,308,060)
Cash Flow From Investing Activities :				
Interest received on Fixed Deposits	2,281,748		8,712	
Purchase of Fixed Assets	(167,000)		(242,597)	
Advances to Employees	(416,294)			
Advances for Capital Asset	(682,439)			
Maturity of Fixed Deposits	23,390,000		-	
Investment in Fixed Deposits	-		(23,390,000)	
B) Net Cash flow from Investing Activities		**24,406,015**		(23,623,885)
Cash Flow From Financial Activities :				
Issue of Equity Shares	210,000,000		49,900,000	
Issue of Preference Shares	840,000,000		-	
C) Net Cash flow from Financial Activities		**1,050,000,000**		49,900,000
D) Net Change in Cash & Cash Equivalents	(A+B+C)	**1,067,535,993**	(A+B+C)	2,968,055
E) Cash & Cash Equivalents at the beginning of period		2,968,055		-
F) Cash & Cash Equivalents at the end of the period	(D+E)	**1,070,504,048**	(D+E)	2,968,055

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Rachna Singh)	(A. Chakravarti)	(R. Nagarajan)	(Satnam Singh)
Company Secretary	CEO	Director	Chairman

AS PER OUR REPORT ATTACHED
For KSJ & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:016024N)

Sd/-
SACHIN JAIN
(Partner)
M No. : 095984

Place : New Delhi
Date : 16.05.2013

PFC CAPITAL ADVISORY SERVICES LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take great pleasure in presenting the 2nd Annual Report on the business and operations of your Company together with audited statements of accounts and auditors' report thereon for the year ended March 31, 2013.

Financial Results

(Figures in Lakhs)

Sl. No.	Particulars	FY 2012-13	FY 2011-12 (from 18.07.2011 to 31.03.2012)
1.	Total Income	178.33	16.31
2.	Total Expenditure	51.09	8.48
3.	Profit Before Tax	127.25	7.83
4.	Provision for Tax		
	- Current Tax	44.81	3.41
	- Deferred Tax	(3.06)	(0.55)
5.	Profit After Tax	85.50	4.97
6.	Profit brought forward from previous years	4.97	-
7.	Accumulated Profit carried to Balance Sheet	90.47	4.97

Review Of Operations

- Total income from operations for the current year increased to INR 178.33 lakhs from INR 16.31 lakhs in the previous year.
- Profit before tax for the current year increased to INR 127.25 lakhs from INR 7.83 lakhs in the previous year.
- Profit after tax for the current year increased to INR 85.50 lakhs from INR 4.97 lakhs in the previous year.
- Earnings per share (EPS) for the current year increased to INR 85.50 from INR 4.97 in the previous year.

Operational Highlights

During the FY 2012-13, your Company has successfully tied-up the debt for Ind-Barath Energy (Utkal) Limited for 2x 350 MW coal based Thermal Power Plant in Jharsuguda, Orissa & Facor Electric Limited for 45 MW coal based Thermal Power Plant at Garividi, Dist. Vizianagaram, Andhra Pradesh.

Other major proposals initiated are Cost over-run for RKMPPL's Phase-I 1x 360 MW, Unit-1 coal based Thermal Power Plant in Janjgir- Champa District, Chhattisgarh, Cost over-run for RKMPPL's Phase-II 3x 360 MW, Unit-2, 3 & 4 coal based Thermal Power Plant in Janjgir- Champa District, Chhattisgarh & GVK Ratle Hydro Electric Project Private Limited for 850 MW Hydro Electric Power Project on Chenab River located in Kishtwar district, Jammu and Kashmir.

Business

Your company is presently focusing on debt syndication services for power sector. The various activities/ services under debt syndication are as follows:

- Identification of Lenders,
- Preparation of IM/ Term Sheets,
- Approach Lenders and facilitate Due Diligence by Lenders,
- Assistance in Documentation.

Presently, the company is handling syndication proposals in various types of power generation projects, such as thermal, hydro, wind and solar.

Other than the above, the company is looking at business opportunities in advisory in line with its area of competence such as:

- Preparation of project profiles, project reports, pre-investment studies etc.
- Act as lead manager on behalf of banks, institutions etc in respect of project assignments and to act as adviser in the management of undertakings, businesses etc.
- Consultancy in investment and capital markets
- Advice on restructuring, business strategy, financial policies and long term planning in the areas of power, energy and infrastructure.
- Fund raising, Currency Risk Management, Project Appraisal and modeling.

Dividend

To conserve the resources for the business of the Company, your Directors have decided not to declare any dividend for the financial year 2012-13 and to carry forward the profits to the Reserves and Surplus of the Company.

Share Capital

During the period under review, there were no changes in the capital structure of the Company. As of March 31, 2013, the authorised share capital of the Company was INR 1,00,00,000 (Rupees One Crore only) divided into 10,00,000 (Ten lakh) equity shares of INR 10 (Rupees Ten) each and the issued, subscribed and paid up share capital was INR 10,00,000 (Rupees Ten lakh) divided into 1,00,000 (One lakh) equity shares of INR 10 (Rupees Ten) each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

Fixed Deposits

The Company has not accepted any fixed deposit during the year ended March 31, 2013, as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

Personnel

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and the matters related to Personnel Development are being taken care of by the holding company.

Auditors' Report

The Comptroller and Auditor General of India (C&AG) vide letter dated September 06, 2012 had appointed A N K & Associates, Chartered Accountants as Statutory Auditor of the Company for the financial year 2012-13. M/s A N K & Associates had conducted statutory audit of the books of accounts for the financial year 2012-13 and there is no adverse comment, observation or qualification in the Auditors' Report on the accounts of the Company.

Conservation Of Energy, Technology Absorption, Foreign Exchange Earning & Outgo

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as your Company does not own any manufacturing activity. During the year under review, there is no foreign exchange earnings & outgo.

Particulars Of Employees u/s 217 (2a) Of The Companies Act, 1956

As no employee in the Company is receiving remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011, no statement containing details of employees is required to be attached.

Directors

During the period under review, the following changes took place in the office of directors of the Company.

Shri Satnam Singh & Shri R. Nagarajan, being first Directors appointed by virtue of Articles of Association, were appointed as Directors of the company, liable to retire by rotation at the previous Annual General Meeting held on September 17, 2012.

Shri M. K. Goel, was appointed as Additional Director of the company w.e.f.

02.01.2012. He was appointed as Director of the company liable to retire by rotation at the previous Annual General Meeting held on September 17, 2012.

In accordance with the provisions of Companies Act, 1956, Shri Satnam Singh shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

Official Language

The use of Hindi in Company's official work was emphasized.

Subsidiary Companies

The Company does not have any subsidiary company. Therefore, there is no requirement to comply with Section 212 of the Companies Act, 1956.

Comptroller And Auditor General Review

C&AG vide their letter dated May 23, 2013 have communicated that C&AG have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended March 31, 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is enclosed as an Annexure-I to this report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the Annual Accounts for the financial year 2012-13, the applicable accounting standards have been followed along with proper explanation;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company as at March 31, 2013 and of the profits of the Company for the period under review;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors had prepared the annual accounts for the FY ended March 31, 2013 on a going concern basis.

Acknowledgement

The Directors place on record their gratitude to the Central Government, State Governments and their respective agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to Power Finance Corporation, the holding company, Ministry of Power, Govt. of India, DPE, C&AG, Statutory Auditors, Bankers and Clients for their unstinted co-operation and guidance, without whose active support the achievement of the Company during the period under review would not have been possible.

For and on behalf of the Board of Directors

Sd/-
(Satnam Singh)
Chairman

Place : New Delhi
Date : August 21, 2013

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PFC CAPITAL ADVISORY SERVICES LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of PFC Capital Advisory Services Limited, New Delhi for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of PFC Capital Advisory Services Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 23 May 2013

Independent Auditor's Report to the Members of PFC Capital Advisory Services Limited

Report on Financial Statements

We have Audited the accompanying financial statements of PFC Capital Advisory Services Limited ("the Company") which comprise the balance sheet as at 31st March 2013, the statement of Profit & Loss Account and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2013;

(ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

(iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

e. The requirement of section 274(1)(g) of the Companies Act, 1956 relating to disqualification of directors are not applicable to the company being a wholly owned subsidiary company of a Government Company , in terms of Notification No. G.S.R. 829(E) dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs .

f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act,1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For ANK & Associates
(FRN 003652N)
Chartered Accountants

Sd/-
Neeraj Kumar
(Mem. No. 082901)
Partner

Place : New Delhi
Dated: 16.05.2013

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of **PFC CAPITAL ADVISORY SERVICES LIMITED** ("the Company") for the year ended 31 March 2013. We report that:

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. During the year the Company has carried out physical verification of Assets. No discrepancy was noticed on such physical verification as compared with fixed asset register.

c. During the year the Company has not disposed off any part of its fixed assets so as to affect the going concern.

2. The company does not have any stock of raw materials, stores, spare parts, finished goods and therefore clause ii (a), (b), (c) (of the Order) are not applicable.

3. As explained to us, the company has neither taken or granted any loans secured or unsecured from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956, accordingly clause 4(iii) (a) (b) (c) and (d) are not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business.

5. In our opinion and according to the information and explanations given to us, there is no transaction in pursuance to contract or arrangements entered in the register maintained under section 301.

6. The company has not accepted any deposit from the public as referred to in section 58-A & 58 AA of The Companies Act, 1956 .

7. According to the information and explanations given to us, the company does not have paid up capital and reserve of Rs. 50.00 Lacs as at the commencement of the financial year concerned or have average annual turnover exceeding Rs. Five Crores for a period of three consecutive financial years immediately preceding the financial period concerned, hence clause 4(vii) is not applicable to the company.

8. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Act in our case, hence clause 4(viii) is not applicable to the company.

9. (a) According to the information and explanations given to us, the company has been depositing regularly through holding Company ie. PFC Ltd., the Provident Fund, the Pension Fund with appropriate authorities during the period and there are no undisputed statutory dues outstanding as at 31st March 2013 for a period of more than six months from the date they became payable .

   (b) According to the information and explanations given to us, there are no dues of Income Tax/ Wealth Tax/ Service Tax which has not been deposited on account of any dispute.

10. The Company has no accumulated losses as on 31st March, 2013 and the Company has not incurred any cash losses during the current financial year as also in the immediate preceding year.

11. According to the information and explanations given to us, the company has not taken any loan from any financial institution or bank or debenture holder, hence clause 4(xi) is not applicable to the company.

12. According to the information and explanations given to us, the company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence clause 4(xii) is not applicable to the company.

13. According to the information and explanations given to us, the company is not a Chit Fund , Nidhi /Mutual Benefit Fund/ Society, hence clause 4(xiii) is not applicable to the company.

14. According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments, hence clause 4(xiv) is not applicable to the company.

15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, hence clause 4(xv) is not applicable to the company.

16. According to the information and explanations given to us, the company has not taken/ applied for any term loan, hence clause 4(xvi) is not applicable to the company.

17. According to the information and explanations given to us, the company has not raised funds on short term basis, hence clause 4(xvii) is not applicable to the company.

18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in register maintained under section 201 of the Act, hence clause 4(xviii) is not applicable to the company.

19. According to the information and explanations given to us, the company has not issued any debentures, hence clause 4(xix) is not applicable to the company.

20. According to the information and explanations given to us, the company has not raised any money through public issue during the year under report, hence clause 4(xi) is not applicable to the company.

21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period under report.

For ANK & Associates
(FRN 003652N)
Chartered Accountants

Sd/-
Neeraj Kumar
(Mem. No. 082901)
Partner

Place : New Delhi
Dated: 16.05.2013

PFC CAPITAL ADVISORY SERVICES LIMITED

Balance Sheet as at 31st March, 2013

(Amount in ₹)

	Particulars	Note No.	As at 31st March, 2013 (Audited)	As at 31st March, 2012 (Audited)
I.	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	1	1,000,000	1,000,000
	(b) Reserves and surplus	2	9,046,465	496,783
	(c) Money received against share warrants			
2	**Share application money pending allotment**		-	-
3	**Non-current liabilities**			
	(a) Long-term borrowings		-	-
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other Long term liabilities		-	-
	(d) Long-term provisions		-	-
4	**Current liabilities**			
	(a) Short-term borrowings		-	-
	(b) Trade payables		-	-
	(c) Other current liabilities	3	1,160,214	125,685
	(d) Short-term provisions	4	5,578,633	470,401
	TOTAL		16,785,312	2,092,869
II.	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets	5		
	(i) Tangible assets 201990 Less: Accumulated Depreciation -45850		156,140	-
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)		360,463	54,885
	(d) Long-term loans and advances	6	64,723	-
	(e) Other non-current assets		-	-
2	**Current assets**			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and cash equivalents	7	11,085,873	1,647,655
	(e) Short-term loans and advances	8	4,676,981	390,329
	(f) Other current assets	9	441,132	-
	TOTAL		16,785,312	2,092,869

Significant Accounting Policies - Note 16 and Notes on Accounts - Note 17

The Notes referred to above form an integral part of the accounts

For and on behalf of Board of Directors

Sd/- (Sachin Arora) Company Secretary	Sd/- (Nalini Vanjani) CEO	Sd/- (R. Nagarajan) Director	Sd/- (Satnam Singh) Chairman

AS PER OUR REPORT OF EVEN DATE
For ANK & Associates
Chartered Accountants

Sd/-
NEERAJ KUMAR
(Partner)
M No. : 082901
Firm Reg. No:003652N

Place : New Delhi
Date : 16.05.2013

PFC CAPITAL ADVISORY SERVICES LIMITED

Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in ₹)

	Particulars	Note No.	Year Ended 31st March 2013 (Audited)	Period Ended 31st March 2012 (Audited)
I.	Income from Operations	10	17,166,800	1,631,250
II.	Other income	11	666,366	-
III.	**Total Revenue (I + II)**		17,833,166	1,631,250
IV.	Expenses:			
	Employee benefits expense	12	4,799,854	602,788
	Finance cost	13	117	-
	Depreciation and amortization expense	5	45,850	-
	Other expenses	14	231,950	245,326
	Prior Period Expenses	15	30,763	-
	Total expenses		5,108,534	848,114
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		12,724,632	783,136
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V - VI)**		12,724,632	783,136
VIII.	Extraordinary Items		-	-
IX.	**Profit before tax (VII- VIII)**		12,724,632	783,136
X	Tax expense:			
	(1) Current tax for current yr		4,496,189	341,238
	(2) Current Tax for earlier yr.		(15,661)	-
	(3) Deferred tax		(305,578)	(54,885)
XI	**Profit (Loss) for the period from continuing operations (IX-X)**		8,549,682	496,783
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	**Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)**		-	-
XV	**Profit (Loss) for the period (XI + XIV)**		8,549,682	496,783
XVI	Earnings per equity share:			
	(1) Basic		85.50	4.97
	(2) Diluted		85.50	4.97

Significant Accounting Policies - Note 16 and Notes on Accounts - Note 17

The Notes referred to above form an integral part of the accounts

For and on behalf of Board of Directors

Sd/- (Sachin Arora) Company Secretary	Sd/- (Nalini Vanjani) CEO	Sd/- (R. Nagarajan) Director	Sd/- (Satnam Singh) Chairman

AS PER OUR REPORT OF EVEN DATE
For ANK & Associates
Chartered Accountants

Sd/-
NEERAJ KUMAR
(Partner)
M No. : 082901
Firm Reg. No:003652N

Place : New Delhi
Date : 16.05.2013

NOTE 1

Share Capital

Share Capital	**As at 31st March, 2013 (Audited)**	As at 31st March, 2012 (Audited)
	₹	₹
Shareholder's Funds		
Authorised		
10,00,000 Equity Shares of ₹ 10 each	10,000,000	10,000,000
Issued, Subscribed & Paid up		
1,00,000 Equity Shares of ₹ 10 each fully paid	1,000,000	1,000,000
Total	**1,000,000**	1,000,000

Notes: - Information on shares in the company held by each shareholder holding more than 5% of paid - up equity share capital

			As at 31st March, 2013 (Audited)	**As at 31st March, 2012 (Audited)**
Name of the shareholder	**% of share holding held**	**No. s**	₹	
PFC Limited (including nominees)	100	100,000	1,000,000	1,000,000
Total			**1,000,000**	**1,000,000**

NOTE 2

Reserves & Surplus

Reserves & Surplus	**As at 31st March, 2013 (Audited)**	As at 31st March, 2012 (Audited)
	₹	₹
a. Surplus		
Opening balance	496,783	-
(+) Net Profit/(Net Loss) for the current period	8,549,682	496,783
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	**9,046,465**	496,783

NOTE 3

Other Current Liabilities

Other Current Liabilities	**As at 31st March, 2013 (Audited)**	As at 31st March, 2012 (Audited)
	₹	₹
Audit Fees Payable	25,281	25,281
TDS Payable	51,884	15,459
Payable to Contractor & Others	24,638	-
Payable to PFC	958,953	84,945
Service Tax Payable	1,912	-
Provision for Expenses	97,546	-
Total	**1,160,214**	125,685

NOTE 4

Short Term Provisions

Short Term Provisions	**As at 31st March, 2013 (Audited)**	As at 31st March, 2012 (Audited)
	₹	₹
(a) Provision for employee benefits		
Base Line Compensation	611,069	77,788
Incentive Payment	471,375	51,375
(b) Others (Specify nature)		
Provision for Income Tax	4,496,189	341,238
Total	**5,578,633**	470,401

Note 5

Fixed Assets

(Amount in ₹)

	Fixed Assets	Gross Block					Accumulated Depreciation					Net Block	
		As at 31st March, 2012 (Audited)	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	As at 31st March, 2013 (Audited)	As at 31st March, 2012 (Audited)	Depreciation charge for the year	Adjustment due to revaluations	On disposals	As at 31st March, 2013 (Audited)	As at 31st March, 2013 (Audited)	As at 31st March, 2012 (Audited)
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a	**Tangible Assets**												
	EDP Equipment	0	149,990	-	-	149,990	-	41,504	-	-	41,504	108,486	-
	Office equipment												
	Others (a) Smart Device - Rs. 40,000 (b) Telephone Instrument - Rs. 6,000*2	0	52,000	-	-	52,000	-	4,346	-	-	4,346	47,654	-
	Total	-	201,990	-	-	201,990	-	45,850	-	-	45,850	156,140	-
b	**Intangible Assets**												
	Goodwill												
	Brands/trademarks					N	I	L					
	Computer software												
	Others (specify nature)												
	Total	-	-	-	-	-	-	-	-	-	-	-	-
c	**Capital Work In Progress**					N	I	L					
	Total	-	-	-	-	-	-	-	-	-	-	-	-
d	**Intangible assets under Development**					N	I	L					
	Total	-	-	-	-	-	-	-	-	-	-	-	-

NOTE 6

Long-term loans and advances

Long-term loans and advances	**As at 31st March, 2013 (Audited)**	As at 31st March, 2012 (Audited)
	₹	₹
Amount recoverable from Income Tax department	64,723	-
Total	**64,723**	-

NOTE 7

Cash & Cash Equivalents

Cash and cash equivalents	**As at 31st March, 2013 (Audited)**	As at 31st March, 2012 (Audited)
	₹	₹
Cash & Cash Equivalents		
a. Balances with banks		
- Current Accounts	11,673	1,647,655
- Fixed Deposits (Original Maturity upto 3 months)	100,000	-
b. Others (specify nature)		
- Fixed Deposits (Original Maturity above 3 months)	10,974,200	-
c. Cheques, drafts on hand	-	-
d. Cash on hand	-	-
e. Others (specify nature)	-	-
Total	**11,085,873**	1,647,655

NOTE 8

Short-term loans and advances

Short-term loans and advances	**As at 31st March, 2013 (Audited)**	As at 31st March, 2012 (Audited)
	₹	₹
a. Loans and advances to related parties		
Secured, considered good	-	29
Unsecured, considered good	-	-
Doubtful	-	-
Less:Provision for doubtful loans and advances	-	-
	-	29
b. Advances		
Secured, considered good	-	-
Unsecured, considered good		
- Employees	42,700	-
- Advance Income Tax and Tax Deducted at Source (net)	4,634,281	390,300
Doubtful	-	-
	4,676,981	390,300
Total	**4,676,981**	390,329

NOTE 9

Other Current Assets

Other Current Assets	**As at 31st March, 2013 (Audited)**	As at 31st March, 2012 (Audited)
	₹	₹
(a) Interest accrued but not due	431,870	-
(b) Cenvat Credit	3,228	-
(c) Cenvat Credit to be availed	6,034	-
Total	441,132	-

NOTE 10

Revenue from Operation

Income from operations	**For the year ending on 31.03.2013 (Audited)**	For the period ending on 31.03.2012 (Audited)
	₹	₹
Syndication Fee	17,166,800	1,631,250
Total	**17,166,800**	1,631,250

NOTE 11

Other Income

Other Income	**For the year ending on 31.03.2013 (Audited)**	For the period ending on 31.03.2012 (Audited)
	₹	₹
Interest Income on FDs	608,023	-
Excess Liabilities written back	58,343	-
Total	**666,366**	-

NOTE 12

Employee Benefits Expense

Employee Benefits Expense	**For the year ending on 31.03.2013 (Audited)**	For the period ending on 31.03.2012 (Audited)
	₹	₹
(a) Salaries	2,675,970	331,340
(b) Contributions to Gratuity, EL, HPL, LSA, Bagg, ECO, Medical Benefits	894,885	142,072
(c) Base Line compensation	611,069	77,788
(d) PRP- Incentive	420,000	51,375
(e) PF Administrative Expenses	2,817	213
(f) Other Employee Expenses	176,376	-
(g) Rent for Residential Accomodation of Employees	18,737	-
Total	**4,799,854**	602,788

NOTE 13

Finance Costs

Finance Cost	**For the year ending on 31.03.2013 (Audited)**	For the period ending on 31.03.2012 (Audited)
	₹	₹
Bank Charges	117	-
Total	**117**	-

NOTE 14

Other expenses

Other expenses	**For the year ending on 31.03.2013 (Audited)**	For the period ending on 31.03.2012 (Audited)
	₹	₹
Meeting Expenses	21,333	-
Interest	660	-
Auditors' Remuneration	36,910	28,090
Penalty	5,200	-
Contractual Manpower	119,367	-
Misc Balances w/o	29	-
Legal & Professional Fees	12,803	14,206
Stamp Duty expenses	-	1,000
Preliminary Expenses	-	202,030
Entertainment Expenses	19,009	-
Administrative & Other Expenses	16,639	-
Total	**231,950**	245,326

NOTE 15

Prior Period Expenses

Prior Period Expenses	**For the year ending on 31.03.2013 (Audited)**	For the period ending on 31.03.2012 (Audited)
	₹	₹
Contractual Manpower	30,763	-
Total	**30,763**	-

PFC Capital Advisory Service Ltd.

Notes Annexed to & forming part of accounts

For the year ended 31st March 2013.

Note – 16

SIGNIFICANT ACCOUNTING POLICIES

1. **BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the generally accepted accounting principles and accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

2. **FIXED ASSETS**

(a) Fixed Assets are shown at historical cost less accumulated depreciation and impairment losses, if any. The assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value. The historical cost includes all cost attributable for bringing the assets to its working condition for its intended use.

(b) Intangible Assets are recorded at their cost of acquisition.

3. **DEPRECIATION/AMORTIZATION**

(a) Depreciation on Fixed Assets is provided on pro-rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

(b) Depreciation on addition to/deduction from fixed assets during the year is charged on prorata basis from/up to the date in which assets are available for use/disposal.

(c) Items of Fixed Assets acquired during the year costing upto ₹ 5,000/- are fully depreciated.

4. **EXPENDITURE INCURRED BY HOLDING COMPANY**

Expenditure incurred by the Holding Company on behalf of the company is recognized on accrual basis and same is classified as "Other Current Liability", payable to Holding Company.

5. **REVENUE RECOGNITION**

Income is accounted for on accrual basis, unless otherwise stated.

6. **PRELIMINARY EXPENDITURE**

Preliminary Expenses relating to the formation of the company has been written off in the year in which the same has been incurred.

7. **TAXES ON INCOME**

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.

8. **EARNINGS PER SHARE**

Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

9. **PROFIT AND LOSS ACCOUNT**

(a) The liabilities towards employee benefits in respect of gratuity, leave encashment, post-retirement medical benefits, transfer travelling allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained by the Holding Company as per actuarial valuation at the year-end. The company provides for such employee benefits on the basis of apportionment by the Holding Company.

(b) Pre-paid expenses and prior period expenses/income of items of ₹ 5,000/- and below are charged to natural heads of accounts.

10. **PROVISIONS AND CONTINGENCIES**

(a) A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions as determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(b) Contingent liabilities are disclosed at present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts based on information available at Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current management estimate.

11. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash and cash on deposit with banks. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amount of cash to be cash equivalents.

12. **CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

Note – 17

Other Notes on Accounts

1. "PFC Capital Advisory Services Limited" (PFC CASL) was incorporated under Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC) on July 18, 2011. Company has received certificate for commencement of business from Registrar of Companies on September 2, 2011.

2. All the employees of the Company are from the Holding Company i.e. Power Finance Corporation Limited. The liabilities towards Gratuity, Leave Encashment, Post-Retirement Medical Benefits and Company Contribution to Superannuation Fund etc. have been provided in the books as per the amount allocated by the holding company on the basis of Actuarial Valuation/calculations carried out by them.

3. The Company does not have more than one reportable segment in terms of Accounting Standard No. 17 on Segment Reporting.

4. Auditors Remuneration:

Amount (₹)

Particulars	Fees	Service Tax	Total
Statutory Audit Fee	25,000	3,090	28,090
Half Yearly Audit Fees	15,000	1,854	16,854

5. Wherever any expenditure is incurred or payment made by the Holding Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances as applicable are complied by the Holding Company, on behalf of the Company.

6. The Company has no outstanding liability towards micro, small & medium enterprises.

7. The disclosure as per AS-18 "Related Party Disclosure":-

(a) Name and Nature of the relationship of the related parties:

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2	Key Management Personnel The Key Management personnel of the Company are employees of the Holding Company (PFC) deployed on part time basis except C.E.O. who is on full time basis. No sitting fee has been paid to the directors. The details of such key Management Personnel during the year are as follows:	

S No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri Satnam Singh	Chairman	18.07.2011	Continuing
2	Shri M. K. Goel	Director	02.01.2012	Continuing
3	Shri R. Nagarajan	Director	18.07.2011	Continuing
4	Smt. Nalini Vanjani*	CEO	17.12.2012	Continuing

*Smt. Nalini Vanjani, full time CEO has been posted vide HR Office Order No.410/2012 dated 16.11.2012. Smt. Nalini Vanjani has taken over the charge as CEO on 17.12.2012 in place of Sh. A. Chakravarti

(b) Details of Related Party Transactions:

S No.	Name	Nature of Transaction	Volume of Transaction (FY 2012-13) (₹)	Outstanding Balance on 31.03.2013 (₹)	Volume of Transaction (FY 2011-12) (₹)	Outstanding Balance on 31.03.2012 (₹)
(i)	Power Finance Corporation Limited	Amounts payable to PFC (for expenses incurred on behalf of PFC CASL)	12,43,642	9,58,953	1,42,047	84,945
		Amounts payable to PFC CASL (for expenses incurred on behalf of PFC)	16,903		Nil	
		Excess Liabilities (Expenses) Written back	58,343		57,102	

8. The Deferred Tax Asset/Liabilities have been created in terms of the Accounting Standard No.22. As per AS-22, carrying amount of deferred tax assets is required to be reviewed at each balance sheet date and the carrying amount of a deferred tax asset can be written off to the extent that it is no longer reasonably certain or virtually certain.

The deferred tax asset amounting to ₹ 3,60,463/- has been shown in the financial statements prepared for the year 2012-13 which has been calculated as under :-

S. No.	Description	Amount (₹)
A	**Deferred Tax Assets**	
	Preliminary Expenses	10,197
	Employees related provisions	3,67,922
Total (A)		**3,78,119**
B	**Deferred Tax Liability**	
	Depreciation	17,656
Total (B)		17,656
Net Deferred Tax Assets / (Liability) (A-B)		**3,60,463**

9. In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	Amount (₹) 31.03.2013	Amount (₹) 31.03.2012
1	Net Profit / (Loss) after tax used as Numerator (₹)	85,49,682	4,96,783
2	Weighted average number of equity shares used as denominator (basic & diluted)	1,00,000	1,00,000
3	Earnings Per Share (Basic & Diluted) (₹)	85.49	4.97
4	Face Value per Share (₹)	10	10

10. No foreign currency transaction occurred during the period.

11. Figures have been rounded off to the nearest rupees unless otherwise stated.

12. Figures for the previous year have been regrouped / rearranged wherever considered necessary to confirm to this year classification.

13. As on 31.03.2013, there is no contingent liability.

14. Notes 1 to 17 form an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Sachin Arora)	**(Nalini Vanjani)**	**(R. Nagarajan)**	**(Satnam Singh)**
Company Secretary	**CEO**	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For ANK & Associates
Chartered Accountants

Sd/-
NEERAJ KUMAR
(Partner)
M No. : 082901
Firm Reg. No:003652N

Place : New Delhi
Date : 16.05.2013

PFC CAPITAL ADVISORY SERVICES LIMITED

Cash Flow Statement for the Year ended 31st March, 2013

		Year ended 31.03.2013 (Audited)		Period ended 31.03.2012 (Audited)
	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)
Cash Flow from Operating Activities :-				
Net Profit before Tax and Extraordinary items	12,724,632		783,136	
ADD: Adjustments for				
Depreciation	45,850		-	
Interest Income on Fixed Deposits	(608,023)		-	
Operating profit before working Capital Changes:		**12,162,459**		-
Increase / (Decrease) :				
Current Liabilities	1,987,810		254,848	
Current Assets	(483,803)	1,504,007	(29)	254,819
Cash flow before extraordinary items		**13,666,466**		1,037,955
Extraordinary items		-		-
Cash Inflow/(Outflow) from operations before Tax		**13,666,466**		1,037,955
Income Tax paid		(4,634,281)		(390,300)
A) Net Cash flow from Operating Activities		**9,032,185**		647,655
Cash Flow From Investing Activities :				
Interest Income on Fixed Deposits	608,023		-	
Investment in Fixed Deposits	(10,974,200)		-	
Purchase of Fixed Assets	(201,990)		-	
B) Net Cash flow from Investing Activities		**(10,568,167)**		-
Cash Flow From Financing Activities :				
Issue of Equity Shares	-		1,000,000	
C) Net Cash flow from Financing Activities		-		1,000,000
D) Net Change in Cash & Cash Equivalents	(A+B+C)	**(1,535,982)**		1,647,655
E) Cash & Cash Equivalents at the beginning of period		1,647,655		-
F) Cash & Cash Equivalents at the end of the period	(D+E)	**111,673**		1,647,655

For and on behalf of Board of Directors

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**
(Sachin Arora)	**(Nalini Vanjani)**	**(R. Nagarajan)**	**(Satnam Singh)**
Company Secretary	**CEO**	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For ANK & Associates
Chartered Accountants

Sd/-
NEERAJ KUMAR
(Partner)
M No. : 082901
Firm Reg. No:003652N

Place : New Delhi
Date : 16.05.2013

DGEN TRANSMISSION COMPANY LIMITED

(Formerly DGEN & Uttrakhand Transmission Company Ltd.)

(A Wholly owned subsidiary of PFC Consulting Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 2nd Annual Report on the performance of the Company for the period from 1st January, 2013 to 31st March, 2013 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 15th November, 2011 as a wholly owned subsidiary of PFC Consulting Limited for development of Transmission Project associated with DGEN TPS (1200MW) of Torrent Power Ltd and Interconnection Between Srinagar and Tehri.

The RfQ for the project was initiated on 18th November 2011 and was completed on May 16, 2012.

The Empowered Committee on Transmission in its 29th meeting held on 15th June, 2012 expressed that as a part of the subject Project is in Western Region and the other in Northern Region, it may be difficult to manage the whole package by a single developer and decided to split the Project and defer the scheme associated with "Interconnection between Srinagar (Uttrakhand) and Tehri". The Empowered committee also decided that MoP would get this scheme re-notified as per above scope and BPC would re-issue the RfQ with the revised scope.

Ministry of Power notified the revised transmission scheme on 8th October, 2012. RfQ for the revised scope was re-initiated on 30th October, 2012 with last date of submission of Response to RfQ as 14th December, 2012.

CTU on 10th December, 2012 proposed that the scope in the bays may be implemented by the concerned Utilities i.e. Powergrid (in Vadodara & Navsari) and GETCO (in Bhestan). Further, CEA on 11th December, 2012 suggested postponing the last date of submission of Response to RfQ until finalization of scope by the Empowered Committee.

The Empowered Committee in its meeting held on 18th February, 2013 revised the scope of the transmission scheme deleting the scope in the bays in the substations and further decided that the Ministry of Power would re-notify the scheme.

Re-notification of the scheme with the revised scope is under process in Ministry of Power.

The last date for submission of response to RfQ has been extended up to 31st August, 2013.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the period from 1st January, 2013 to 31st March, 2013 the Company has spent an amount of ₹ 37.07 Lakh in the development of the project which has been transferred to capital work in progress.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 1st January, 2013 to 31st March, 2013.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2013. During the period, the entire share capital of the Company was held by PFC Consulting Limited and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earnings and outgo.

AUDITOR'S REPORT

M/s. Luthra & Luthra, Chartered Accountants, were appointed as Statutory Auditors of the Company by the Comptroller & Auditor General of India.

Pursuant to the provisions of Section 217(3) of the Companies Act, 1956 the information to the observations of Statutory Auditors' is submitted as under:

Observations	Replies
As per the prescribed guidelines for setting up of power projects the Central Government of India has appointed PFC Consulting Ltd to act as the Bid Process Coordinator for the project proposed to be set up by the Company in the state of Gujarat for transmission system associated with DGEN TPS (1200 MW) of Torrent Power Ltd. The company has capitalised the expenses relating to manpower and other administrative overheads as incurred and allocated by PFCCL on its behalf for identification of bidder and other related activities for the project as in the management's view the same relate to setting up of the project. However in our opinion the said view of management is in contravention to Para 9 & 10 of AS -10 as these costs are neither directly attributable to acquisition or construction of fixed assets nor can be said to be attributable to construction activity in general as the construction is yet to commence. Thus the same has resulted in overstatement of fixed assets and reserves and surplus by ₹ 3,706,673 and understatement of loss for the period by ₹ 3,706,673.	The accounting has been done in compliance of Para 9 & 10 of AS -10 considering that expenditure incurred is for an identified Project. Hence all the expenditures are in the nature of site survey and consultants fees. The manpower and administration charges are directly attributable to the project. Hence in Management's view, there is no contravention of para 9 & 10 of AS-10 and no overstatement of fixed assets and reserves and surplus and understatement of loss during the period.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

The Board of Directors of the Company presently comprise of:

1.	Shri Yogesh Juneja	Chairman
2.	Shri Subir Mulchandani	Director
3.	Shri Rajesh Kumar Shahi	Director

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri Rajesh Kumar Shahi, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 23 August, 2013 informed that the qualification of Statutory Auditors is not correct. A copy of the Letter issued by C&AG in this regard is placed at Annexure-I

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the period from 1st January, 2013 to 31st March, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFCCL for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(Yogesh Juneja)
Chairman

Place: New Delhi
Date: 23 August, 2013

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF DGEN TRANSMISSION COMPANY LIMITED, NEW DELHI FOR THE PERIOD 01 JANUARY 2013 TO 31 MARCH 2013

The preparation of financial statements of DGEN Transmission Company Limited for the period 0 I January 2013 to 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 July 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of DGEN Transmission Company Limited for the period 0 I January 2013 to 31 March 2013. 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. Based on my supplementary audit I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956, which has come to my attention and which in my view, is necessary for enabling a better understanding of the financial statements and the related Audit Report:

Independent Auditor's Report

A reference is invited to comments of the Comptroller and Auditor General of India on the first accounts of the Company for the period from 15.11.2011 to 31.12.2012 on the qualification given by the Statutory Auditors.

In this connection, a reference is also invited to Para 4(a) of the Independent Auditor's Report on the current accounts which states as under:

"As per the prescribed guidelines for tariff based competitive bidding for transmission services the Central Government of India has appointed PFC Consulting Ltd to act as the Bid Process Coordinator for the project proposed to be set up by the Company in the state of Gujarat for transmission system associated with DGEN TPS (1200 MW) of Torrent Power Ltd. The Company has capitalized the expenses relating to manpower and other administrative overheads as incurred and allocated by PFCCL on its behalf for identification of bidder and other related activities for the Project as in the management's view the same relate to setting up of the project (refer Note 10). However in our opinion the said view of the management is in contravention to Para 9 & 10 of AS-10 as these costs are neither directly attributable to acquisition or construction of fixed assets nor can be said to be attributable to construction activity in general as the construction is yet to commence. Thus, the same has resulted in overstatement of Fixed Asset and Reserves and Surplus by ₹ 3,706,673 and understatement of loss for the period by ₹ 3,706,673."

The above qualification is not correct as these expenses were specifically attributable to the Transmission Project to be executed by the Company formed as Special Purpose Vehicle by PFC Consulting Limited. Therefore, the Company has correctly capitalized the above expenses as per Para 9.2 of AS 10. These expenses are recoverable by PFC Consulting Limited from the prospective bidder to whom this Company is to be transferred on selection of bidder. As such these expenses can not be treated as loss to the Company.

(Naina A. Kumar)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 23 August, 2013

INDEPENDENT AUDITOR'S REPORT

To

The Members of

DGEN Transmission Company Ltd.

New Delhi

1. We have audited the accompanying financial statements of DGEN Transmission Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

We report that:

(a) As per the prescribed guidelines for tariff based competitive bidding for transmission services the Central Government of India has appointed PFC Consulting Ltd to act as the Bid Process Coordinator for the project proposed to be set up by the Company in the state of Gujarat for transmission system associated with DGEN TPS (1200 MW) of Torrent Power Ltd,. The company has capitalised the expenses relating to manpower and other administrative overheads as incurred and allocated by PFCCL on its behalf for identification of bidder and other related activities for the Project as in the management's view the same relate to setting up of the project (refer Note 10). However in our opinion the said view of the management is in contravention to Para 9 & 10 of AS -10 as these costs are neither directly attributable to acquisition or construction of fixed assets nor can be said to be attributable to construction activity in general as the construction is yet to commence. Thus the same has resulted in overstatement of fixed assets and reserves and surplus by Rs. 3,706,673 and understatement of loss for the period by Rs. 3,706,673.

(b) In our opinion and to the best of our information and according to the explanations given to us, subject to (a) above the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(ii) in the case of the Statement of Profit and Loss, of the profit/ loss for the period ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 to the extent applicable except with regard to capitalisation of expenses incurred towards manpower and other admn. expenses in contravention to AS -10 as mentioned in 4(a) above.

e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Luthra & Luthra
Chartered Accountants
Firm Regn. No. 002081N
Akhilesh Gupta
Partner
M. No. 089909

Place: New Delhi
Date: 25.07.2013

Annexure

(i) The company has no Fixed Assets hence clause (i) is not applicable to the company.

(ii) The company is not a manufacturing concern hence no inventory held with the company therefore this clause is not applicable to the company.

(iii) As per information and explanation provided to us, the company had taken unsecured loans from a company, covered in the Register required to be maintained u/s 301 of the Act. The amount of loan and maximum amount outstanding during the year is Rs. 22,816,555 and Rs. 22,816,555. The rate of interest and terms are not prejudicial to the interest of the company. No repayment terms have been stipulated for the loan.

The company has not granted any unsecured loans to companies / parties covered in the register maintained u/s 301 of the act.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchase of fixed assets and for the sale of services.

(v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) According to the information given to us we are of the opinion that each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The company has not accepted any deposit from the public.

(vii) Internal audit is not applicable to the company.

(viii) According to information and explanation received by us, the Central Government has not prescribed maintenance of cost records under section 201 (1) (d) of the Companies Act 1956.

(ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues Income tax. etc. Provident fund, Employee's State Insurance, Sales Tax, Customs, wealth tax and Excise were not applicable during the period. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.

(b) There are no statutory dues, which have not been deposited on account of any dispute.

(x) The company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the year are more than fifty percent or more of the net worth and whether it has incurred cash loss in such period.

(xi) As per information and explanation and records provided to us, the company has not taken any loan from the financial institution or bank.

(xii) Based on our examination of the records and information and explanations given to us the company has not granted any loans / advances on the basis of security by way of pledge of share, debentures and other securities.

(xiii) The Company is not chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clauses 4(xiii)(a) to (d) are not applicable to it.

(xiv) The Company is not dealing in shares, securities, debentures and other investments hence provisions of clauses 4(xiv) are not applicable to it.

(xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.

(xvi) Based on our examination of records and the information and explanations given to us, no term loan has been raised during the year.

(xvii) Based on our examination of records and the information and explanations given to us, no short term loan has been raised during the year.

(xviii) The Company has not made any preferential allotment of shares to the parties and companies covered under register maintained section 301 of The Companies Act, 1956. Accordingly the provisions of clause 4(xviii) are not applicable to it.

(xix) The company has not issued any debentures during the year.

(xx) During the year, the company has not raised money through the public issue.

(xxi) Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us there has not been any fraud on or by the company, which has been noticed or reported during the year.

For Luthra & Luthra
Chartered Accountants
Firm Registration No. 02081N
Akhilesh Gupta
Partner
M. No. 089909

Place: New Delhi
Date: 25.07.2013

DGEN TRANSMISSION CO. LTD.

(Formerly known as DGEN & Uttrakhand Transmission Co. Ltd.)

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

	Particulars	Note No.	As at March 31, 2013	As at December 31, 2012
I .	**EQUITY AND LIABILITIES**			
	(1) Shareholder's Funds			
	(a) Share Capital	**3**	**500,000**	500,000
	(b) Reserves & Surplus	**4**	**(34,160)**	(34,160)
			465,840	465,840
	(2) Current Liabilities			
	Other Current Liabilities	**5**	**24,864,553**	21,652,401
			24,864,553	21,652,401
	Total		**25,330,393**	22,118,241
II .	**ASSETS**			
	(1) Non-current Assets			
	(a) Fixed Assets			
	Capital Work in Progress	**6**	**25,324,964**	21,618,291
			25,324,964	21,618,291
	(2) Current Assets			
	(a) Cash and cash equivalents	**7**	**5,429**	499,950
			5,429	499,950
	Total		**25,330,393**	22,118,241
	Expenditure During Pre Construction Period	**8**		
	Corporate Information	**1**		
	Summary of Significant accounting policies	**2**		
	Other Notes to financial statements	**9 to 23**		

For and on behalf of Board of Directors

Rajesh Shahi
Director

Yogesh Juneja
Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Luthra & Luthra
CHARTERED ACCOUNTANTS
Firm Reg. No:002081N

AKHILESH GUPTA
(Partner)
M No. : 89909

Place : New Delhi
Date : 25.07.2013

DGEN TRANSMISSION CO. LTD.

(Formerly known as DGEN & Uttrakhand Transmission Co. Ltd.)

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM JANUARY 2013 TO MARCH 2013

(Amount in ₹)

	Particulars	Note No.	For the Period from January 2013 to March 2013	For the Period from November 15, 2011 to December 31, 2012
I.	**Revenue from Operations**		-	-
II.	**Other Income**		-	-
III.	**Total (I+II)**		-	-
IV.	**Expenses**			
	Preliminary Expenses		-	34,160
	Total		-	34,160
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		-	(34,160)
VI.	Exceptional items		-	-
VII.	**Profit before exceptional and extraordinary items and tax (V-VI)**		-	(34,160)
VIII.	Extraordinary items		-	-
IX.	**Profit Before Tax (VII-VIII)**		-	(34,160)
X.	**Tax Expenses**		-	
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
XI.	**Profit (Loss) for the period (IX-X)**		-	(34,160)
XII.	**Profit (Loss) from discontinuing operations**		-	-
XIII.	**Tax Expense of discontinuing operations**		-	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		-	-
XV.	**Profit (Loss) for the period (XI +XIV)**		-	(34,160)
XVI.	**Earnings per equity shares:**		-	
	(1) Basic	**15**	-	(0.68)
	(2) Diluted	**15**	-	(0.68)
	Expenditure During Pre Construction Period	**8**		
	Corporate Information	**1**		
	Summary of Significant accounting policies	**2**		
	Other Notes to financial statements	**9 to 23**		

For and on behalf of Board of Directors

Rajesh Shahi
Director

Yogesh Juneja
Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Luthra & Luthra
CHARTERED ACCOUNTANTS
Firm Reg. No:002081N

AKHILESH GUPTA
(Partner)
M No. : 89909

Place : New Delhi
Date : 25.07.2013

DGEN TRANSMISSION CO. LTD.

(Formerly known as DGEN & Uttrakhand Transmission Co. Ltd.)

CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 2013 TO MARCH 2013

(Amount in ₹)

	Particulars	Note No.	For the Period from January 2013 to March 2013	For the Period from November 15, 2011 to December 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit/(Loss) as per Profit & Loss A/c		-	(34,160)
	Operating profit before working capital changes		-	(34,160)
	Adjustment For Increase/Decrease in:			
	Liabilities & Provisions		3,212,152	21,652,401
	TOTAL		3,212,152	21,618,241
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Capital Work in Progress		(3,706,673)	(21,618,291)
	TOTAL		(3,706,673)	(21,618,291)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**			
	Issue of Share Capital		-	500,000
	TOTAL		-	500,000
	NET INCREASE/(DECREASE) IN CASH FLOW		(494,521)	499,950
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		499,950	-
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR		5,429	499,950
	Cash on hand and balance with banks		5,429	499,950
	Other Cash and Cash Equivalents			
	Expenditure During Pre Construction Period	**8**		
	Corporate Information	**1**		
	Summary of Significant accounting policies	**2**		
	Other Notes to financial statements	**9 to 23**		

For and on behalf of Board of Directors

Rajesh Shahi
Director

Yogesh Juneja
Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Luthra & Luthra
CHARTERED ACCOUNTANTS
Firm Reg. No:002081N

AKHILESH GUPTA
(Partner)
M No. : 89909

Place : New Delhi
Date : 25.07.2013

DGEN TRANSMISSION CO. LTD.

(Formerly known as DGEN & Uttrakhand Transmission Co. Ltd.)

Notes to Financial Statements for the Period from January 2013 to March 2013

1 Corporate Information

The Company was incorporated on 15/11/2011 under the Companies Act 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking.). Certificate for Commencement of Business was issued on 09/02/2012. The Company has been incorporated to develop power system network and Study, Investigate, collect information and data, preparation of survey report. forest clearance, if required etc. for the purpose of transmission of electricity in the state of Gujarat (Project) and to conduct bidding process etc for selection of the transmission service provider. The company will be transferred to selected developer on selection of developer as per tarriff based competitive bidding guidelines for Transmission Service issued by Ministry of Power, Government of India.

2 Summary of Significant Accounting Policies

a. Basis of Preparation

The financial statements have been prepared on accrual basis following the historical cost convention in accordance with the accounting principles generally accepted in India and are in accordance with the requirements of the Companies Act, 1956 and Accounting Standards as specified in Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

Fees for advisory and professional services for developing Independent Transmission Project payable to PFC Consulting Limited (Holding Company) will be accounted for in the year of transfer of the company to the successful bidder (As and when due).

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of Fixed Assets acquired during the year costing up to Rs. 5,000/- are fully depreciated.

f. Capital Work in Progress

Expenditure incurred on Consultancy /Administration /Interest /Manpower Charges/ Legal & Professional etc. has been capitalized & treated as Capital Work In Progress.

g. Expenditure incurred by Holding Company

Expenditure incurred by the company for the Project is funded by the Holding Company (PFCCL) and considered as current liabilities. Interest is charged by holding company (PFCCL) as per rate applicable from time to time.

h. Preliminary Expenses

Preliminary expenses has been charged to the Profit & Loss account in the year in which such expenditure has been incurred.

i. Investments

Investments are stated at cost.

j. Borrowing Costs

Borrowing cost is charged to the profit & loss account for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in books when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

l. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

m. Taxes

Provision for Current taxes is made in accordance with the relevant provisions of the Income - Tax Act, 1961. Deferred tax are recognized subject to prudence on timing differences between accounting profits and tax profits using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date Deferred tax assets are recognised and carried forward only if there is a virtual reasonable certainty that the assets will be realisable in future.

n. Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investments with the original maturity of three months or less.

3 SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at December 31, 2012
Authorised :		
50,000 Equity shares of ₹.10/- each	500,000	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹.10/- each fully paid-up	500,000	500,000
Total Issued, subscribed and fully paid up share capital	**500,000**	**500,000**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	**31.03.13**		**31.12.2012**	
	No. of Shares	**Amount (₹)**	**No. of Shares**	**Amount (₹)**
At the beginning of the period	50,000	500,000	-	-
Issued During the period	-	-	50,000	5,00,000
Outstanding at the end of the period	**50,000**	**50,000**	**50,000**	**500,000**

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

	Amount (₹) 31.03.13	**Amount (₹) 31.12.2012**
PFC Consulting Limited, the Holding Company		
50,000 equity shares of ₹. 10 each fully paid	500,000	500,000

d. Details of shareholders holding more than 5% shares in the company

	31.03.13		**31.12.2012**	
	No. of Shares	% holding in the class	**No. of Shares**	% holding in the class
Equity Shares of ₹ 10 each fully paid	50,000	100%	50,000	100%
PFC Consulting Limited, the Holding Company *				
	50,000	**100.00 %**	**50,000**	**100.00 %**

* Out of 50,000 equity shares 600 shares are held by nominees of PFC Consulting Limited on its behalf.

4 RESERVES & SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at December 31, 2012
Surplus in the statement of Profit and Loss Account	(34,160)	-
Add : Addition during period	-	(34,160)
TOTAL	**(34,160)**	(34,160)

5 OTHER LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at December 31, 2012
Loan and Advance from Related Parties		
(PFC Consulting Limited)	22,816,555	18,414,249
Interest accrued but not due	1,769,936	1,329,946
Statutory Dues		
-TDS Payable	209,242	-
Others		
-Expenses Payable	68,820	1,908,206
TOTAL	**24,864,553**	21,652,401

6 CAPITAL WORK IN PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2013	As at December 31, 2012
Opening Balance	21,618,291	-
Transferred from Pre Operative Expenses (Note-8)	3,706,673	21,618,291
TOTAL	**25,324,964**	21,618,291

7 CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at December 31, 2012
Balances with banks:		
In current accounts-Punjab National Bank	5,429	499,950
TOTAL	**5,429**	499,950

8 PRE-CONSTRUCTION EXPENSES

(Amount in ₹)

Particulars	For the Period from January 2013 to March 2013	For the Period from November 15, 2011 to December 31, 2012
(a) Expenses		
Advertisement	**2,535,707**	6,029,743
Interest	**621,604**	1,344,991
Manpower Charges	**293,085**	12,309,054
Office Maintenance	**52,493**	189,092
Other Administrative Expenses	**47,015**	13,800
Payment to Auditors		
As Auditors	**39,326**	39,326
Vehicle Hiring	**27,482**	112,605
Printing & Stationary	**26,961**	71,693
Canteen Expenses	**24,362**	72,449
Consultancy Charges	**23,443**	996,368
Outsourcing Expenses	**-**	284,299
Books & Periodicals	**8,260**	1,896
Repair & Maintenance	**4,320**	18,325
Telephone	**2,501**	10,206
Legal & Professional Charges	**93**	1,025
Tour & Travelling	**-**	123,369
Bank Charges	**21**	50
Total	**3,706,673**	21,618,291

9 The name of company has been changed from DGEN & Uttrakhand Transmission Co. Ltd. To DGEN Transmission Co. Ltd from 31.08.2012.

10 All the expenses incurred by the Company are towards the setting up of Independent Transmission Project in the state of Gujarat for Transmission system associated with DGEN TPS (1200 MW) of Torrent Power Ltd. Since the project is identified, all the expenditures required to be capitalized. Hence Pre Operative Expenses (Note-8) containing all expenses has been prepared and the same has been transferred to Capital work-in-progress (Pending allocation).

11 The related expenses are paid by the Holding Company (PFCCL) and charged to the Company. Original Supporting bills in respect of expenditure incurred by the holding company are retained by them of which copies are available with the Company. The holding company is complying statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to these expenses.

12 Employees working for the Company are from holding company i.e. PFC Consulting Ltd. (PFCCL). The expenses appearing in the Note-8 "Expenditure during Construction period" amounting ₹ 37,06,673/- (PY ₹ 216,18,291/-) for the period include manpower charges of PFCCL employees of ₹ 2,93,085/- (PY ₹ 123,09,054/-). The manpower cost of PFCCL employees (included in Administrative Expenses) are charged by PFCCL on the basis of cost to company based on actual time spent by the employees for the Company as per invoice raised by PFCCL. This includes man power charges of Sh. Yogesh Juneja ₹ 1,625/- (PY ₹ 2,200/-), Sh. Rajesh Kumar Shahi ₹ 1,17,000/- (PY ₹ 14,56,700/-).

13 Auditors Remuneration:

Particulars	31.03.2013			31.12.12		
	Fees	Service Tax	Total	Fees	Service Tax	Total
Statutory Audit Fee	35,000	4,326	39,326	35,000	4,326	39,326

14 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil.

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is Rs. Nil.

15 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	31.03.2013	31.12.2012
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax ₹	-	(34,160)
4	Earning per share ₹	-	(0.68)

16 (i) The Key Management Personnel of the Company are employee of the Holding Company (PFCCL) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri Yogesh Juneja	Chairman	15.11.2011	Continuing
2	Shri Subir Mulchandani	Director	15.11.2011	Continuing
3	Shri Rajesh Kumar Shahi	Director	15.11.2011	Continuing

(ii) The disclosure as per AS 18 – Related Party Disclosure :

The DGEN Transmission Co Ltd is a wholly owned subsidiary of PFC Consulting Ltd. All key decisions are taken by the Board of DGEN Transmission Co Ltd where the PFCCL nominees exercise control.

Details of Related parties and nature of relationship

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC)	Ultimate Holding Company
2	PFC Consulting Limited (PFCCL)	Holding Company
3	Patran Transmission Company Limited	Fellow Subsidiary
4	Purulia & Kharagpur Transmission Company Limited	Fellow Subsidiary
5	Darbhanga - Motihari Transmission Company Limited	Fellow Subsidiary
6	RAPP Transmission Company Limited	Fellow Subsidiary
7	Chhattisgarh Surguja Power Limited	Subsidiary of Ultimate Holding Company
8	Orissa Integrated Power Limited	Subsidiary of Ultimate Holding Company
9	Coastal Karnataka Power Limited	Subsidiary of Ultimate Holding Company
10	Coastal Maharashtra Mega Power Limited	Subsidiary of Ultimate Holding Company
11	Ghogarpalli Integrated Power Company Limited	Subsidiary of Ultimate Holding Company
12	Coastal Tamil Nadu Power Limited	Subsidiary of Ultimate Holding Company
13	Sakhigopal Integrated Power Company Limited	Subsidiary of Ultimate Holding Company
14	Tatiya Andhra Mega Power Limited	Subsidiary of Ultimate Holding Company
15	Power Equity Capital Advisors Private Limited	Subsidiary of Ultimate Holding Company
16	PFC Green Energy Limited	Subsidiary of Ultimate Holding Company
17	PFC Capital Advisory Services Limited	Subsidiary of Ultimate Holding Company

Details of Related party transactions

(Amount in ₹)

S.No.	Particulars	31.03.2013	31.12.2012
		PFCCL	
1	Equity Contribution	5,00,000	5,00,000
2	Administrative Expenses (Manpower Charges)	2,93,085	1,23,09,054
3	Interest on Short Term Borrowings	6,21,604	13,44,991
4	**Closing Balances: -**		
	Loans & advances	2,28,16,555	1,84,14,249
	Interest accrued but not due	17,69,936	13,29,946

17 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

18 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

19 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) does not arise.

20 Most of the additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – Nil (Previous Year Nil)

(b) Income in foreign exchange –Nil (Previous Year Nil)

21 The expenditure on development of the project are incurred by PFC Consulting Limited (PFCCL) (Holding Co.). The company shall pay interest to PFCCL on the expenditure incurred by PFCCL. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Transmission) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time

22 The current Period figures are for period from January 2013 to March 2013. Hence Previous year figures are not comparable since the previous year consist of period from 15.11.2011 to 31.12.12. Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to current period's classification.

23 Figures have been rounded off to the nearest Rupee unless otherwise stated.

For and on behalf of Board of Directors

Rajesh Shahi
Director

Yogesh Juneja
Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Luthra & Luthra
CHARTERED ACCOUNTANTS
Firm Reg. No:002081N

AKHILESH GUPTA
(Partner)
M No. : 89909

Place : New Delhi
Date : 25.07.2013

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the Fifth Annual Report on the performance of your Company for the year ended 31st March, 2013 along with Audited Statements of Accounts and Auditor's Report thereon.

CONVERSION OF THE COMPANY INTO WHOLLY OWNED SUBSIDIARY OF POWER FINANCE CORPORATION LIMITED

Your Company was incorporated on 25th March, 2008 under the aegis of Power Finance Corporation Limited (PFC) where 30% stake was held by PFC and the balance 70% stake was held by 5 individuals. The BoD of PFC had approved a proposal for PFC to acquire 70% stake held by individuals in your Company where PFC already held 30% stake. Subsequently, as approved, the formalities of transfer were completed on 11.10.2011 and PECAP became a wholly owned subsidiary of PFC w.e.f 11.10.2011. Your Company has not transacted any business till date. Further, the Company is in the process of taking necessary approvals for dissolving the Company and getting the name of the Company Struck off from the records of Registrar of Companies under the provisions of Section 560 of the Companies Act, 1956.

FINANCIAL PERFORMANCE

During the year ended March 31, 2013, your Company has earned a net profit of ₹12,369/- (before tax) which is basically the interest Income.

DIVIDEND

Your directors have decided not to recommend any dividend for the period under review. Further no amount is being proposed to be transferred to any reserves in the Balance sheet as at 31st March, 2013.

SHARE CAPITAL

The Company has been incorporated with an initial Paid up capital of 5,00,000/- (Rupees Five lakh only) consisting of 50,000 equity shares of ₹10/- each and authorised share capital of ₹10,00,000/- (Rupees Ten lakh only) consisting of 1,00,000 equity shares of ₹10/- each. Initially, 30% stake was held by PFC and the balance 70% stake was held by 5 individuals. The BoD of PFC had approved a proposal for PFC to acquire 70% stake held by individuals in PECAP where PFC already held 30% stake. Subsequently, as approved, the formalities of transfer were completed on 11.10.2011 and PECAP became a wholly owned subsidiary of PFC w.e.f 11.10.2011.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PERSONNEL

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and the matters related to Personnel department are being taken care by the holding Company.

AUDITORS

M/s. A. Salwan & Associates, Chartered Accountants, New Delhi was appointed as Statutory Auditor of the Company for the year ended March 31, 2013 by the Comptroller and Auditor General of India. There are no adverse comments, observations or reservations in the auditors report on the accounts of the company. The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

COMPTROLLER AND AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India (C&AG) vide letter dated August 23, 2013 has decided not to review the report of the Auditors on the accounts of the Company for the year ended March 31, 2013 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the certificate issued by C&AG in this regard is enclosed at annexure – to the report of the Statutory Auditor's.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company is yet to commence its business operations, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988.

Your Company has not undertaken any activity during the year under review. The particulars as required under the provisions of section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption has been furnished in Annexure I.

Further during the year under review, the Company has neither earned nor used any foreign exchange.

PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS

At the beginning of the year, the Company had the following 3 Directors:

1.	Sh. C. Gangopadhyay	Director (PFC Nominee)
2.	Sh. D. Ravi	Director (PFC Nominee)
3.	Shri Arunava Chakravarti	Director (PFC Nominee)

There was no change in the Directors of the Company during the year.

OFFICIAL LANGUAGE

The use of Hindi in Company's Official work was emphasized.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary. Therefore there is no requirement to comply with Section 212 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirm that-

(i) in preparation of the annual accounts for the year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 period April 1, 2012 to March 31, 2013 and of the profit or loss of the company for that period;

(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

(iv) the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

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

Your Directors also conveys its gratitude to the holding Company Power Finance Corporation Limited as well as the bankers for the active & continued support to the Company.

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

The Board would also like to place on record our appreciation for the untiring efforts and contributions made by the employees to launch and establish the new Company.

For and on behalf of the Board of Directors,

(C. Gangopadhyay) **Director** | **(D. Ravi)** **Director**

Place: New Delhi
Date:23rd August,2013

Disclosure of particulars u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as under:

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken ;	The Company will take necessary measures as may be required from time to time for conservation of energy.
(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy ;	No specific investment has been made in this regard.
(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods ;	Not Applicable
(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.	Not Applicable

B. TECHNOLIGY ABSORPTION:

e. Efforts made in technology absorption as per Form B of the Annexure to the Rules
FORM B : Form for disclosure of particulars with respect to absorption
Research and development (R & D)

1. Specific areas in which R & D carried out by the company.	During the year the Company has not carried any specific R&D
2. Benefits derived as a result of the above R&D	Not Applicable
3. Future plan of action	Not Applicable
4. Expenditure on R & D : (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover	 NIL NIL NIL Not Applicable

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	No specific efforts have been taken in this regard.
2.	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : (a)Technology imported. (b)Year of import. (c)Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: There was no outgo or inflow of foreign exchange during the year.

AUDITOR'S REPORT

TO THE MEMBERS OF

POWER EQUITY CAPITAL ADVISORS PVT. LTD.

1. We have audited the attached Balance Sheet of **POWER EQUITY CAPITAL ADVISORS PVT. LTD.**, as at **31st March, 2013** and also the Statement of Profit and Loss for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   (a) We have 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 accounts as required by law have been kept by the company so far as appears from our examination of the books of accounts;

   (c) The Balance Sheet and Statement of Profit & Loss and Cash Flow dealt with by this report are in agreement with the books of accounts;

   (d) In our opinion, the Balance Sheet and Statement of Profit & Loss of the company comply with the Accounting Standards as referred in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;

   (e) As per information and explanations given to us, none of the directors of the company are disqualified from being appointed as a director under clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;

   (f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with Significant Accounting Policies and Notes forming part of Accounts, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India,

   (i) in case of Balance Sheet, of the state of the affairs of the company as at **31st March 2013.**

   (ii) In case of Statement of Profit and Loss, of the Profit of the Company for the year ended on that date.

   (iii) In the case of cash flow, of the cash flows for the period ended on that date.

3. As required by the Companies (Auditor ' s Report) order , 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act , 1956 , we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.

for **A. SALWAN & ASSOCIATES**
Chartered Accountants
FRN:004287N

ASHWANI SALWAN
Proprietor
M.No. 083424

Place: DELHI
Date : 30/04/2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The Company does not have any fixed assets.
2. The Company does not have any inventories during this year; hence this clause is not applicable.
3. In our opinion and according to information and explanations given to us, the company has neither taken nor given any loans/advances to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 during the year.
4. In our opinion and according to the information and explanation given to us, the company does not have fixed assets, inventories and has no commercial activity during the year , the provisions w.r.t. applicability of adequate internal control procedures are not applicable to the company.
5. In respect of the transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956;
   - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act .
   - Having regard to this, in our opinion and according to the information and explanations given to us, no transactions have been made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five lakhs in respect of any party during the year.
6. The Company has not accepted any deposits from the public to which the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 would apply.
7. The company dose not have paid up capital and reserve of ₹50 lacs as the commencement of the financial year concerned or have an average annual turnover exceeding five crores rupees for a period of three consecutive financial years immediately preceding the financial period concerned, the provision of internal audit system are not applicable to the company.
8. The company does not have any business activity during the period, the provisions of clause 4(viii) of the Companies (Auditors Report) Order '2003 are not applicable to the company.
9. According to the books & records examined by us in accordance with the generally accepted auditing practices in India and also based on the representations received from the management, the company has been regular in depositing undisputed Statutory dues including Income Tax, Service Tax and other material statutory dues applicable to it.
10. According to the information & explanations given to us, and the records of the company, no undisputed amounts payable in respect of Sales Tax, Income Tax, Wealth Tax, service tax, excise duty were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable.
11. The company's does not have any accumulated losses at the end of financial year. The company did not incur any cash losses during the year ended 31st March 2013 and for the preceding year ended on 31st March 2012.
12. In our opinion and according to information and explanation given to us, the Company has not taken any loans from the banks or financial institutions. The company has not issued any debentures.
13. In our opinion and according to information and explanation given to us, the company has not granted any loans and advances on the basis of pledge of security by way of pledge of shares, debentures or other securities.
14. The company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable.
15. The company is not dealing and trading in shares, stock/debentures/ securities.

16. In our opinion and according to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

17. In our opinion and according to the information and explanations given to us, no term loans were availed by the company.

18. In our opinion and according to information and explanation given to us, and overall examination of the Balance Sheet of the Company, no funds are raised by the company on short term basis.

19. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year.

20. The company has not issued any debentures during the year.

21. The company has not raised money by way of public issue during the year.

22. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the management.

for A. SALWAN & ASSOCIATES
Chartered Accountants
FRN:004287N

ASHWANI SALWAN
Proprietor
M.No. 083424

Place: DELHI
Date : 30/04/2013

ADDENDUM TO OUR AUDIT REPORT DATED 30.04.2013

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e) on the basis of written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

for A. SALWAN & ASSOCIATES
Chartered Accountants
FRN:004287N

ASHWANI SALWAN
Proprietor
M.No. 083424

Place: DELHI
Date : 21/08/2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The Company does not have any fixed assets.
2. The Company does not have any inventories during this year; hence this clause is not applicable.
3. In our opinion and according to information and explanations given to us, the company has neither taken nor given any loans/advances to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 during the year.
4. In our opinion and according to the information and explanation given to us, the company does not have fixed assets, inventories and has no commercial activity during the year , the provisions w.r.t. applicability of adequate internal control procedures are not applicable to the company.
5. In respect of the transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956;
   - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act .
   - Having regard to this, in our opinion and according to the information and explanations given to us, no transactions have been made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five lakhs in respect of any party during the year.
6. The Company has not accepted any deposits from the public to which the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 would apply.
7. The company dose not have paid up capital and reserve of ₹50 lacs as the commencement of the financial year concerned or have an average annual turnover exceeding five crores rupees for a period of three consecutive financial years immediately preceding the financial period concerned, the provision of internal audit system are not applicable to the company.
8. The company does not have any business activity during the period, the provisions of clause 4(viii) of the Companies (Auditors Report) Order '2003 are not applicable to the company.
9. According to the books & records examined by us in accordance with the generally accepted auditing practices in India and also based on the representations received from the management, the company has been regular in depositing undisputed Statutory dues including Income Tax, Service Tax and other material statutory dues applicable to it.
10. According to the information & explanations given to us, and the records of the company, no undisputed amounts payable in respect of Sales Tax, Income Tax, Wealth Tax, service tax, excise duty were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable.
11. The company's does not have any accumulated losses at the end of financial year. The company did not incur any cash losses during the year ended 31st March 2013 and for the preceding year ended on 31st March 2012.
12. In our opinion and according to information and explanation given to us, the Company has not taken any loans from the banks or financial institutions. The company has not issued any debentures.
13. In our opinion and according to information and explanation given to us, the company has not granted any loans and advances on the basis of pledge of security by way of pledge of shares, debentures or other securities.
14. The company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable.
15. The company is not dealing and trading in shares, stock/debentures/ securities.
16. In our opinion and according to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
17. In our opinion and according to the information and explanations given to us, no term loans were availed by the company.
18. In our opinion and according to information and explanation given to us, and overall examination of the Balance Sheet of the Company, no funds are raised by the company on short term basis.
19. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year.
20. The company has not issued any debentures during the year.
21. The company has not raised money by way of public issue during the year.
22. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the management.

for A. SALWAN & ASSOCIATES
Chartered Accountants
FRN:004287N

ASHWANI SALWAN
Proprietor
M.No. 083424

Place: DELHI
Date : 21/08/2013

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Power Equity Capital Advisors Private Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 April 2013 and Addendum thereto dated 21.08.2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Power Equity Capital Advisors Private Limited for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board –III,
New Delhi

Place: New Delhi
Dated: 23 August, 2013

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in ₹)

Balance sheet as at	Notes	31st March 2013	31st March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	2	500,000.00	500,000.00
(b) Reserve & surplus	3	16,608.00	8,060.59
(2) Current Liabilities			
(a) Trade payables	4	11,236.00	10,800.00
(b) Short term provision	5	3,823.00	5,701.00
Total Equity and Liabilities		**531,667.00**	**524,561.59**
II. ASSETS			
(1) Current assets			
(a) Cash and cash equivalents	6	502,462.00	487,599.00
(b) Other current assets	7	29,205.00	36,962.59
Total Assets		**531,667.00**	**524,561.59**
Significant accounting policies and notes on accounts	**1 TO 12**	-	-

For and on behalf of Board of Directors

C. Gangopadhyay
Director
Din no.02271398

D. Ravi
Director
Din no.00038452

AS PER OUR REPORT OF EVEN DATE
For
A. Salwan & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:004287N)

Ashwani Salwan
(Proprietor)
M No. : 083424

Place : New Delhi
Date : 30.04.2013

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in ₹)

	Statement of Profit and Loss for the year ended	Notes	31st March 2013	31st March 2012
I.	Revenue from operations		-	-
II.	Other income	8	46,339.41	43,380.59
III.	**Total revenue**		**46,339.41**	**43,380.59**
IV.	**Expenses:**			
	Other expenses	9	33,970.00	19,931.00
	Total expenses		**33,970.00**	**19,931.00**
V.	Profit before tax (III-IV)		12,369.41	23,449.59
VI.	Tax expenses			
	(1) Current tax		3,823.00	5,701.00
	(2) Deferred tax		-	-
VII.	Profit after tax (V-VI)		8,546.41	17,748.59
VIII.	Earning per equity share of par value ₹ 10/- each			
	Basic and diluted	10	0.17	0.35
	Significant accounting policies and notes on accounts	**1 TO 12**		

For and on behalf of Board of Directors

C. Gangopadhyay
Director
Din no.02271398

D. Ravi
Director
Din no.00038452

AS PER OUR REPORT OF EVEN DATE
For
A. Salwan & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:004287N)

Ashwani Salwan
(Proprietor)
M No. : 083424

Place : New Delhi
Date : 30.04.2013

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

(SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013.)

1. Significant Accounting Policies

1. The financial statements are prepared on accrual basis under the historical cost convention in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of Companies Act, 1956.
2. The Company generally follows mercantile system of accounting and recognises significant items of Income and Expenditure on accrual basis. All expenses debited to statement of profit & loss is being accounted for an accrual basis.
3. Interest on FDR is accounted on accrual basis.
4. Contingent Liabilities if any are not provided for in the accounts and are shown separately in Notes of accounts.
5. Defferred tax is recognised subject to consideration of produce and materiality on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.Defferred tax\assets are not recognised on unabsorbed deprecation and carried forward losses unless there is virtual certainity that sufficient future taxable income will available against which such deferred tax assets can be realized.
6. Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

2 Share capital

(Amount in ₹)

Particulars	31st March 2013	31st March 2012
AUTHORISED SHARE CAPITAL :		
100000 equity shares of ₹10/- each (previous year same)	**1,000,000.00**	**1,000,000.00**
ISSUED:		
50000 equity shares of ₹10/- each (previous year same)	**500,000.00**	**500,000.00**
SUBSCRIBED & PAID UP:		
50000 equity share of ₹10/- each fully paid up in cash		
(Previous year -same)	500,000.00	500,000.00
	500,000.00	**500,000.00**

-- The Issued Share capital of the company has only one class of shares referred to as equity shares having par value of ₹10/- Each holder of equity shares is entitled to one vote per share.

-- Reconcilation of the number of shares outstanding and Amount of share capital as on 31st March, 2013 & 31st March, 2012 is as under:

EQUITY SHARES

Particulars	31st March 2013 No of shares	31st March 2013 Amount (₹)	31st March 2012 No of shares	31st March 2012 Amount (₹)
Number of shares at the beginning	50,000	500,000.00	50,000	500,000.00
Number of shares issued during the year	-	-		-
Number of shares at the end	50,000	500,000.00	50,000	500,000.00

Particulars of Shares in the company held by each shareholder holding more than 5% shares:

Name of shareholder	31st March 2013 Number of shares held	31st March 2013 % of holding	31st March 2012 Number of shares held	31st March 2012 % of holding
Equity Shares				
1 Power Finance Corporation Ltd.	49,400	99	49,400	99

- In the event of the Liquidation of the company,the holder of equity shares will be entitled to receive any of the remaining assets of the company,after distribution of all preferential amounts.The distribution will be in proportion to the number of equity shares held by the shareholders.

3 Reserves and surplus

(Amount in ₹)

	Particulars	31st March 2013	31st March 2012
1	Profit & loss account		
	Opening Balance	8,060.59	(9,688.00)
	Add: Net Profit/(Loss) after tax transferred from Statement of Profit & Loss	8,546.41	17,748.59
	Add: Prior period adjustment	1.00	-
	Total	**16,608.00**	**8,060.59**

4 Trade payables

(Amount in ₹)

	Particulars	31st March 2013	31st March 2012
1	Trade Payables	11,236.00	10,800.00
	Total	**11,236.00**	**10,800.00**

5 Short term provision

(Amount in ₹)

	Particulars	31st March 2013	31st March 2012
1	Provision for income tax	3,823.00	5,701.00
	Total	**3,823.00**	**5,701.00**

6 Cash and cash equivalent

(Amount in ₹)

	Particulars	31st March 2013	31st March 2012
1	Cash in hand	-	-
2	Balance with scheduled banks in current account	10,462.00	11,599.00
3	Bank deposits with maturity upto 3 months	-	-
4	Bank deposits with maturity upto 12 months	492,000.00	476,000.00
	Total	**502,462.00**	**487,599.00**

7 Other current assets

(Amount in ₹)

	Particulars	31st March 2013	31st March 2012
1	Tax deducted at source	4,645.00	3,890.00
2	Interest receivable on bank deposits	24,560.00	33,072.59
	Total	**29,205.00**	**36,962.59**

8 Other income

(Amount in ₹)

Particulars		31st March 2013	31st March 2012
1	Interest on FDR	46,339.41	43,380.59
	Total	**46,339.41**	**43,380.59**

9 Other expenses

(Amount in ₹)

Particulars		31st March 2013	31st March 2012
1	Bank charges	134.00	270.00
2	Digital signature renewal charges	-	1,600.00
3	Filing fees	600.00	1,200.00
4	Legal & professional charges	17,000.00	5,361.00
5	**Auditors remuneration**		
	~As audit fee	16,236.00	11,500.00
	Total	**33,970.00**	**19,931.00**

NOTES ON ACCOUNTS

10. Earning Per Share (EPS)

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of the equity shares outstanding during the year.

	As on 31.03.2013	As on 31.03.2012
Net Profit /(Loss) after Tax (₹)	8546.41	17748.59
No. of Equity Shares	50000	50000
Basic Earning per Share	0.17	0.35

11. Related Party Disclosures.

Promoters/ Key Managerial Personal

Name of Persons	Relationship
1. C. Gangopadhyay	Director
2. D. Ravi	Director
3. Arunava Chakravati	Director

12. Previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with those of the current year.

For and on behalf of Board of Directors

C. Gangopadhyay
Director
Din no.02271398

D. Ravi
Director
Din no.00038452

AS PER OUR REPORT OF EVEN DATE
For
A. Salwan & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:004287N)

Ashwani Salwan
(Proprietor)
M No. : 083424

Place : New Delhi
Date : 30.04.2013

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED
Cash Flow Statement for the period ended 31st March 2013

(Amount in ₹)

Particulars		31.03.2013		31.03.2012
Cash Flow from Operating Activities				
Net Profit before Tax and Extraordinary items	12,369.41		23,449.59	
Adjustments for				
Preliminery expenses written off	-		-	
Operating profit before working Capital Changes:		**12,369.41**		**23,449.59**
Increase / Decrease in Working Capital :				
Current Liabilities	(1,442.00)		(200.00)	
Current Assets	(8,242.41)	(9,684.41)	(11,699.59)	(11,899.59)
Cash flow before extraordinary items		**2,685.00**		**11,550.00**
Extraordinary items		1.00		-
Cash Inflow/Outflow from operations before Tax		**2,686.00**		**11,550.00**
Income Tax paid		3,823.00		4,984.00
A) Net Cash flow from Operating Activities		**(1,137.00)**		**6,566.00**
B) Net Cash flow from Investing Activities		**-**		**-**
C) Net Cash flow from Financial Activities		**-**		**-**
D) Net Change in Cash & Cash Equivalents	(A+B+C)	**(1,137.00)**		**6,566.00**
E) Cash & Cash Equivalents at the beginning of period		11,599.00		5,033.00
F) Cash & Cash Equivalents at the end of the period	(D+E)	**10,462.00**		**11,599.00**

For and on behalf of Board of Directors

C. Gangopadhyay
Director
Din no.02271398

D. Ravi
Director
Din no.00038452

AS PER OUR REPORT OF EVEN DATE
For
A. Salwan & Associates
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:004287N)

Ashwani Salwan
(Proprietor)
M No. : 083424

Place : New Delhi
Date : 30.04.2013

POWER FINANCE CORPORATION LIMITED

Regd. Office **: 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi -110001**

ATTENDANCE SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the company.

NAME OF ATTENDING PERSON (IN BLOCK LETTERS) ____________________

***** Regd. Folio no. ____________________

No. of shares held ____________________

DP ID No. __________ Client ID No. ____________________

I, HEREBY RECORD MY PRESENCE AT THE 27th ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON THURSDAY THE 26th OF SEPTEMBER, 2013 AT 10.00 AM AT MANEKSHAW CENTRE, PARADE ROAD, DELHI CANTT., NEW DELHI-110010

Please ☑ in the box

MEMBER ☐ PROXY ☐

Member's / Proxy's Signature

* Applicable for investors holding shares in Physical Form

POWER FINANCE CORPORATION LIMITED

Regd. Office **: 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi -110001**

PROXY FORM

DP ID No. __________ Client ID No. ____________________

No. of shares held __________ *****Regd. Folio No. ____________________

I/We ________________________________, S/o______________________________ in the district of ____________________ being a member/ members of **Power Finance Corporation Limited**, hereby appoint ___________________________of_____________________ as my/our proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held **at 10.00 a.m. on** Thursday the 26th of September, 2013**,** and at any adjournment thereof.

Signed this ____day of ________2013

(Signature)
(Affix Revenue Stamp of appropriate value)

***** Applicable for investors holding shares in Physical Form

NOTE: **The Proxy form duly completed and signed should be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Annual General Meeting.**

Notes

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A W A R D S

Shri Satnam Singh, CMD, PFC receiving the coveted "India Power Award 2012" in the category of "Large Financial Institution" from Dr. M.R. Srinivasan, Member, India Atomic Energy Commission at a function organized by Council of Power Utilities on 29th November, 2012.

Shri Satnam Singh, CMD, PFC receiving the "ICC PSE Excellence Award" in the category of "Best Human Resource Management" from Shri O.P. Rawat, Secretary, DPE, GoI on 20th December, 2012. The Award was instituted by Indian Chamber of Commerce in association with DPE, Govt. of India.

PFC is a company dedicated to the continuous growth of power sector . Not content with its dominant position in India, the company is in the process of expanding its operations. This powerful image represents PFC's increasing global reach.

POWER FINANCE CORPORATION LTD.

(A Govt. of India Undertaking)

Regd. Office : "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi - 110 001

Ph. : 011-23456000, Fax : 011-23412545, Website : http://www.pfcindia.com

We Create Possibility of a Better Tomorrow

Printed at : Aravali Printers & Publishers Pvt. Ltd., New Delhi.

FORM A

1.	Name of the Company	Power Finance Corporation Limited
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	**Matter of Emphasis** The Statutory Auditors of the Company have audited the financial statements for the FY 2012-13 and have issued audit report without any qualification. However, they have drawn attention in their audit report as given below:- "Without qualifying our opinion, attention is drawn to the note no.12 of Note part C- notes on accounts, regarding presentation of Foreign Currency Monetary Item Translation Difference Account (FCMITDA)." The note no.12 of Note part C- notes on accounts as being referred in the matter of emphasis is as given below:- "The Company had exercised the option under para 46A of the amended AS-11 'The Effects of Changes in Foreign Exchange Rates" to amortize the exchange differences on the long term foreign currency monetary items over their tenure. Consequently, as on 31.03.2013, ₹477.97 crore (as on 31.03.2012 ₹515.41 crore) has been carried forward in the Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and shown on the assets side of the balance sheet, as a separate line item. As per the recent announcement dated 30.03.2013 of the ICAI, the debit or credit balance in FCMITDA should be shown on the "Equity and Liabilities" side of the balance sheet under the head "Reserves and Surplus", as a separate line item. The Company has requested (vide letter dated 09.05.2013) for clarification from the Government of India, Ministry of Corporate Affairs (MoCA) on the applicability of ICAI announcement. The clarification is awaited. Pending receipt of clarification from the MoCA, the FCMITDA is continued to be shown on the asset side of the balance sheet, as a separate line item, in line with presentation made in previous year."
4.	Frequency of observation	Appeared first time in FY 2012-13

(R. Nagarajan)
Director (Finance)

(Ajit Prasad)
Audit Committee Chairman

Satnam Singh
(Satnam Singh)
Chairman & Managing Director

For N. K. Bhargava & Co., Chartered Accountants
Firm Regd. No. 000429N

N. K. Bhargava & Co. Chartered Accountants DELHI

(N. K. Bhargava)
Partner
Membership No. 080624

For Raj Har Gopal & Co., Chartered Accountants
Firm Regd. No. 002074N

(G. K. Gupta)
Partner
Membership No.81085