

28th
Annual Report
2013-2014

POWERING THE ALLIANCE OF A
SUSTAINABLE FUTURE



POWER FINANCE CORPORATION LTD.





VISION

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

MISSION

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

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





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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 Integrated Power Limited
Sakhigopal Integrated Power Company Limited
Ghogarpalli Integrated Power Company Limited
Tatya Andhra Mega Power Limited
Deoghar Mega Power Limited
Cheyyur Infra Limited
Odisha Infrapower Limited
DGEN Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
Tanda Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
Ballabgarh-GN 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 Batwani

Auditors

M/s N. K. Bhargava & Co.,
Chartered Accountants
M/s K. B. Chandna & 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	2009-10	2010-11	2011-12	2012-13	2013-14
I RESOURCES (At the end of the Year) (₹ in Crore)					
Equity Capital	1148	1148	1320	1320	1320
Interest Subsidy Fund from GoI	663	452	376	146	124
Reserves and Surplus	12113	14035	19388	22734	26055*
Borrowings:					
(i) Foreign Currency Loans (incl. Foreign Currency Notes)	2758	4963	5590	8424	8926
(ii) Bonds	45801	56137	83920	105334	126505
(iii) Long Term Rupee Loans	16223	18208	16545	17005	22470
(iv) Short Term Rupee Loans	2325	6291	4071	8820	1314
II FINANCING OPERATIONS (During the Year) (₹ in Crore)					
Loans and Grants Sanctioned#	65465	75197	69024	78875	65060
Loans and Grants Disbursed#	25808	34122	41418	46368	47802
Repayment by Borrowers to PFC	8977	12119	9257	14929	18822
Repayment by PFC to Lenders	7858	10394	14296	11304	22231
III WORKING RESULTS (For the Year) (₹ in Crore)					
Administrative Expenses	106	93	124^	139^	163^
Profit Before Tax	3013	3544	4104	5967	7558
Provision for Tax(including Deferred Tax Liability)	656	924	1072	1547	2140
Profit After Tax	2357	2620	3032	4420	5418
IV NO. OF EMPLOYEES	324	365	379	427	446

* From FY 2011-12 to FY 2012-13, Foreign Currency Monetary Item Translation Difference Account had been shown as a separate line item on the Assets side on the face of the Balance Sheet. From the FY 2013-14, it is shown under Reserves & Surplus.

Includes Sanctioned Project cost & Disbursements under R-APDRP (Part A&B)

^ Inclusive of Personnel and other expenses

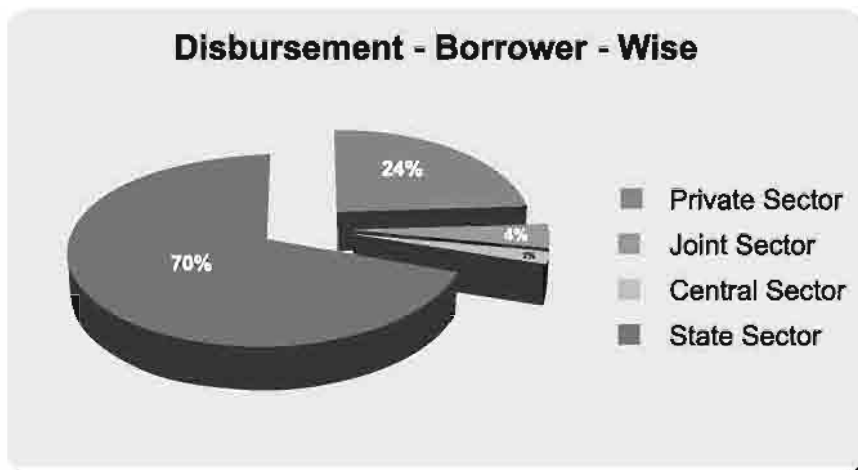
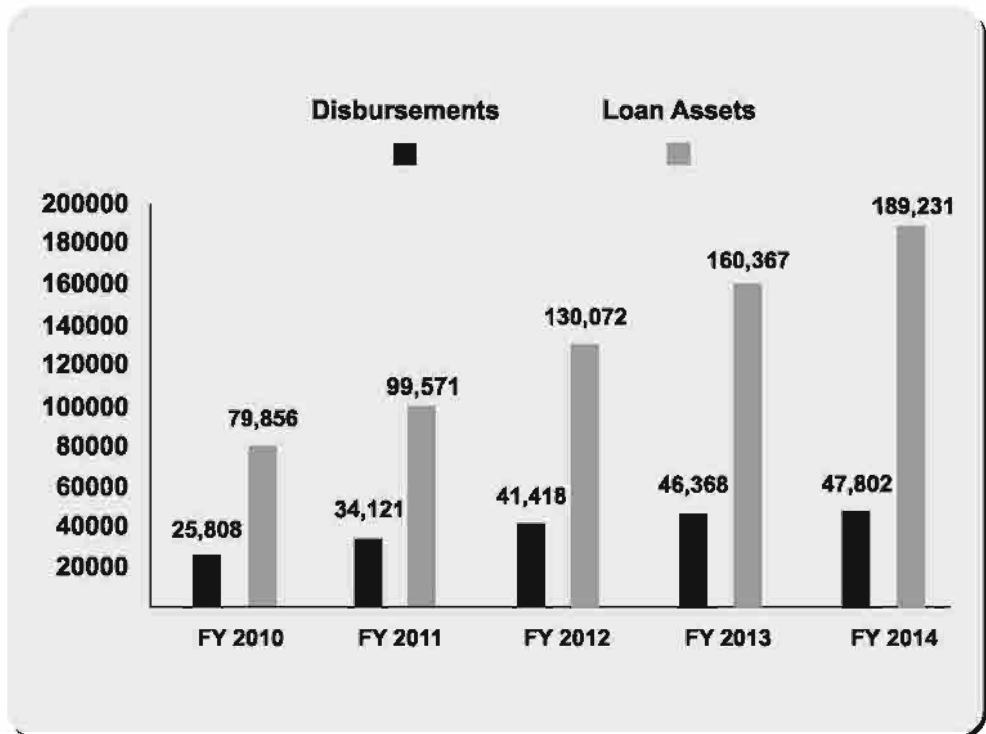


As on 31.03.2014



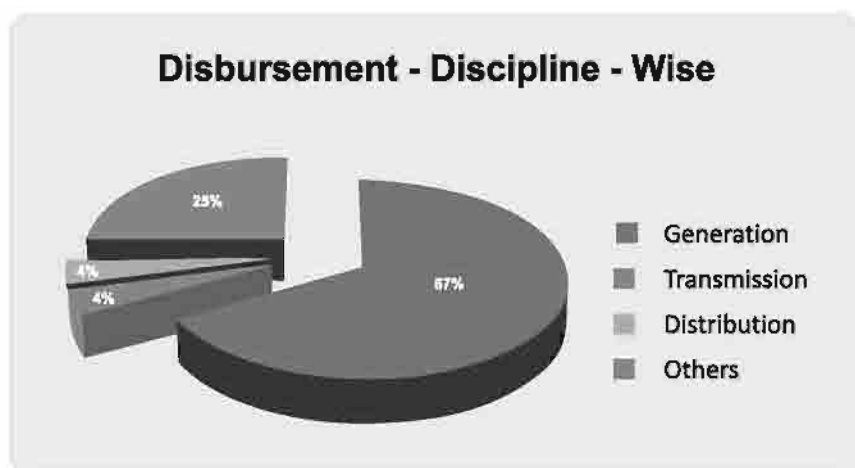
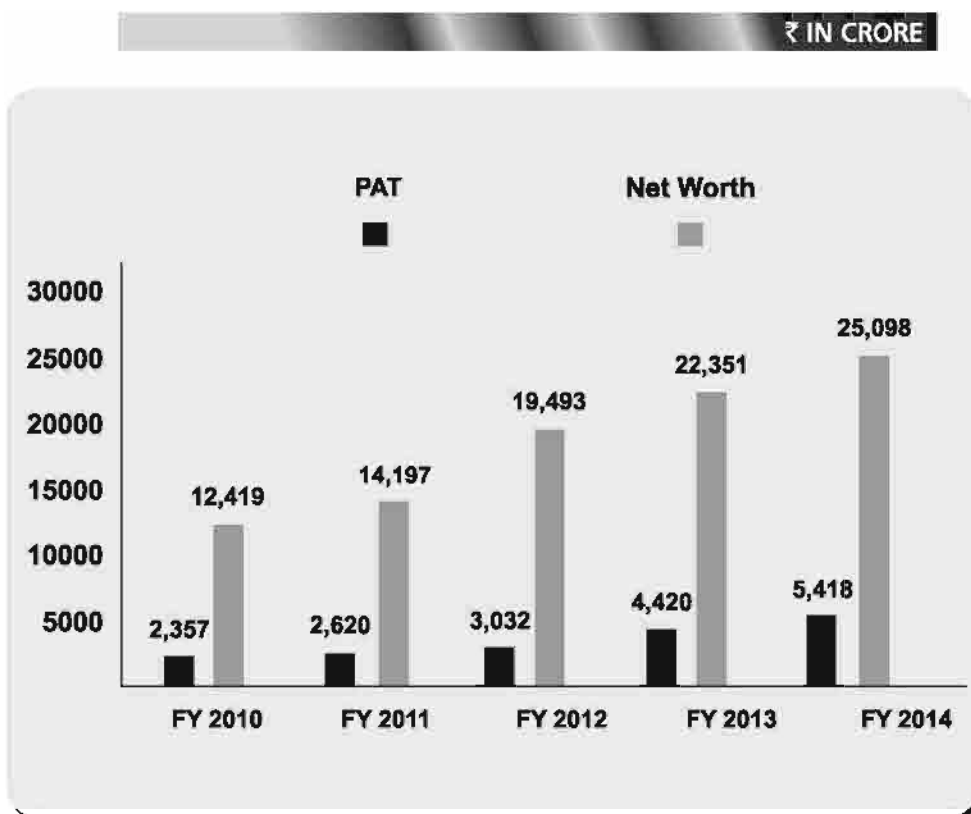
FINANCIAL HIGHLIGHTS

₹ IN CRORE



2013-2014

As on 31.03.2014



LETTER TO SHAREHOLDERS

Ladies and Gentlemen,

Welcome to the 28th Annual General Meeting of your Company. Before, I share with you the performance of your Company during fiscal 2014, let me put this in the context of operating environment. Fiscal 2014 saw lower economic growth of 4.7% with high inflationary pressures, rupee dipping to life time lows with large current account deficit and indications of tapering by US Federal Reserve. On the other hand, Indian power sector faced by critical challenges like fuel shortage and weak financial health of DISCOMs, saw many of its players reporting huge losses due to strained assets resulting in rising NPAs in the industry. Despite these unfavorable economic conditions and sectoral issues, I am happy to share with you that your Company has shown continued business growth with enhanced financial and operational performance. In fact, this fiscal, your



Company has achieved all the MoU targets set by Govt. of India. The strong performance of your Company reflects the robustness of the business model and the ability to efficiently manage the challenges in the Indian power sector.

Despite all the odds, your Company this year saw sound profitability driven by strong asset growth and higher margins. Your Company, despite rising NPAs in the industry, maintained low NPAs of 0.52% of loan assets. Your Company is proud to stand tall among the best of the Public Sector in India. We remain among the youngest, most successful and profit-making compared to industry peers. On average, each of PFC's employees generates about Rs. 14 Crore worth of Profit. This is a remarkable achievement and we are immensely proud of it. As a young company, several challenges still lie ahead of us. However, your Company is geared up to face future challenges as well to deliver continued business performance.

The Economy

India's economy has faced some hardships over the past few years. With the world economy slowing, it was natural to expect a similar dampening effect on business sentiments in India as well. The great news, however, is that the economy is already showing signs of bouncing back, with several important economic indicators showing marked improvement. And, with a new, stable government in power, the situation is set to improve even more in the near future.

India continues to be one of the world's most exciting markets for foreign investors. Notwithstanding, the improving rates of return in Western Countries, Foreign Institutional Investors (FIIs) continue to pump money into the country, betting big on the Indian growth story. India's economic revival, coupled with positive business sentiment, is leading to a self-sustaining cycle of growth for India's economy.

The Union Budget presented by the new Government in June contains several steps to boost government income and reduce deficit figure. New Govt. has also identified infrastructure as its priority to push economic growth.

Outlook on Power Sector

The new Govt. has announced its intent towards development of Indian power sector by committing 24X7 uninterrupted power for all. The measures announced in the union budget for growth of Indian power sector include (1) tax benefits to promote investments into the sector (2) measures to improve AT&C losses (3) expressed intent to rationalize coal linkages to address coal shortage issue and (4) measures to push Renewable energy in a big way.



As per industry reports, the other positive developments addressing the fundamental challenges of power sector i.e. fuel shortage and weak financial health of DISCOMs are as follows: -

- An exercise to rationalize coal linkages is underway to optimize coal transportation.
- MoEF and MoP jointly reviewed projects pending for environment clearance to speed up the process in a coordinated manner.
- MoEF issued new guidelines aimed at enhancing coal production
- Availability of coal is being monitored at the highest level in the Govt
- Govt. is working with State Govts to expedite land acquisition
- CIL & Subsidiaries working on augmenting coal production by use of mass production technologies and stringent monitoring of coal block development
- Proposal to revive gas starved power projects is being considered by provision of subsidy through price pooling mechanism
- Regular Tariff increase by States for the past 3 years is a big positive to the sector
- Benefits of FRP package are visible with FRP States demonstrating noticeable improvement in their power supply, reduced cash losses and paying upfront subsidy on a monthly basis.
- R-APDRP Scheme an important Govt. of India scheme is progressing well, which aims at reducing AT&C losses below 15%
- Annual Rating of DISCOMs to incentivize DISCOMs to reform & perform is being carried out since fiscal 2013, which is being used by Banks / FIs to fund DISCOMs
- A loss reduction trajectory for bringing down national AT&C losses from 25% to 15% by 2021-22 has been finalized by Govt.

Given that new Govt. is geared up to the challenges of power sector with host of initiatives, I believe the power sector going forward will continue to see tariff increase regularly, reduction in AT&C losses and fuel availability will improve. I am therefore optimistic that worst is behind us and I see power sector revival going forward.

Performance Highlights

Your Company has delivered yet another year of significant achievements despite the tough environment. The net profit for fiscal 2014 has gone up by 23% from Rs. 4,420 Crore to Rs 5,418 Crore, driven by loan asset growth of 18% from Rs. 1,60,396 Crore to Rs. 1,89,231 Crore and increased margins (interest spread) by 59 basis points from 2.86% to 3.45%.

Given the sound profitability during fiscal 2014, your Company paid an interim dividend of 88%, which is almost 1.5 times of last fiscal's interim dividend. Further, an additional 2% dividend has been proposed as final dividend. Your Company therefore proposed to pay the shareholders a 90% dividend for fiscal 2014.

Despite the volatile interest rates and forex markets during the fiscal, your Company managed to raise Rs. 45,220 Crore keeping the cost of funds competitive at marginal cost of 8.96% (including Rs 5,000 Crore Tax-free bonds).

Your Company was also able to maintain low NPAs despite the industry showing trends of rising NPAs. As on 31.03.2014, Gross NPAs have come down to 0.65% from 0.71% last fiscal & net NPAs have come down to 0.52% from 0.63% last fiscal.

Business growth didn't suffer despite economy and power sector facing headwinds during fiscal 2014. Your Company managed loan sanctions of Rs. 60,729 Crore against a target of Rs. 59,000 Crore and disbursed Rs. 47,162 Crore against a target of Rs. 47,000 Crore for fiscal 2014. Further, we have outstanding loan sanctions of Rs 1.56 lakh crore (i.e more than 3 times the disbursements of fiscal 2014). This indicates the strong business pipeline going forward.

Other Business Highlights

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

Your Company has been offering consultancy services to Power Sector through PFCCCL. As on 31.03.2014, consultancy services have been rendered to 43 clients spread across 21 States/UTs by PFCCCL covering 80 number of assignments.

During the fiscal 2014 the total income of PFCCL was Rs. 55.19 Crore vis-à-vis Rs.36.49 Crore in the previous fiscal. The net profit earned by PFCCL during fiscal 2014 was Rs. 26.96 Crore as against net profit of Rs. 16.38 Crore last fiscal.

2. Push to Renewable Energy

PFC Green Energy Limited (PFC GEL), a wholly owned subsidiary of PFC, commenced its business operations in March, 2013. During fiscal 2014, PFCGEL made a significant progress in financing Renewable Energy Sector in its first full year of operation with a sanction of Rs. 304 Crore of debt for the development of 55 MW of renewable projects and disbursed Rs. 25 Crore. PFC GEL has been assigned the highest credit rating of SMERA AAA (IR) by SMERA Ratings Private Limited. PFC GEL has taken steps to increase its business in the Renewable energy sector and has signed a MoU with Indian Renewable Energy Development Agency Ltd. (IREDA) in May, 2014 to jointly finance renewable energy projects.

Additionally, your Company during fiscal 2014, sanctioned Rs. 846 Crore for projects of total capacity of 247 MW and disbursed around Rs. 457 Crore to renewable energy projects in State and Private Sectors.

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

PFC Capital Advisory Services Limited (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. PFCCAS has already captured syndication business worth about Rs.5,000 Crore cumulatively till 31.03.2014 pertaining to 7 power projects of 5,300MW capacity. During fiscal 2014, PFCCAS saw kick start of its operations by arranging sanction of loans of Rs. 1,060 Crore out of loans underwritten by PFC.

PFC's Support to Ministry of Power on Government of India Schemes

Your Company is playing a critical role in Govt. of India's initiatives for sustainable development of Indian power sector. Ministry of Power, Govt. of India, acknowledging PFC's stellar record in this endeavour, has appointed us the Nodal Agency for several key power sector initiatives, such as the Restructured Accelerated Power Development and Reforms Programme (R-APDRP), Ultra Mega Power Projects (UMPPs) and Independent Transmission Projects (ITPs).

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

Your Company, as nodal agency, has contributed significantly during fiscal 2014 in implementation of R-APDRP programme. As on 31.03.2014 almost entire sanctions against the eligible projects under part A and part B have been sanctioned amounting to Rs. 38,089 Crore, out of which Rs. 7,360 Crore has already been disbursed to state DISCOMs. Cumulatively, as on March 31, 2014, 1,372 towns have been ring fenced & baseline AT&C losses have been established in 1,251 towns. 509 towns have been declared Go-Live, under Part A for IT enablement of the distribution system. Your Company also facilitated capacity building by imparting training on various themes to personnel of Power Utilities for 25,800 man days against MoU target of 6,000 man days.

2. Ultra Mega Power Projects (UMPPs)

Your Company has been designated as the 'Nodal Agency' by Govt. of India for development of Ultra Mega Power Projects (UMPPs), with a capacity of about 4,000 MW each. 16 such UMPPs were identified, out of which 4 projects have been transferred to successful bidder, 2 projects are at RFP stage, 9 projects are at various stages of development and 1 project has been cancelled.

Govt. has come out with new Model Bidding Documents (MBDs) for case 2 bidding after addressing various concerns of developers; the most important change being the fuel pass through. PFC as a nodal agency conducted bidding of 2 UMPPs i.e. Odisha UMPP & Cheyyur UMPP in Tamilnadu based on new MBDs and received an overwhelming response from bidders.

3. Independent Transmission Projects (ITPs)

Ministry of Power has also initiated Tariff Based Competitive Bidding Process for development and strengthening of Transmission system through private sector participation. Your Company is acting as Bid Process Coordinator for these ITPs. As on 31.03.2014, 12 Special Purpose Vehicles (SPVs) were established, 2 by PFC and other 10 by PFCCL as wholly owned subsidiaries for ITPs. Out of these 8 SPVs have already been transferred to successful bidders, 1 has been awarded, 2 are under process and 1 ITP was liquidated.

4. Power Sector Reports by your Company

- **PFC's Annual Report on "Performance of State Power Utilities"** – This annual report published by your Company provides comprehensive analysis of financial & operational performance of Power Utilities highlighting progress & concerns of the sector. The 11th edition has already been finalized for fiscal 2013.



- **PFC's Quarterly Research Report on State Power Utilities** – This quarterly report published by your Company provides snapshot of key operational & financial parameters & reform status of various State Power Utilities. The latest report was issued for Jan- Mar, 2014 quarter.
- **Annual Rating of DISCOMs** - To incentivize DISCOMs to reform & perform, an Annual Rating exercise of DISCOMs is being carried out since fiscal 2013, which is being coordinated by your Company. The Annual rating captures all DISCOMs performance on operational, financial, regulatory, reform related parameters based on a uniform approach. The 2nd Report based on fiscal 2013 financial accounts has since been finalised. Non-performance / Non-compliance of DISCOMs on above parameters will not only adversely affect the rating of DISCOMs but also the funding of DISCOMs by Banks and FIs as they use these ratings while funding DISCOMs.

The power sector reports published by your Company are widely used by all stake holders like policy makers, developers, lenders, equity analysts, regulators etc. for corrective and proactive measures.

Other Initiatives

Corporate Governance

Your Company believes that Corporate Governance is, essentially, the application of best management practices, compliance with law in the letter and spirit, adherence to ethical standards for effective management and the discharge of social responsibility for sustainable development of all stakeholders.

Your Company's philosophy of corporate governance embodies the dual goals of protecting the interests of all stakeholders while respecting the duty of the Board and senior management to oversee the affairs of a company and promote long-term growth and profitability. The corporate structure, business and disclosure practices of the company have been aligned to its Corporate Governance Philosophy.

Corporate Social Responsibility (CSR)

Your Company discharges its social responsibility obligations as a part of its growth philosophy. It has been your Company's endeavor to act as a responsible corporate citizen committed to improving the welfare of the society.

Your Company has entered into an MoU with Govt. of India for spending during the fiscal 2014, an amount equivalent to 1% of the Profit after Tax (PAT) of fiscal 2013 (i.e. about Rs. 44 Crore) on CSR&SD activities. The funds were mainly disbursed for implementing a wide range of social interventions in the field of Skill Development, Renewable Energy, providing relief & rehabilitation to the victims of natural calamities etc. in various States.

Future Strategy

Your Company intends to focus on its core competency of financing power sector and further consolidate its position in the Indian Power Sector. Additionally, it also intends to continue to reform Indian power sector by participating in various Govt. of India Schemes aimed at sustainable development of power sector. Your Company therefore would continue to play a dual role of both financing and reforming Indian power sector.

To further its strategy to consolidate its position in power sector, your Company is giving a big push to funding renewable projects through its wholly owned subsidiary PFCGEL. Your Company aims to turn PFCGEL as the principal financier for renewable projects in India. Additionally, as the capacity addition is increasingly coming from private sector the funding will be by a consortium of Banks/FIs given the exposure constraints. Envisaging this your Company has already floated PFCCAS to offer loan syndication services. To generate more fee based income PFCCAS intends to expand its operations into advisory services in addition to syndication services. Your Company is also exploring to expand its operation into allied sectors with long term objective of sustainable development of Indian power sector for accelerated economic growth.

Another important aspect in today's world is Corporate Governance. Your Company holds itself to the very highest standards of Corporate Governance and complements it with a strong and effective Risk Management System. This synergistic approach ensures that, while we're constantly on the lookout for effective ways to boost our business, we do so strictly within the ambit of the policy framework.

Corporate Social Responsibility has assumed an even more important role since the new Companies Act was brought into force. PFC believes that working for societal betterment is privilege, which is reflected in the CSR work your Company has done in the last few years. As on 31 Mar, 2014, your Company has cumulatively spent Rs. 88.27 Crore on CSR.

Acknowledgements

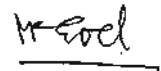
Your Company has performed under testing times when both the economy and power sector was facing severe stress. I would particularly like to thank our largest shareholder, Ministry of Power, for extending their support and guidance during the tough times without which we would not have achieved what we have during the year. Your Company is truly grateful for the support it has received from its Board of Directors, Shareholders and investors for having faith in us, year after year.

I take this opportunity to also express my gratitude to the Hon'ble Minister of State for Power, Coal and New & Renewable Energy, 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, and various international financial institutions/banks, Commercial Banks, Financial Institutions, Registrars and other agencies for their continuous support. I would also like to extend my immense gratitude to the Electronic and Print Media, whose honest and unbiased coverage of our achievements have helped reinforce our shareholders' confidence in us.

Your Company would not have reached the position where it is today without the unstinted support of a motivated and highly committed workforce. The Company's performance for the year under review is a testimony of hard work, dedication and commitment by entire PFC family, including my colleagues on the Board, which I place on record.

My special thanks and warm appreciation are also due to our valued clients for reposing faith in the Company and also for their valued suggestions, which have definitely gone a long way in the betterment of our performance. I hope the coming years will further strengthen this partnership.

I would once again like to thank all who have immensely contributed to our success and look forward for their continued support and guidance in future as well.



(M.K. Goel)
Chairman & Managing Director

AWARDS



Shri M.K. Goel, CMD, PFC receiving the prestigious "EnerTia Award 2013" in the category of "Best Power Sector Financing Company", at a function organised by Falcon Media.



Shri M.K. Goel, CMD, PFC receiving the coveted "India Pride Award" for the year 2013-14 from Shri M.M. Padam Raju, former Hon'ble Union Minister for HRD.

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of Power Finance Corporation Ltd. will be held on Friday, the September 26, 2014 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 financial statements of the Company for the financial year ended March 31, 2014, the Reports of the Board of Directors and Auditors thereon.
2. To confirm interim dividend and declare final dividend for the year 2013-14.
3. To appoint a Director in place of Shri A. K. Agarwal (DIN:01987101), who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix the remuneration of the Statutory Auditors.

SPECIAL BUSINESS

5. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as Special Resolutions:

RESOLVED THAT pursuant to provisions of Section 14 and all other applicable provisions of Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

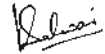
6. To raise funds upto ₹55,000 crore through issue of Bonds/Debentures/notes/debt securities on Private Placement basis and in this regard to consider and if thought fit, to pass, with or without modification(s), following resolutions as Special Resolutions:

RESOLVED THAT in modification of resolution passed through postal ballot on June 20, 2014 for raising of resources through Private Placement of Bonds / Debentures / notes / debt securities etc., the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee of its members) be and is hereby authorized, pursuant to the provisions of Section 42 and other applicable provisions of the Companies Act, 2013 read with Rule 14 (2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other applicable statutory provisions (including any statutory modification or re-enactments thereof) to make offer(s) or invitation(s) to subscribe to the secured/ unsecured, redeemable, non-

convertible, taxable/tax-free, senior/subordinated bonds/debentures/notes/debt securities to the extent of ₹55,000 crore in one or more tranches / series through private placement, in India and/or outside India, during the period commencing from the date of passing of Special Resolution till completion of one year thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary to give effect to private placement of such bonds/debentures/notes/debt securities including but not limited to determining the face value, issue price, issue size, tenor, timing, amount, security, coupon/interest rate, yield, listing, allotment and other terms and conditions of issue of Bonds as they may, in their absolute discretion, deem necessary.

By order of the Board of Directors



Manohar Balwani
Company Secretary

Registered office:

Urjanidhi, 1, Barakhamba Lane,
Connaught Place,
New Delhi- 110001
CIN: L65910DL1986GOI024862
Date : 25.08.2014

NOTES:-

1. A Member entitled to attend and vote at the Annual General Meeting ('Meeting') is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a Member of the Company. The instrument appointing a proxy should, however, be deposited at the registered office of the Company, not less than forty-eight hours before the commencement of the Meeting. Blank proxy form is enclosed. Proxy so appointed shall not have any right to speak at the meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. 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 Meeting.
4. Every member entitled to vote at a meeting of the company or on any resolution to be moved there at, shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the



company, provided not less than three days' notice in writing of the intention to inspect is given to the company.

5. In compliance with provisions of Clause 35B of the Listing Agreement as well as Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is offering E-voting facility to all the Shareholders of the Company in respect of items to be transacted at this Meeting. The user-id & password is mentioned at the bottom of the Attendance Slip/ email forwarded through the electronic notice. Instructions for e-voting are given hereunder. All members are requested to read those instructions carefully before casting their e-vote. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Meeting. Members who have not voted electronically can cast their vote at the venue.

PROCEDURE AND INSTRUCTIONS FOR E-VOTING

A. In case of member receives an email from Karvy [applicable to members whose email IDs are registered with the Company / Depository Participant(s)]

- The said email contains your user ID and Password / PIN for e-voting. Please note that the password is an initial password mentioned in the Attendance Slip/ via email forwarded through the electronic notice
- Members of the Company holding shares either in physical form or in dematerialized form, as on cutoff date i.e. August 22, 2014 may cast their vote electronically.
- To use the following URL for e-voting: <https://evoting.karvy.com>

User-ID	For Members holding shares in Demat Form:- For NSDL :- 8 Character DP ID followed by 8 Digits Client ID For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the Company
Password	Your Unique password is printed on the Attendance Slip/ via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- After entering these details appropriately, click on "LOGIN".
- Members holding shares in Demat/Physical form will now reach password change /Forgot Password menu wherein you are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower

case (a-z), one numeric value (0-9) and a special character (like *,#,@ etc) Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc. on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- You need to login again with the new credentials.
- On successful login, system will prompt to select the 'Event'. (E-voting Event Number) Power Finance Corporation Limited (the number is provided in the Attendance Slip/via e-mail forwarded through the electronic notice). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your vote.
- If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
- Voting has to be done for each item of the Notice separately.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send the scanned copy (PDF format) of the relevant Board Resolution / Authority letter etc., together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through email to s.pfcitd@gmail.com with copy to evoting@karvy.com.

- n. Please contact toll free No. 1-800-34-54-001 for any further clarifications.
- B. In case a member receives physical copy of the notice of AGM (applicable to members whose email IDs are not registered with the Company / Depository Participant(s) or are requesting physical copy)**
- Enter the login credential (please refer to the user id and initial password mentioned in the attendance slip of the AGM).
 - Please follow all steps from Sl.No (a) to (n) above, to cast vote.
 - The e-voting facility will be available during the following voting period:
- C. The e-voting period commences on September 20, 2014 at 10.00 am and will end at 6.00 pm on September 22, 2014. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 22, 2014, may cast their vote electronically. The e-voting module will be disabled on September 22, 2014 after 6.00 pm.**
- D. Other instructions:**
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the downloads section of <https://evoting.karvy.com>.
 - If you are already registered with Karvy Computershare Pvt. Ltd. for e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communications.
 - Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Meeting.
 - The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date being August 22, 2014.
 - Ms. Archana Bansal, Practising Company Secretary has been appointed as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the meeting.
 - The Results on resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.
- ix. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.pfcindia.com) and on Karvy's website (<https://evoting.karvy.com>) within two (2) days of passing of the resolutions and shall also be communicated to BSE Limited and National Stock Exchange of India Limited.
- A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
 - As required by clause 49 of Listing Agreement, a brief profile of Shri A. K. Agarwal, Director retiring by rotation and seeking re-appointment under item no. 3 of the notice in accordance with applicable provisions of the Companies Act, 2013 is forming part of the notice.
 - Members are requested to:-
 - note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - 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.
 - quote their Folio / Client ID & DP ID Nos. in all correspondence.
 - note that due to strict security reasons brief cases, eatables and other belongings are not allowed inside the auditorium.
 - note that no gifts/coupons will be distributed at the Annual General Meeting.
 - note that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 - The Board of Directors in its meeting held on February 4, 2014 had declared an interim dividend @ 88% (₹8.80 per share) on the paid-up equity share capital of the company, which was paid on February 17, 2014. 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.
 - The Register of Members and Share Transfer Books of the Company will remain closed from September 12, 2014 to September 26, 2014 (both days inclusive). The final dividend on equity shares as recommended by the Board of Directors, subject to the provisions of the Companies Act, if approved by the members at the Annual General Meeting, will be paid on or after October 9, 2014 to the Members or their mandates whose names appear on the Company's Register of Members on September 26, 2014 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, 2014.

11. 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. Therefore, Members are advised to encash their Dividend warrants immediately on receipt. The details of investors' (whose payment is due) are available on MCA website (Form 5 INV) as well as company's website so as to enable the investors to claim the same.
12. 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.
13. 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/ RTA/DP with complete details need not send it again.
14. 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.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Karvy.
16. 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.
17. 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 Registrar & Share Transfer Agent.
18. The Members of the Company in the 27th Annual General Meeting held on September 26, 2013 authorized the Board of Directors to fix the remuneration of Statutory Auditors for the FY 2013-14. Accordingly, the Board of Directors fixed audit fee of ₹20,00,000/- for the Statutory Auditors for the FY 2013-14 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 FY 2014-15 have been appointed by C&AG of India, the members may authorize the Board of Directors to fix an appropriate remuneration of Auditors for the FY 2014-15 as may be deemed fit by the Board.
19. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to 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.
20. 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.
21. 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.
22. Members desirous of getting any information on financial statements and any other business of this Meeting are requested to address their queries to Company Secretary of the Company at the registered office of the Company at least fifteen days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
23. All relevant 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.
24. The entire Annual Report is also available on the Company's website www.pfcindia.com.

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

The following statement sets out the material facts relating to the special business mentioned in Item No.5 and 6 of the accompanying Notice:

Item No. 5

The Companies Act, 2013 passed by the Parliament had received the assent of the President of India on August 29, 2013. The Companies Act, 2013 was notified in the Official Gazette on August 30, 2013.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Companies Act, 2013 which deal with the general working of companies stand notified.

The extant Articles of Association (AoA) of the Company were last amended on February 3, 2006. The existing AoA are based on the Companies Act, 1956.

With the coming into force of the New Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

In terms of Section 14 of the Companies Act, 2013 the Company may by special resolution, alter its Articles. The new AoA to be substituted in place of the existing AoA are broadly based on Table 'F' of the Act which sets out the model articles of association for a Company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

The Board recommends the Resolution for your approval as Special Resolution.

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

This resolution does not relate to or affects any other company.

Item No. 6

The Company is a notified public financial institution under Section 2(72) of the Companies Act, 2013 and a systemically important non-deposit taking Non Banking Financial Company classified as an Infrastructure Finance Company by the Reserve Bank of India. The Company is engaged in providing financial assistance to Power Utilities for meeting financing and development requirements of the power sector. To meet its fund requirement, PFC has been raising the funds by way of issuance of bonds, term loans from Banks/FIs and ECBs etc.

The main constituents of the Company's borrowings are generally in the form of Public / Private Placement of Long / Short Term Taxable bond / Tax free bond / Infrastructure Bonds / Zero Coupon Bonds/ Subordinated bond / other bonds, ECB by way of Syndicated Loan / Line of Credit, Long-term, Medium term and Short term loans (including commercial paper).

The provisions of section 42 of The Companies Act, 2013 read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 mandate the Company to seek approval of shareholders by means of a Special Resolution for raising funds through private placement of non-convertible debentures.

For FY 2014-15, the shareholders of the company have already granted approval, through postal ballot on June 20, 2014, to raise funds through private placement of non convertible debentures to the extent of ₹44,000 crore. However, for obtaining approval of shareholders to raise funds through private placement of non-convertible debentures beyond March, 2015, the company would have to either call an extraordinary general meeting or go for postal ballot. Thus, for operational convenience it is proposed to take an enabling approval of shareholders for raising funds through private placement of non-convertible debentures to the extent of ₹55,000 crore during the period of one year from the date of current AGM.

The Board recommends the Resolution for your approval as Special Resolution.

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

This resolution does not relate to or affects any other company.

All relevant 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.

**BRIEF RESUME OF THE DIRECTOR SEEKING RE-APPOINTMENT AT 28th AGM**

Name	Shri A.K. Agarwal
Date of Birth and Age	08.12.1956/57 years
Date of Appointment	13.07.2012
Qualification	BE(Elect) with Hons.
Expertise In Functional Areas	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.
Directorship In other companies	<ul style="list-style-type: none">• PFC Consulting Limited• Coastal Karnataka Power Ltd.• Chattisgarh Surguja Power Ltd.• Orissa Intergrated Power Ltd.• Sakhigopal Intergrated Power Ltd.• Ghogarpali Intergrated Power Ltd.• Tatlya Andhra Mega Power Ltd.• PFC Green Energy Limited• PFC Capital Advisory Services Ltd.• Odisha Infra Power Ltd.
Chairman/Membership of committees* across all public companies	Power Finance Corporation Ltd. Member, Audit Committee Member, Stakeholders Relationship and Shareholders' / Investors' Grievance Committee of Directors
Number of shares held in the company	25859

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

DIRECTORS' PROFILE

Shri M.K. Goel

**Chairman and Managing Director &
Director (Commercial)**



Shri Mukesh Kumar Goel, 57 years, is the Chairman and Managing Director (CMD) of PFC. As CMD, he heads the company and provides strategic direction and guidance to all the activities of the company. Additionally, he is also Director (Commercial) overseeing the operations of the Commercial Division.

Shri Goel holds a Bachelor's degree in Technology specializing in Electrical Engineering from Kanpur University. He has 35 years of varied power sector experience in premier Central PSUs. He has more than 25 years experience of financing power sector with over 7 years of board level experience. He also has over 9 years power generation experience in NHPC.

Under his leadership, PFC has shown continued business growth with enhanced financial and operational performance despite tough economic environment and critical power sector issues. As a result, PFC has achieved all the MoU targets set by Govt. of India for FY 2013-14. He also ensured a kick start to business of renewables and loan syndication through PFC's subsidiaries supplementing PFC's performance.

He has been playing a critical role in implementation of power sector reform initiatives of Govt. of India like the R-APDRP, annual rating exercise of DISCOMs, FRP etc. He was instrumental in expediting Odisha & Cheyyur UMPPs with new Model Bidding Documents and achieved good response from bidders.

Shri M.K. Goel was holding 12389 equity shares in the Company as on March 31, 2014.

**Shri R. Nagarajan
Director (Finance)**



Shri Radhakrishnan Nagarajan, 57 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 was 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, 2014.

**Shri A. K. Agarwal
Director (Projects)**



Shri Anil Kumar Agarwal, 57 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 35 years in the power sector in various capacities in BHEL and PFC. In BHEL he was responsible for commissioning of Thermal plants at various project sites in Northern India. Shri Agarwal has been serving PFC for more than 23 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. He was also holding the charge of CEO, PFC GEL a 100% subsidiary of PFC and was Chairman of EESL (a JV of PFC).

Shri Anil Kumar Agarwal, was holding 25859 equity shares in the Company as on March 31, 2014.

**Shri B.N.Sharma
Govt. Nominee Director**



Shri B. N. Sharma, 55 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 is an IAS officer of the Rajasthan cadre and has experience in the civil services for about 28 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 Chairman 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, 2014.

Shri J. N. Prasanna Kumar
Independent Director



Shri J. N. Prasanna Kumar, 64 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, 2014.

Shri Vijay Mohan Kaul
Independent Director



Shri Vijay Mohan Kaul, 62 years, holds a Bachelor's degree in Mechanical Engineering from IIT, Delhi and a MBA Degree. Shri Kaul has over 39 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, 2014.

Shri Yogesh Chand Garg
Independent Director



Shri Yogesh Chand Garg, 50 years, is a Honours Graduate in Commerce and Bachelor degree Law. He is a fellow member of the Institute of Chartered Accountants of India. In a professional career spanning over 26 years, he has rendered services in the field of Audit, Consultancy in finance, Income tax matters, Service Tax and other fiscal laws to various

private sector companies, public sector banks, societies and other forum of business establishment.

Shri Garg had represented as executive member, Ghaziabad branch of CIRC of ICAI and Tax BAR Associations as Secretary & President. He is associated with various charitable societies, NGO as, consultant, adviser, auditor and member of executive committees.

Shri Garg took part in various professional discussions and participated actively and contributed at conferences/ Seminar for development of professional knowledge and skill.

Shri Yogesh Chand Garg was holding nil equity shares in the Company as on March 31, 2014.

DIRECTORS' REPORT 2013-2014

To
The Members,
Power Finance Corporation Limited

On behalf of Board of Directors, I have pleasure in presenting 28th Annual Report on the performance of your company for the financial year ended March 31, 2014 along with Audited Statements of Accounts, Auditor's Report & review of accounts by the Comptroller and Auditor General of India.

1.0 FINANCIAL HIGHLIGHTS

(a) PROFITABILITY

(₹ in crore)

Particulars	2013-14	2012-13
Profit Before Tax	7558.31	5967.04
Less: Provision for Income Tax (current year)	(-) 2075.81	(-) 1543.57
Less: Provision for Income Tax (earlier years)	(-) 10.32	128.49
Less: Deferred Tax Liability	(-) 54.43	(-) 132.36
Profit After Tax	5417.75	4419.60
Transfer to CSR and SD Reserve	0.00	18.85
Transfer towards provision for Bad & Doubtful Debts u/s 36(1) (vii) (c) of Income Tax Act, 1961	321.43	250.40
Transfer to Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	1464.74	1155.90
Debenture Redemption Reserve	271.23	219.06
Interim Dividend	1161.64	792.01
Proposed Final Dividend	26.40	132.00
Corporate Dividend Tax paid on Interim Dividend	197.41	128.48
Corporate Dividend Tax on Proposed Final Dividend	4.49	22.43
Transfer to General Reserve	542.00	442.00
Balance carried to Balance Sheet	1428.41	1258.47

(b) LENDING OPERATIONS

(₹ in crore)

Particulars	2013-14	2012-13
Sanction	60729	75147
Disbursement	47162	45151

(c) R-APDRP OPERATIONS

(₹ in crore)

Particulars	2013-14	2012-13
Sanctioned project cost	4331	3728
Disbursement	640	1217

2.0 FINANCIAL PERFORMANCE

2.1 REVENUE

The total income achieved by your Company during the FY 2013-14 was ₹21,537.46 crore registering growth of 24.69%

over the total income of ₹17,272.55 crore earned during FY 2012-13. Operating income for the year increased from ₹17,266.14 crore to ₹ 21,522.42 crore registering a growth of 24.65%. Interest income including lease income for the FY 2013-14 was at ₹ 20,978.71 crore against ₹16,922.91 crore in FY 2012-13.

2.2 EXPENSES

The total expenditure during FY 2013-14 amounted to ₹13,979.15 crore as against total expenditure of ₹11,305.51 crore in FY 2012-13. Interest, finance and other charges including bond issue expenses incurred during FY 2013-14 amounted to ₹13,278.68 crore in FY 2013-14 as against the corresponding expenses of ₹11,088.41 crore in FY 2012-13. This constituted 94.99% of total expenses in FY 2013-14 as compared to 98.08% during last fiscal. Employee Benefit expenses and other expenses were 0.57% and 0.60% respectively of total expenses as against 0.72% and 0.37% respectively during the previous year. Total Employee Benefit expenses and other expenses during FY 2013-14 constituted 0.09% of the Net Loan Assets of your company.

2.3 PROFIT

During the FY 2013-14, your Company earned a net profit of ₹5,417.75 crore viz-a-viz ₹4,419.60 crore for the FY 2012-13 registering an increase of 22.58%.

2.4 SHARE CAPITAL

As on April 1, 2013 the paid-up share capital of your Company was ₹1,320.02 crore consisting of 132,00,15,011 equity shares of ₹10 each of which the Government of India held 73.72% of the paid-up capital. During the FY 2013-14, Government of India set up a fund namely Goldman Sachs CPSE Exchange Traded Scheme ("GS CPSE B&ES") launched by Goldman Sachs Asset Management (India) Private Limited (AMC). In March 2014, Government of India, Ministry of Power, acting through Department of Disinvestment, has disinvested 1,21,06,076 equity shares of face value of ₹10/- each to the said fund. After disinvestment, the holding of Government of India in the paid up equity share capital of the Company has come down to 72.80%.

Further, during the FY 2013-14, 25,693 equity shares having face value of ₹10 each, were allotted to the employees under the Company's Employee Stock Option Plan titled as "PFC-ESOP 2010". Consequent to this allotment, the paid-up equity share capital of the Company stands increased to ₹1,320.04 crore consisting of 1,32,00,40,704 equity shares of ₹10 each as on March 31, 2014.

2.5 DIVIDEND

Your Directors have recommended a final dividend of ₹0.20 per equity share in addition to an interim dividend of ₹8.80 per equity share on paid up equity share capital of ₹ 1,320.04 crore, which was paid in Feb 2014. The total dividend for the FY 2013-14 thus aggregates to ₹ 9.00 per equity share as against ₹7.00 per equity share paid for the previous year. The final dividend will be paid after your approval at the Annual General Meeting. The total



dividend pay-out for the FY 2013-14 will thus amount to ₹1,188.04 crore representing 21.93% of the profits after tax as against a dividend pay-out of ₹924.01 crore representing 20.91% of the profits after tax in the previous year.

2.6 ISSUE OF TAX FREE BONDS

Your company mobilized resources to the tune of ₹3875.90 crore by public issue of Tax Free Bonds Tranche-I from October 14, 2013 till November 5, 2013 in six series i.e. Series 1A, 1B, 2A, 2B, 3A and 3B bearing interest rate of 8.18% for 10 years, 8.43% for 10 years, 8.54% for 15 years, 8.79% for 15 years, 8.67% for 20 years and 8.92% for 20 years respectively. The date of allotment of said public issue of Tax Free Bonds listed on Bombay Stock Exchange (BSE) was November 16, 2013. The funds raised from the said public issue were utilized towards lending purposes and debt servicing.

Your company also mobilized resources to the tune of ₹1,124.10 crore by Private Placement of Tax Free Bonds issue in the month of August, 2013 in one series i.e. Series 107 (A&B)

3.1 Financial Assistance (Excluding R-APDRP)

3.1.1 Sector-wise

Category	2013-14		Cumulative upto March, 2014	
	Sanctions	Disbursements	Sanctions	Disbursements
State Sector	46161	32790	332064	217740
Central Sector	500	919	34033	31650
Private Sector	13010	11259	72931	37069
Joint Sector	1058	2194	18287	14819
Total	60729	47162	457315	301278

(₹ in crore)

3.1.2 Discipline-wise

Category	2013-14		Cumulative upto March, 2014	
	Sanctions	Disbursements	Sanctions	Disbursements
Thermal Generation	29352	26320	254934	158433
Hydro Generation	10581	4389	47247	29386
Wind, Solar, Bagasse and Biomass	757	420	3142	2057
Renovation and Modernization of Thermal Power Stations	1238	428	8964	6787
Renovation & Upgrading of Hydro Power Projects	277	83	1845	1163
Transmission	3208	2046	41772	23185
Distribution	4400	993	20308	13224
Short Term Loans	3927	2678	42691	39768
Counterpart Funding for R-APDRP Part B	599	709	4912	724
Transitional Finance	4381	7341	22569	20159
Others*	2009	1755	8931	6392
Total	60729	47162	457315	301278

(₹ in crore)

* 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, Computerization, Funding of Regulatory Assets, Loan Against Receivables etc.

bearing interest rate of 8.01% p.a. and 8.46% p.a. for 10 years and 15 years respectively. The date of allotment of the said Private placement of Tax Free Bond was August 30, 2013. These bonds have been listed on National Stock Exchange (NSE) and subsequently on Bombay Stock Exchange (BSE).

3.0 LENDING OPERATIONS

Your Company issued sanctions of loans amounting to ₹60,729 crore during the FY 2013-14 to State, Central, Private and Joint Sector entities. An amount of ₹47,162 crore was disbursed to State, Central, Private and Joint Sector entities during the same period. With this, as on March 31, 2014, cumulative sanctions amount to ₹4,57,315 crore and cumulative disbursements amount to ₹3,01,278 crore.

In addition to above, projects worth ₹4,331 crore were sanctioned under R-APDRP scheme during FY 2013-14 and ₹640 crore were disbursed. With this as on March 31, 2014, cumulative sanctions amount to ₹38,089 crore under R-APDRP scheme and cumulative disbursements amount to ₹7,360 crore.

3.1.3 Product-wise

(₹ in crore)

Category	2013-14		Cumulative upto March, 2014	
	Sanctions	Disbursements	Sanctions	Disbursements
Term Loans	47855	36053	380376	234514
Short Term Loans	3927	2678	42691	39768
Transitional Finance	4381	7341	22569	20159
Grants	1	2	72	57
Others **	4565	1088	11607	6780
Total	60729	47162	457315	301278

** Others include Leasing, 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	2013-14		Cumulative upto March, 2014	
	Sanctioned project cost	Disbursements	Sanctioned project cost	Disbursements
Part A (IT)	115	427	5348	2470
Part A (SCADA)	131	3	1601	415
Part B	4085	210	31140	4475
Total	4331	640	38089	7360

3.3 GENERATION PROJECTS

₹ 47,247 crore out of which ₹ 29,386 crore has been disbursed till March 31, 2014.

3.3.1 THERMAL PROJECTS

Thermal Power generation comprises a major proportion of India's total installed capacity. During the FY 2013-14, the Company has sanctioned loans amounting to ₹29,352 crore and disbursed an amount of ₹26,320 crore. The cumulative financial support provided by the Company for thermal generation schemes is ₹2,54,934 crore out of which ₹1,58,433 crore has been disbursed till March 31, 2014.

The major thermal generation projects sanctioned by your Company during the year are: APGENCO's Kakatiya Stage III TPP (800 MW) & Ramagundem TPP (660 MW), MPPGCL's Satpura TPP Extension (660 MW), SEPC Power Pvt. Ltd.'s coal based TPP at Tuticorin (525 MW) and Trishakti Power Private Ltd.'s coal based TPP at Barabanki (250 MW).

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 2013-14, loans amounting to ₹10,581 crore were sanctioned and an amount of ₹4,389 crore was disbursed by your company. The cumulative financial support provided by the Company for hydro generation scheme is

3.4 RENOVATION, MODERNISATION AND LIFE EXTENSION

3.4.1 THERMAL PROJECTS

During the FY 2013-14, loans worth ₹1,238 crore were sanctioned for R&M and life extension of thermal power plants and an amount of ₹ 428 crore was disbursed. Cumulatively, an amount of ₹ 8,964 crore has been sanctioned and ₹ 6,787 crore stands disbursed till March 31, 2014.

3.4.2 HYDRO PROJECTS

During the FY 2013-14, loans worth ₹277 crore were sanctioned for R&M of Hydro power projects and an amount of ₹83 crore was disbursed. Cumulatively, an amount of ₹1,845 crore has been sanctioned and ₹ 1,163 crore stands disbursed till March 31, 2014.

3.5 TRANSITIONAL LOANS

Your Company has formulated Broad Guidelines for Transitional Financing to Discoms for supplementing the Financial Restructuring Scheme approved by Government of India 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. Your Company has sanctioned transitional loans of ₹22,569 crore to various Discoms in the states of Punjab, Haryana, Uttar Pradesh, Rajasthan and Tamil Nadu against which an amount of ₹20,159 crore has already been disbursed by the company as on March 31, 2014. Further, out of the total loan disbursed to Uttar Pradesh, your company has subscribed to the bonds of U P Power Corporation Ltd. for an amount of ₹1,171 crore as per the FRP.

4.0 REALISATION

Your Company gives utmost priority to the realisation of its dues towards principal, interest etc. Out of ₹39,674.86 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 ₹38,753.94 crore was actually realised representing an overall

recovery rate of 97.68% (previous year 99.15%). This overall recovery rate has been consistently maintained at 96-99% for over past decade. Your company has achieved recovery rate of 98.17% in respect of principal amount due during the year.

In terms of Prudential Norms, as applicable, the provisioning on Non Performing Loan Assets has been increased by an amount of ₹121 crore during the year. The Company has made a total provision of ₹242 crore towards Non-Performing Assets (NPA) against Loan Assets in its Annual Accounts upto the year 2013-14. After making provision on NPA, the level of net Non-Performing Assets (NPA) has been recorded at ₹985 crore which is 0.52% to the Total Loan Assets as on March 31, 2014.

In addition to above, the company has also made a provision of ₹469.42 crore on standard assets outstanding as on March 31, 2014, 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 RESTRUCTURED LOANS

The details of loans restructured during the FY 2013-14 are as follows:

(₹ in crore)

Particular		FY 2013-14	FY 2012-13
Standard Loans Restructured	No. of Borrowers	5	7
	Amount Outstanding	3955.36	3699.84
Sub-Standard Loans Restructured	No. of Borrowers	1	1
	Amount Outstanding	27.20	325.00
Doubtful Loans Restructured	No. of Borrowers	1	-
	Amount Outstanding	414.97	-
Total	No. of Borrowers	7	8
	Amount Outstanding	4397.53	4024.84

6.0 BORROWINGS

6.1 BORROWINGS FROM DOMESTIC MARKET

Your Company mobilized funds amounting to ₹45,220.06 crore from the domestic market during FY 2013-14 as against ₹37,751.21 crore mobilized during FY 2012-13 comprising of ₹28,574 crore through issue of unsecured/secured taxable/Tax free bonds in the nature of debentures, ₹14,614 crore by way of long/medium term loans from Banks/FIs, and ₹2,032.06 crore by issue of Commercial Paper and Short term Loans.

6.2 EXTERNAL BORROWINGS

During the FY 2013-14, your Company could not raise foreign currency loan due to the global economic slowdown, unfavourable market conditions and the unavailability of funds at a competitive rate.

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 ₹4850 crore were maintained with various scheduled commercial banks for short term funding which do not bear any commitment charges towards unutilized limits.

7.0 FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign exchange outgo aggregating ₹259.52 crore was made on account of debt servicing, financial & other charges and training expenses.

The Foreign exchange earnings for the FY 2013-14 were nil.

8.0 CREDIT RATING

Domestic

Ratings assigned by domestic rating agencies during FY 2013-14, for Company's long term domestic borrowing programme (including bank loans) were 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 2013-14, the international credit rating agencies Moody's, Fitch and Standard and Poor's have given to the company, long term currency issuer ratings of Baa3, BBB- and BBB- respectively, which are at par with sovereign rating for India.

9.0 RISK MANAGEMENT

9.1 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 & 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, 2014 is set out below:

(₹ in crore)

Maturity pattern of certain items of Assets and Liabilities based on Audited Balance Sheet as on March 31, 2014							
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Beyond 2018-19	Total
Rupee Loan Assets	13749	15496	17377	17711	17424	106890	188647
Foreign Currency Assets	43	46	48	23	22	166	348
Investments	0	0	0	0	0	352	352
Foreign Currency Liabilities	3699	1988	1930	1110	21	178	8926
Rupee Liabilities (Bonds + RTL + STL)	17425	21902	17439	14705	18322	60902	150695

9.2 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, 2014, the total foreign currency liabilities were USD 999.13 million, JPY 41,643.20 million and Euro 20.87 million. On an overall basis, the currency exchange rate risk is covered to the extent of 18% through hedging instruments and lending in foreign currency.

9.3 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 for monitoring of the identified risks. The unit continuously monitors the risks from time to time and ensures that the risks are being mitigated on time.

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

10.1 UMPPs

Your Company has been designated as the 'Nodal Agency' by Ministry of Power (MoP), Government of India, for development of Ultra Mega Power Projects (UMPPs), with a capacity of about 4,000 MW each. Sixteen 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 UMPP in Andhra Pradesh (Prakasam), Tamil Nadu, Gujarat, Jharkhand (Deoghar) and Bihar.

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'. Till March 2014, 15 Special Purpose Vehicles (SPVs) were established by the Company for UMPPs, out of these, 13 SPVs were incorporated to undertake preliminary site investigation activities necessary for conducting the bidding process for the projects. These SPVs shall be transferred to successful bidder(s) selected through Tariff Based International Competitive Bidding Process for implementation and operation.

Out of these 13 SPVs, 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



The remaining two SPVs were incorporated during the FY 2013-14 by PFC for holding the land for Cheyyur UMPP and for holding the land and coal blocks for Odisha UMPP. These SPVs would be transferred to the respective procurers of power from these projects.

During the year, the RfQ for Odisha and Chattisgarh UMPPs based on the existing Standard Bidding Documents (SBDs) were annulled on the direction of Ministry of Power. The revised SBDs were issued by MoP in September, 2013. Accordingly, the bidding process for two UMPPs viz. Cheyyur and Odisha UMPPs were initiated during the year on the basis of these revised SBDs. Further, the RfQ for Chhattisgarh UMPP will be issued afresh on the revised (SBDs) on clearance of coal blocks allocated to the project or allocation of new coal blocks. Further, the Government of Andhra Pradesh decided not to proceed further with the 2nd UMPP in Andhra Pradesh and in view of the same, it was decided by the Ministry of Power for the closure of the Project. Action has been initiated to wind up the SPV / strike off name of SPV from the records of Registrar of Companies (ROC).

10.2 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 preliminary survey work, identification of route, preparation of survey report, initiation of process of land acquisition for sub-stations, if any, initiation of process of seeking forest clearance, if required etc.

Till March 2014, 12 Special Purpose Vehicles (SPVs), 2 by PFC and other 10 by PFC Consulting Limited were established as wholly owned subsidiaries for ITPs. Out of these 12 SPVs, Bokaro-Kodarma Maitlon Transmission Company Limited was liquidated in December 2010 and 4 SPVs were transferred to the successful bidders till March 31, 2013. During the FY 2013-14, PFCCL has transferred the following 4 more SPVs to successful bidders:

S. No	Name of SPV	Successful Bidder	Date of Transfer
1	Patran Transmission Company Ltd	Techno Electric and Engineering Company Ltd	November 13, 2013
2	Purulia & Kharagpur Transmission Company Ltd	Sterlite Grid Ltd	December 9, 2013
3	Darbhanga-Motihari Transmission Company Ltd	Essel Infraprojects Ltd	December 10, 2013
4	RAPP Transmission Company Ltd	Sterlite Grid Ltd	March 12, 2014

Out of the remaining 3 SPVs for ITPs, the bidding process for the Independent Transmission Project viz. Transmission Project Associated with DGEN TPS (1200MW) of Torrent Power Ltd. was completed during the year and the Letter of Intent was issued to the successful bidder on May 19, 2014.

During the year, Ministry of Power appointed PFC Consulting Limited as Bid Process Coordinator (BPC) for two new Independent Transmission Projects to be implemented through Tariff Based Competitive Bidding Process. PFC Consulting Limited incorporated following 2 SPVs as its wholly owned subsidiaries for these projects:

- (i) Tanda Transmission Company Limited (TTCL) for the transmission project "ATS for Tanda Expansion TPS (2X660 MW)"
- (ii) Ballabgarh-GN Transmission Company Limited (BGNTCL), SPV for the transmission project "Northern Region System Strengthening Scheme - XXXIII"

The bidding process for the above two SPVs is kept in abeyance on the advise of CEA due to issues related to award of EPC contract and acquisition of land for Tanda Expansion TPS in case of TTCL and dispute in the PPA between NPCL and Essar Power (Jharkhand) in case of BGNTCL.

11.0 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 1,412 towns of the country for establishment of accurate, reliable & sustainable base line 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 (about 72 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 1,240 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 in implementation of RAPDRP programme during the FY 2013-14. The company cumulatively upto FY 2013-14 sanctioned, Part-A(IT) schemes of all eligible 1,412 towns, Part-A(SCADA) schemes for all envisaged 72 towns and Part-B schemes for 1,244 towns out of envisaged 1,250 towns. During the year, your company sanctioned ₹4,331 crore of projects. The cumulative sanction under R-APDRP is ₹ 38,089 crore as on March 31, 2014.

Your company has also disbursed the entire amount of ₹640 crore released by Ministry of Power (MoP) during the FY 2013-14 upto March 31, 2014 to the state utilities. The cumulative disbursement under R-APDRP is ₹7,360 crore as on March 31, 2014.

With the measures taken so far, as on March 31, 2014, Data Centers in cumulatively 17 States have been commissioned. Further, 509 towns have gone live in 17

states in which, 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 ₹389 crore. With this, cumulative counterpart funding tied up amounts to ₹14,854 crore of which ₹3,780 crore is from PFC. Implementation work has commenced cumulatively in 1049 towns, to strengthen & improve distribution system and reduce AT&C losses to 15% or below.

During the year, utilities have also appointed SCADA Implementing Agencies in 6 states for implementation of projects in 22 towns. Overall, SCADA Implementing Agencies have been appointed in 15 states for 63 towns.

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 personnel of Power Utilities for 25,800 man days against MoU target of 6,000 man days.

Cumulatively, as on March 31, 2014, 1,372 towns have been ringfenced & baseline AT&C losses have been established in 1,251 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.

12.0 EXTERNALLY AIDED PROJECTS

Government of India and the Government of the Federal Republic of Germany in the Indo-German Annual Negotiations held in New Delhi in July, 2013 had decided to cancel the Loan and Financing Agreement for Line of Credit of Euro 100.56 million from KfW to finance six RM&U of Hydro Electric Projects (HEPs) of Uttarakhand Jal Vidyut Nigam Ltd. (UJVNL). Consequently, the Loan and Financing Agreement for the aforesaid line of credit was cancelled in December, 2013.

13.0 INITIATIVES TOWARDS REFORMS AND RESTRUCTURING

Your Company has been assisting the State Power Utilities in their reform and restructuring programs. During the year, your company has sanctioned grant of ₹1 crore to Bihar State Power Holding Company Limited (BSPHCL) for taking reform process ahead.

The changing environment has necessitated the power utilities to be more responsive to market requirements by enhancing efficiency through introducing latest technologies as part of ongoing IT initiatives. During the year, an amount of ₹7.11 crore was disbursed for computerization schemes of State Power Utilities (other than computerization schemes covered under R-APDRP).

CATEGORISATION OF UTILITIES

For purposes of funding, your company classifies State Power Utilities into A+, A, B and C categories. The categorisation (biannually) of State Power Generation and Transmission utilities is arrived based on the evaluation of utility's performance against specific parameters covering operational & financial performance including regulatory environment, audited accounts, etc. With regards to State Power Distribution utilities (including SEBs / utilities with integrated operations), your company's categorisation policy provides for adoption of Integrated Ratings of Ministry of Power. The categorisation enables your company to determine credit exposure limits and pricing of loans to the state power utilities. As on May 30, 2014, 101 utilities were categorised, 26 as "A+", 42 as "A", 25 as "B" and 8 as "C".

Quarterly and Annual Report of State Power Utilities

Your company is releasing one page 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 by the SPUs as they can compare performance of their utility vis-à-vis other utilities for taking mid-term corrective measures for the overall improvement of the sector. The report contains key operational and financial parameters, reform status, status of implementation of Electricity Act 2003, areas of concern etc. The report is forwarded to the stakeholders in the power sector such as the SPUs and Power Secretaries of the States.

During the FY 2013-14, your company has issued performance reports for the quarter January-March 2013, April-June 2013, July-September 2013 & October-December 2013 covering 42 utilities each.

During FY 2013-14, your company also released 10th edition of the 'Report on the Performance of State Power Utilities (SPUs)' for the years 2009-10 to 2011-12 covering 91 utilities. The Report is an integral part of your company's constant endeavor towards tracking the performance of State Power Sectors by analyzing 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 2010-11 to 2012-13 covering 77 utilities has been prepared and submitted to Ministry of Power as per the targets set in the MoU. The final Report (11th) on the performance of all SPUs for the period 2010-11 to 2012-13 has been finalized.

14.0 POLICY INITIATIVES

Your company constantly reviews and revises its lending policies/guidelines/products to suitably align these with the dynamic market conditions as also with its corporate objectives. Your company also introduces new lending policies/guidelines/products to meet the ever changing business requirement.

During the year, your Company introduced various new policies/guidelines/products like Policy for Refinancing of Debt of Commissioned Projects along with Additional Corporate Loan for New/ Expansion/Acquisition of Projects, Policy for Financial Assistance to Distribution Franchisees and Option of Flexi-Line of Credit under Rupee Short Term Loan Scheme for Government Sector Borrowers.

Your Company also reviewed its policies / guidelines / products with respect to Scheme for Extending Credit Facility for Purchase of Power through Power Exchange, Funding Grid Connected Solar PV Private Sector Power Generation Projects, Guidelines for giving Financing Proposals in Support of Bid for Projects Promoted by Government Sector / Private Sector AAA rated companies, etc. with a view to make the same more borrower friendly.

During the FY 2013-14, provision against Standard Assets has been accelerated by one year for bringing it to 0.25% as on March 31, 2014. After this provisioning, PFC's Prudential Norms will be in alignment with RBI's Prudential Norms for NBFC-ND with reference to Provisioning for Standard Assets as on March 31, 2014.

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, guarantee fee and other financial charges for issuance of Guarantee for Credit Enhancement has been introduced.

In spite of growing competition in the market as well as concerns on interest rates on account of factors like increase in RBI key policy rates, inflation prevailing in the financial year etc., your Company could balance its objectives of business growth and profitability.

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. The Facilitation Group (FG) is also mandated to explore the opportunities of expanding PFC's business in new geographies. Towards this end as a pro-active step for facilitating the availability of finance for projects, your company has evolved 'Fuel Sources Development & its Distribution (FSD&D) Scheme' for financing of projects in these areas. Also, financial assistance for setting up/ expansion of equipment manufacturing capacity for power sector etc. is extended by your company under the 'Equipment Manufacturing (EM) Scheme for Power Sector'.

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

The future scenario of power from renewable sources is bright due to ever-increasing high cost of hydrocarbon. The increasing dependence on renewable sources of energy, given the global movement to reduce green house gases and shift to non-fossil fuel sources, has created a lot of business opportunities in power sector.

Your company assigns priority to renewable energy projects like wind farms, small hydro projects, bio-mass

projects and solar projects in the form of higher exposure and special rate of interest. In order to give a thrust to the funding of projects in the Renewable Energy Sector, your company is having a Strategic Business Unit i.e. Renewable Energy & Clean Development Mechanism (RE & CDM) Unit for handling its renewable energy portfolio for giving focused attention in the development of Renewable Energy sector. These projects are funded at a lower interest rate than conventional projects in order to encourage renewable energy projects.

Your company is also providing financial support to Renewable Energy Generation projects in State and Private sectors. During the FY 2013-14, seven loans amounting to ₹845.87 crore for projects of total capacity of 246.5 MW were sanctioned for State and Private sectors. Your company has also disbursed around ₹457 crore during the financial year.

As on March 31, 2014, your company has cumulatively supported a total generation capacity of 1412 MW extending financial assistance of ₹4,409 crore and disbursed ₹3,074 crore to all kinds of renewable energy projects with an aggregate project cost of ₹ 8,927 crore.

17.0 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, 2 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 contributed ₹3.22 crore (being 8.93% of paid up equity upto March 31, 2014) towards equity contribution in Power Exchange India Ltd., promoted by NSE and NCDEX.

18.0 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 to capitalize on its vast domain knowledge & experience attained during its over 25 years of operations. Your company aims to leverage its financial strength, large debt providing capability and power sector expertise to invest in equity of suitable 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. PFC has obtained consent of RBI to invest in equity of power projects ranging between 0.5% and 5% of its own net worth in a single company. Presently, "Equity Policy", paving way for PFC to take equity stakes in power projects, is being revisited to make it more flexible and customer friendly before evaluating equity proposals.

19.0 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 subsidiaries of the Company:

- (i) Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Ltd.)
- (ii) Coastal Karnataka Power Limited
- (iii) Coastal Maharashtra Mega Power Limited
- (iv) Coastal Tamil Nadu Power Limited
- (v) Orissa Integrated Power Limited
- (vi) Sakhigopal Integrated Power Company Limited
- (vii) Ghogarpalli Integrated Power Company Limited
- (viii) Tatiya Andhra Mega Power Limited
- (ix) Deoghar Mega Power Limited
- (x) Cheyyur Infra Limited
- (xi) Odisha Infrapower Limited
- (xii) DGEN Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
- (xiii) Tanda Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
- (xiv) Ballabgarh-GN Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)

19.1 PFC CONSULTING LIMITED

Your Company had been offering consultancy support to the Power Sector through its Consultancy Services Group (CSG) since October 1999. Leveraging the experience of the CSG Unit and appreciating the growth in the services offered by the Group and recognizing the potential of such services in the reforming Power Sector, your Company decided to organize these services under a distinct dedicated business entity. Accordingly, PFC Consulting Limited (PFCCL) was incorporated in the form of a wholly owned subsidiary on March 25, 2008, to provide it with 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 UMPs

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, Govt.

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

- Advisory services on issues emanating from implementation of Electricity Act, 2003 like reform, restructuring, regulatory etc.
- Tariff based competitive bidding as per the Guidelines issued by MoP, Govt for various segments of Power Sector
- Project-structuring/ planning/ development/ specific studies, implementation monitoring, efficiency improvement projects
- Communication, information dissemination and feedback
- Preparation of organization performance improvement plans
- Contract related services for power sector
- Financial management, resource mobilization, accounting systems etc.
- Coal block development
- Renewable and non-conventional energy project development

Till date, consultancy services have been rendered to 43 clients spread across 21 States/UTs by PFCCL. The total number of assignments undertaken as on date is 80.

During the FY 2013-14, the total income of PFCCL was ₹55.19 crore vis-à-vis ₹36.49 crore in the previous FY 2012-13. The net profit earned by PFCCL during FY 2013-14 was ₹26.96 crore as against the corresponding net profit of ₹16.38 crore last fiscal.

19.2 PFC GREEN ENERGY LIMITED

PFC Green Energy Limited (PFC GEL), was incorporated on March 30, 2011 as a wholly owned subsidiary of the company to extend finance and financial services to promote green (renewable and non-conventional) sources of energy. As on March 31, 2014, PFC GEL had an authorized share capital of ₹1200 crore and paid up share capital of ₹300 crore comprising of 10 crore equity shares of ₹10/- each and 20 crore Fully Convertible Preference Shares of ₹10/- each. During the year, the company increased its paid up share capital from ₹109.99 crore (as on March 31, 2013) to ₹300 crore (as on March 31, 2014).

PFC GEL made a significant progress in financing Renewable Energy Sector in its first full year of operation with a sanction of ₹304 crore of debt during 2013-14 for the development of 55 MW of renewable projects. In terms of disbursement, PFCGEL disbursed ₹25.4 crore during the FY 2013-14. PFC GEL has been assigned the highest credit rating of SMERAAAA (IR) by SMERA Ratings Private Limited.

PFC GEL has taken steps to increase its business in the



Renewable energy sector and has signed a MoU with Indian Renewable Energy Development Agency Ltd. (IREDA) on May 21, 2014 to jointly finance renewable energy projects.

For the FY 2014-15, PFC GEL has signed a Memorandum of Understanding with your company, with sanction and disbursement targets of ₹500 crore and ₹210 crore respectively after deliberations with MoU Task Force constituted under the auspices of Department of Public Enterprises.

Since the company is dedicated for renewable energy projects such as wind, solar, biomass, hydro etc., it is expecting to mobilize dedicated green funds available in the market. During the FY 2013-14, the company has been approached by various foreign/ Indian funding agencies for providing funds for green energy sector. With the flow of funds dedicated for the green energy, the company shall be in a position to provide loans at competitive interest rates in future.

19.3 PFC CAPITAL ADVISORY SERVICES LIMITED

PFC Capital Advisory Services Limited (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 is also involved with the activities related to Power Lenders' Club, an exclusive set of Banks & FIs financing power projects under a consortium arrangement under the aegis of PFC. The authorised capital of the Company is ₹1 crore and the paid up share capital of the Company is ₹0.10 crore.

Presently PFCCAS is active in debt syndication services and is carrying out down selling of project loans underwritten by your company. It is handling syndication proposals across various domains in power sector i.e. thermal, hydro and wind.

During FY 2013-14, PFCCAS has arranged sanction of loans of ₹1,060 crore out of loans underwritten by PFC. During the year, total income of PFCCAS was ₹6.29 crore with net profit increasing to ₹3.03 crore from ₹0.85 crore in FY 2012-13.

PFCCAS has initiated steps to diversify its portfolio of services. The company has also filed application for grant of Certificate of Registration as Debenture Trustee from SEBI and the same is under process.

19.4 POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

Power Equity Capital Advisors private limited (PECAP), the wholly owned subsidiary of your company has not been able to transact any business due to lack of business proposals even after its acquisition by PFC and accordingly approval has been sought from 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, which is awaited.

20.0 JOINT VENTURES AND ASSOCIATE COMPANIES

20.1 NATIONAL POWER EXCHANGE LIMITED

In order to promote short term trading through power exchange, your company had promoted National Power Exchange Ltd (NPEX), jointly with NTPC, NHPC and TCS during 2008-09. Your company has contributed ₹2.19 crore (being 16.68% of paid up equity upto March 31, 2014) towards equity contribution. NTPC and NHPC had expressed their intention to exit from JV Company and based on the recommendations of the Group of Promoters (GoP) of NPEX in March 2014, the Board of Directors of NPEX has decided for voluntary winding up of NPEX.

20.2 PTC INDIA LIMITED

PTC India Limited (PTC) was jointly promoted by Power Grid, NTPC, NHPC and PFC. Your Company has invested ₹12 crore in PTC which is 4.05% of PTC's total equity. PTC is the leading provider of power trading solutions in India, a Government of India initiated public-private partnership, whose primary focus is to develop a commercially vibrant power market in the country. During the year, PTC maintained its leadership position with trading volumes at 358U. PTC has reported profit after tax of ₹251 crore for the year.

20.3 ENERGY EFFICIENCY SERVICES LIMITED

Energy Efficiency Services Limited (EESL) was incorporated on December 10, 2009. EESL was jointly promoted by Power Grid, NTPC, REC and PFC with 25% equity stake each for implementation of Energy Efficiency projects in India and abroad. It is the main implementation arm of the National Mission on Enhanced Energy Efficiency (NMEEE). EESL has reported profit after tax of ₹3.35 crore for the year.

21.0 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 2013-14, your company has achieved all the MoU targets and is likely to be accorded 'Excellent' rating.

22.0 PRESIDENTIAL DIRECTIVES

The Company has not received any Presidential directives during FY 2013-14.

23.0 CORPORATE SOCIAL RESPONSIBILITY

CSR being the cornerstone of its operations your company discharges its social responsibility obligations as a part of its growth philosophy. It has been your Company's endeavour to act as a responsible Corporate citizen committed to improving the welfare of the society through inclusive growth aimed at empowerment of communities through skill development, environment protection through promotion of renewable energy, development of underprivileged sections of the society through hygiene and sanitation programmes etc.

In order to give a concrete, speedy and meaningful direction to the above initiatives, your company has constituted a Board level CSR Committee of Directors headed by an Independent Director.

With a view to addressing the domains of socio-economic issues at national level, your Company has clubbed its CSR&SD activities and formulated a new CSR&SD Policy in line with the Guidelines issued by Department of Public Enterprises, Govt. of India.

Your company has entered into an MOU with Govt. of India for spending during the FY 2013-14, 1% of the Profit after Tax (PAT) of FY 2012-13 on CSR&SD activities. Accordingly, your company had earmarked ₹44.38 crore for CSR&SD initiatives during the FY 2013-14. However, PFC had sanctioned projects/ activities worth ₹70.21 crore during FY 2013-14 alone and disbursed ₹46.52 crore which included projects sanctioned in FY 2013-14, FY 2012-13 and FY 2011-12 under CSR&SD activities. The funds were mainly disbursed for implementing a wide range of social interventions in the field of Skill Development, Renewable Energy, providing relief & rehabilitation to the victims of Natural Calamities etc. in various states.

24.0 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 the said directions of the DPE, the Board of Directors of your company had formulated an Employee Stock Option Plan titled as 'PFC-ESOP 2010' which was also approved by the Shareholders 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.

For FY 2009-10, out of 87,888 Options granted during the FY 2011-12, your company had allotted 83,306 equity shares during previous financial year. During FY 2013-14, 4,255 equity shares have been allotted upon exercise of the stock options 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. Thus, the remaining options are due to lapse if not exercised by the employees by the end of the said period.

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 during previous financial year. The remaining 21,438 equity shares have been allotted upon exercise of the stock options by the employees during FY 2013-14.

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.

25.0 HRD INITIATIVES

LEARNING & DEVELOPMENT

Your company attaches great importance to the employee development and their competency. Your company reviews the need for learning as an on going process and provide opportunity to keep the employees abreast with latest trend in their respective functional areas. Additionally to keep pace with competition, senior executives are given exposure in advance management techniques through premier management Institutes in India and abroad. 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.

During the year 2013-14, PFC organized 18 in-house programs. A total of 1659 mandays were achieved during the period under review. Your company imparted training in the area of Leadership Development & Team Building.

26.0 HUMAN RESOURCE MANAGEMENT

Your company lays great emphasis on upgrading the skills of its Human Resources. It benchmarks its practices with the best practices being followed in the other Public Sector Companies. This, apart from other strategic interventions, lead to an effective management of Human Resources thereby ensuring a high level of productivity.

Your company regularly interacts with the employee representatives to ensure cordial and harmonious employee employer relations. Due to the positive work culture in the organization, no mandays were lost during the period under review.

27.0 WELFARE MEASURES

Your Company follows best management practices to ensure welfare of its employees through a process of inclusive growth & development. Your company follows open door policy and absolute accessibility to top management thereby facilitating the growth of the organization. Employee commitment is high due to various employee welfare measures that are best in the sector including various welfare policy measures such as comprehensive insurance, medical facilities and other amenities which has resulted in team spirit and healthy work atmosphere. Your company is one of the very few organizations in forming Contributory Post Retirement Medical Fund Trust to address the needs of retired employees. Besides this, your company also organized various health camps during the year for the welfare of the employees. Your company also organized sport events to build team spirit and cohesive work culture.

28.0 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 Govt. 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 FY 2013-14, total 30 new employees were recruited out of which 10% are SC (3), 3.3% are ST (1), Nil % are PWD (0) and 36.7% are OBC (11).

29.0 REPRESENTATION OF WOMEN EMPLOYEES

Your Company provides equal growth opportunities for its women employees and the Company can take pride in saying that critical functions are headed by women employees. There is no discrimination of employees on the basis of gender. Women employees represent 19.73% of the total work force.

During the FY 2013-14, no case has been filed under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act 2013".

30.0 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 2013-14, the applicable accounting standards had been followed;
- 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 FY 2013-14 and of the profit 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 the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors had prepared the Annual Accounts for FY 2013-14 on a going concern basis.

31.0 AUDITORS

M/s. N.K. Bhargava & Co., Chartered Accountants and M/s K. B. Chandna & Co., Chartered Accountants were appointed as Joint Statutory Auditors of the Company for the FY 2013-14 by the Comptroller & Auditor General of India.

The Joint Statutory Auditors have audited the accounts of the Company for the FY 2013-14 and have given their audit report without any qualification. The copy of the audit report is annexed herewith.

32.0 COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India (C&AG) has mentioned that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956. The copy of the report of C&AG is annexed herewith.

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

Pursuant to provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, a statement of the particulars of employees who were in receipt of remuneration exceeding ₹60 Lakh per annum or ₹5 Lakh per month and above, is annexed herewith.

34.0 DEBENTURE TRUSTEES

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

35.0 REDEMPTION AND STATUS OF UNCLAIMED AMOUNTS

Bonds

The unclaimed balance amount of bonds (principal and interest) as on March 31, 2014 was ₹6.50 crore. No amount is liable to be transferred to Investor Education Protection Fund as 7 years have not elapsed since the date of redemption.

Equity

The unclaimed balance amount of dividend (equity) and application money received and due for refund (FPO) as on March 31, 2014 was ₹1.45 crore and ₹0.04 crore respectively. During the FY 2013-14, the unclaimed amount of ₹11,89,630 under "Application money received and due for refund (IPO)" has been transferred to Investor Education and Protection Fund (IEPF) in the month of March, 2014. The detail of investors' (whose refund is due) is available on PFC's website and IEPF website of Ministry of Corporate Affairs.

36.0 VIGILANCE

During the FY 2013-14, 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. Information technology was used as an effective tool for providing on-line services to all the stakeholders and to enhance organizational efficiency. 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 also carried out in respect of registered complaints during this period.

In accordance with the directives of CVC, Vigilance Awareness week was observed from October 28, 2013 to November 2, 2013 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 "Sustaining an Organization's Ethical Vision" was organized for the employees of your company. In the programme, interactive sessions were organised with prominent faculty members on varied subjects like personal values and ethics and how to deal with day to day situations involving ethical dilemmas faced during working in an organization.

In compliance with the instructions of CVC, sensitive posts in the Company were identified afresh and the concerned officers were rotated. Agreed lists were finalized in respect of corporate office at Delhi and regional offices at Mumbai and Chennai in consultation with the CBI. Prescribed periodical statistical returns were sent to CVC, CBI, and MOP on time.

The Vigilance Unit worked 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.

37.0 OFFICIAL LANGUAGE

The FY 2013-14 had been a remarkable year of achievements for your company in the area of Official Language. Several awards and accolades were conferred upon the company like, 'Narakas Rajbhasha Shield (Vishesh Protsahan Puraskar)' for Rajbhasha Implementation, 'Narakas Pratiyogita Samman Trophy' by Town Official Language Implementation Committee (TOLIC), 'Karyalay Deep Shield' by Rajbhasha Sansthan for significant contribution in use of Hindi, 'Rajbhasha Shiromani Shield 2014' for Excellent implementation of Official Language, 'Rajbhasha Manishi Shield' to DGM (Rajbhasha) for encouraging use of Rajbhasha by Bharatiya Bhasha Aivam Sanskriti Sansthan. One of our employees won first prize in Inter PSU Debate Competition held under the aegis of TOLIC.

The meetings of the Official Language Implementation Committee were organised in each quarter to review and improve implementation of Official Language Policy. Hindi website of your company was updated regularly. Twelve Hindi workshops were organized wherein 242 executives and non executives were trained and special thrust was laid on use of Unicode. Annual Report of the Company was published in bilingual form. Company's Quarterly magazine 'UrjaDeepti' was published regularly.

To create a Hindi oriented environment, the Company celebrated Hindi Day on September 14, 2013 and Hindi Month from September 14, 2013 to October 15, 2013. Various competitions, like Nara/Slogan Lekhan, Vartanishodhan, Sansmaran, Bhav Pallavan, Kahani Buno and Mook Prahelika were organized. In all, 216 employees participated in these competitions. An inter PSU competition i.e. 'Chitra (Maukhik) Abhivyakti Pratiyogita' was also conducted under the aegis of TOLIC wherein employees of 25 various Public Sector Undertakings participated. During the 'Vigilance Awareness Week', three competitions were organised in Hindi, slogans were displayed in Hindi and SMS sent in Hindi.

During the year, Inspection of PFC Head Office was carried out by Second Sub Committee of Parliamentary Committee on Official Language. Officials of Ministry of Power also conducted the inspections of Head Office at

New Delhi, Regional Office (South) at Chennai as well as Regional Office (West) at Mumbai.

38.0 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. The information seekers, have, subject to few exceptions, an overriding right under the Act, to get information lying in the possession of the Public Authorities.

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 a Transparency Officer at its registered office for effective implementation of the RTI Act.

During the FY 2013-14, all 89 applications received under the RTI Act, were duly processed and replied to. In compliance with Section 4 of the RTI Act, requisite 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 2013-2014.

SUOMOTO DISCLOSURES UNDER SECTION 4 OF THE RTI ACT 2005

During FY 2013-14, in order to strengthen compliance of the provisions of disclosures as contained in Section 4 of the RTI Act, 2005, Department of Personnel & Training (DoPT) vide its OM No. 1/6/2011-IR dated 15.04.2013 issued guidelines on the following :-

- (i) Suomoto disclosure of more items under Section 4;
- (ii) Guidelines for digital publication of proactive disclosure under Section 4;
- (iii) Guidelines for certain clauses of Section 4(1)(b) to make disclosure more effective;
- (iv) Compliance mechanism for suomoto disclosure (proactive disclosure) under RTI Act, 2005.

In compliance of the aforesaid guidelines, your company has placed the requisite information on the website of the company.

39.0 GRIEVANCE REDRESSAL

Your Company has separate 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.

40.0 DETAILS OF PROCUREMENT FROM MSEs

The details of the procurements made from Micro and Small Enterprises (MSEs) during the FY 2013-14 and the targets for FY 2014-15 as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 is as under:

S. No.	Particulars	Achievements of FY 2013-14	Target for FY 2014-15
I	Total annual procurement (in value)	₹ 311,89,453	₹ 330,00,000
II	Total value of goods and services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	₹ 73,54,663*	₹ 66,00,000
III	Total value of goods and services procured from only MSEs owned by SC/ST entrepreneurs	-	13,20,000**
IV	%age of procurement from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement	23.5%	20%
V	%age of procurement from only MSEs owned by SC/ST entrepreneurs out of total procurement	-	-
VI	Total number of vendor development programmes for MSEs	-	One Vendor development half yearly
VII	Confirmation of uploading annual MSE procurement profile on your website by hyperlink of same	-	Annual procurement plan uploaded at www.pfcindia.com

* Procurement value includes the purchase from MSME, KB, NCCF, DCCWS Ltd., Handicraft Emporiums and Central Cottage Industries.

** Subject to availability of the product through MSME SC/ST Agency.

41.0 POSTAL BALLOT

During May-June, 2014, your company conducted Postal Ballot seeking approval of the shareholders on the following proposals by passing special resolutions:

- Raising of resources through private placement of non-convertible debentures pursuant to the provisions of Section 42 of the Companies Act, 2013 read with Rule 14 of Companies (Prospectus and allotment of securities) Rules, 2014.
- Enhancement of the borrowing power for the purpose of business of the company pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013 read with the applicable rules.
- Authorization to the Board of Directors for mortgaging and/or creating charge on the assets of the company for securing borrowings for the purpose of business of the company pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013 read with the applicable rules.

All the above proposals were passed by the shareholders with requisite majority and the result of the Postal ballot was announced on June 20, 2014.

42.0 BOARD OF DIRECTORS

Following are the changes in Board of Directors of your company since April 1, 2013:

- Shri M. K. Goel, Director (Commercial) assumed the additional charge of Chairman and Managing Director vice Shri Satnam Singh w.e.f. September 13, 2013.

- Shri Vijay Mohan Kaul assumed the charge of Non Official Part Time (Independent) Director on the Board of PFC w.e.f. June 24, 2013.
- Shri Yogesh Chand Garg assumed the charge of Non Official Part Time (Independent) Director on the Board of PFC w.e.f. August 22, 2013.
- Shri Ajit Prasad, Non Official Part Time (Independent) Director relinquished the charge of Director of the Company consequent upon completion of his tenure w.e.f. October 8, 2013.
- Shri Krishna Mohan Sahni, Non Official Part Time (Independent) Director relinquished the charge of Director of the Company consequent upon completion of his tenure w.e.f. December 31, 2013.

The Board placed on record its deep appreciation for the commendable contributions made by Shri Satnam Singh, Shri Ajit Prasad and Shri Krishna Mohan Sahni in the deliberations of Board and its committees during their association with the Company.

The Board also welcomes Shri Vijay Mohan Kaul and Shri Yogesh Chand Garg and expresses confidence that the Company shall immensely benefit from their rich and varied experience.

43.0 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
Statement pursuant to Section 212 of the Companies Act, 1956	IV
Non-Banking Financial Companies Auditors' certificate	V

44.0 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.

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

For and on behalf of the Board of Directors



(M. K. Goel)

Chairman & Managing Director

Place : New Delhi

Dated : 25/08/2014



**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, 2014**

S.No.	Particulars	PFC-ESOP 2010
(a)	Options Granted	109326
(b)	The Pricing Formula	Face Value of ₹10
(c)	Options Vested	153
(d)	Options Exercised	108999
(e)	Total number of shares arising as a result of exercise of options	108999
(f)	Options Forfeited/Surrendered	174
(g)	Options Lapsed	Nil
(h)	Variation in terms of ESOP	Nil
(i)	Money realised by exercise of options	₹1,08,9990
(j)	Total Number of Options in force	153
(k)	Employee-wise details of options granted during the financial year 2013-14 to:	
	(i) Senior managerial personnel :	
	Name	No. of options granted
	NIL	NA
	(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
(l)	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	41.04
(m)	The stock based compensation cost calculated as per the intrinsic value method for the year ended March 31, 2014 is 2,73,804. 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 year ended March 31, 2014 would be ₹2,55,698. 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	
	Add: Intrinsic Value Compensation Cost	273804
	Less: Fair Value Compensation Cost	255698
	Adjusted Pro Forma Net Income	18106
	Earning Per Share: Basic As Reported Adjusted Pro Forma	
	Earning Per Share: Diluted As Reported Adjusted Pro Forma	



(n)	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	Nil
	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	Nil	
(o)	Method and assumption used to estimate the fair value of options granted during the year:	
	No options were granted during the year.	

**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, 2014 (Yrs.)	Last Employment held	Remarks
Employed for whole of the Year								
NIL								
Employed for part of the Year								
Shri V.K. Shah	Executive Director	31,94,296	M.E.	February 1, 1990	36	60	UPSEB	Superannuated on September 30, 2013
Shri R.R. Khan	Executive Director	47,51,058	B.Sc. (Engg.)	July 11, 1990	36	60	ACC	Superannuated on December 31, 2013
Shri M. C. Malik	General Manager	26,89,003	M.A., M.Com.	June 22, 1993	35	60	Oil Coordination Company	Superannuated on August 31, 2013

- 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 2013-14.

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 8.35% TAXU PFC Bonds- Series 104-A 8.30% TAXU PFC Bonds- Series 104-B 8.19% TAXU PFC Subordinated Bonds- Series 105 8.29% TAXU PFC Bonds- Series 106-A 8.27% TAXU PFC Bonds- Series 106- B 8.01% TAXU PFC Bonds- Series 107-A 8.46% TAXU PFC Bonds- Series 107-B 9.80% TAXU PFC Bonds- Series 108 9.81% TAXU PFC Bonds- Series 109 9.58% TAXU PFC Bonds- Series 110 9.65% TAXU PFC Subordinated Bonds- Series 111 9.70% TAXU PFC Bonds- Series 112-A-(STRPPs) 9.70% TAXU PFC Bonds- Series 112-B-(STRPPs) 9.70% TAXU PFC Bonds- Series 112-C-(STRPPs) 9.70% TAXU PFC Subordinated Bonds- Series 114 9.69% TAXU PFC Bonds- Series 113 Tax Free Bonds 2013-14 Tranche I Series 1A Tax Free Bonds 2013-14 Tranche I Series 2A Tax Free Bonds 2013-14 Tranche I Series 3A Tax Free Bonds 2013-14 Tranche I Series 1B Tax Free Bonds 2013-14 Tranche I Series 2B Tax Free Bonds 2013-14 Tranche I Series 3B
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



		<p>9.68% TAXU PFC Bonds (2018)-XLVII- C Series</p> <p>10.55% TAXU PFC Bonds (2018)-XLVIII- C Series</p> <p>10.85% TAXU PFC Bonds (2018)-XLIX- B Series</p> <p>10.70% TAXU PFC Bonds (2015)-50- C Series</p> <p>11.00% TAXU PFC Bonds (2018)-51- C Series</p> <p>11.30% TAXU PFC Bonds (2015)-52- B Series</p> <p>11.25% TAXU PFC Bonds (2018)-52- C Series</p> <p>7.50% TAXU PFC Bonds (2014)-55-B-Series</p> <p>8.60% TAXU PFC Bonds (2014)-57-B Series</p> <p>8.60% TAXUPFC Bonds (2019)-57-B-Series</p> <p>8.60% TAXU PFC Bonds (2024)-57-B-Series</p> <p>8.45% TAXUPFC Bonds (2014)-58-B-Series</p> <p>8.45% TAXU PFC Bonds (2014)-Series-59A</p> <p>8.80% TAXU PFC Bonds (2019)-59B-Series</p> <p>INCMTBMK linked TAXU PFC Bonds(2019)-60-B-Series</p> <p>8.50% TAXU PFC Bonds (2014)-61- Series</p> <p>8.50% TAXU PFC Bonds (2019)-61- Series</p> <p>8.50% TAXU PFC Bonds (2024)-61-Series</p> <p>8.70% TAXU PFC Bonds (2020)-62-A-Series</p> <p>8.80% TAX U PFC Bonds (2025)-62-B-Series</p> <p>8.90% TAXU PFC Bonds (2015)-63-Series</p> <p>8.90% TAXU PFC Bonds (2020)-63-Series</p> <p>8.90% TAXU PFC Bonds (2025)-63-Series</p> <p>8.95% TAXU PFC Bonds (2015)-64-Series</p> <p>8.95% TAXU PFC Bonds (2020)-64-Series</p> <p>8.95% TAXU PFC Bonds (2025)-64-Series</p>
3.	<p>The Western India Trustee & Executor Co. Ltd.</p> <p>c/o IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai-400 001</p>	<p>7.60% TAXU PFC Bonds (2015)-XXV Series</p> <p>7.95% TAXU PFC Bonds (2016)-XXVI Series</p> <p>8.20% TAXU PFC Bonds (2016)-XXVII-A Series</p> <p>9.96% TAXU PFC Bonds (2017)-XXXV Series</p> <p>9.28% TAXU PFC Bonds (2017) – XL –C Series</p>
4.	<p>PNB Investment Services Ltd.</p> <p>10, Rakesh Deep Building, Yusuf Sarai Commercial Complex, Gulmohar Enclave, New Delhi-110049</p>	<p>8.70% TAXU PFC Bonds-65-Series</p> <p>8.65% TAXU PFC Bonds-66 A-Series</p> <p>8.75% TAXU PFC Bonds-66 B-Series</p> <p>8.85% TAXU PFC Bonds-66 C-Series</p> <p>8.25% TAXU PFC Bonds-68 A-Series</p> <p>8.70% TAXU PFC Bonds-68 B-Series</p> <p>8.78% TAXU PFC Bonds-70-Series</p> <p>9.05% TAXU PFC Bonds-71 Series</p> <p>8.97% TAXU PFC Bonds-72-A Series</p> <p>8.99% TAXU PFC Bonds-72 B-Series</p> <p>Long Term Infrastructure Bonds 2011-12 -Series-I</p>



		<p>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 9.44% 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 9.63% 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 9.72% TAXU PFC Bonds – Series 87-B 9.59% TAXU PFC Bonds – Series 87-C 9.42% TAXU PFC Bonds – Series 87-D 9.66% TAXU PFC Bonds – Series 88-B 9.48% TAXU PFC Bonds – Series 88-C</p>
5.	<p>GDA Trusteeship Ltd. GDA HOUSE”, Plot No.85, Survey No. 94/95 Paud Road, Pune-411038</p>	<p>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</p>



		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 – Series 102(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 FY 2013-14.

Industry Structure and Development

In all facets of our life, Power is an indispensable requirement. It is the critical infrastructure on which the socio-economic development of the country depends. In pursuit for increasing availability of power, India has adopted a blend of thermal, hydel and nuclear sources. Amongst these, coal based thermal power plants and hydro power plants have been the mainstay of electricity generation. Of late, emphasis is also being laid on non-conventional energy sources i.e. solar, wind. During twelfth plan period (2012-17), a requirement of 1,403 BU by the year 2016-17 has been estimated after taking into account energy conservation measures and demand-supply management. The share of renewables in electricity generated is expected to rise to 9% in the year 2017 and 16% in the year 2030. However, the share of hydro electricity is expected to fall to 11% in the year 2030. The share of nuclear power, another clean source from a carbon emission perspective is expected to rise to 5% in 2017 and to 12% in 2030. After clubbing all these clean energy sources together, the share of hydro, renewables plus nuclear energy is expected to rise to 39% by the year 2030.

Generation**Installed Capacity**

As on March 31, 2014, India's total installed capacity was 2,43,028.95 MW. Thermal sources continued to have a dominant share at 69.23 per cent (1,68,254.99 MW) followed by Hydro 16.68 per cent (40,531.41 MW), renewable 12.12 per cent (29,462.55 MW) and nuclear 1.97 per cent (4,780 MW). The installed capacity stood at 92,187.70 MW (37.93%) in state sector, 82,715.30 MW (34.04%) in private sector and 68,125.95 MW (28.03%) in central sector.

Capacity addition

During the Twelfth Plan period (2012-17), the capacity addition has been 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 2013-14 was set at 18,432.30 MW. However, a capacity addition of 17,825.01 MW has been achieved during the financial year 2013-14, the details of which are as follows:

Source	Central	State	Private	Total	Share (%)
Hydro	914.01	45	99.00	1058.01	5.94
Thermal	1660.00	3322	11785.00	16767.00	94.06
Nuclear	-	-	-	-	-
RES	-	-	-	-	-
Total	2574.01	3367	11884.00	17825.01	
Share (%)	14.44	18.89	66.67		

(Source: CEA)

Transmission

Transmission forms an indispensable link in the power sector value chain. Our Country has been demarcated into five transmission regions viz. Northern, Eastern, Western, Southern and North Eastern. Four regional grids had been operating in synchronous mode as a single system for the past few years. Only the southern grid was to be connected to the rest of the system. The synchronization of south grid with National Grid has been successfully accomplished during the FY 2013-14. Post the synchronization of the southern region grid with the national grid, both the scale and the scope of transmission-related activities have increased manifold.

The bottlenecks in transmission networks have been a major cause of concern for project developers, causing power plants to operate at suboptimal capacities. In order to address the issue, Central Govt. recently approved the operationalization of the Power System Development Fund (PSDF), the proceeds of which would be used for various system strengthening projects that would relieve grid congestion in inter and intra-state transmission networks. Further major capex plans for expanding transmission infrastructure are under implementation by the Central and State transcos and funds from the PSDF would provide greater financial support to utilities for undertaking projects specific to congestion management.

The large expansion in production and consumption of electricity has to be supported by a significant expansion and strengthening of the transmission network. As per the 12th Five Year Plan (2012-2017), the proposed generation capacity additions are expected to be supplemented with approximately 107,440 ckm. of transmission lines, 270,000 MVA of AC transformer capacity and 12,750 MW of HVDC systems. The estimated total fund requirement for transmission by 12th Plan i.e. 2016-2017 has been assessed as USD 42 billion. The plan envisages the introduction of higher voltage systems in power transmission. Several new technologies have also been envisioned under the Plan, to increase power transmission capacity and reduce land requirement, which includes inter alia developing equipment of 1200 kV AC system, development of high temperature low sag electrical conductors for transmission lines, high capacity 400KV multi circuit/bundle conductor line, high surge impedance loading (HSIL) line. With a planned generation capacity addition estimated at 88 GW in the XII Plan Period, a corresponding increase in Transmission

(MW)



capacity is indispensable to ensure that power generated reaches the end consumer.

Distribution

Power Distribution is the most critical segment of electricity supply chain. This segment has direct impact on power sector's commercial viability. In view of the indispensable role of the power distribution segment, a total investment requirement of approximately Rs. 3060 billion has been envisaged during the XII Plan period (2012-2017). The key focus of Twelfth plan is focused on strengthening the performance of the distribution system to achieve improved financial viability of Discoms and to expand access to power in rural areas. Towards this end, concerted attempts would be required for AT&C loss reduction, greater private participation etc.

The key challenges to be addressed during the XII Plan period are providing access of power to all, sustainability, efficiency and effectiveness of distribution sector. The distribution sector should also undergo a paradigm shift in terms of human competence, equipment modernization and remote disconnection of rogue customers. Any unmetered supply of electricity should not be tolerated. The last few months of FY 2013-14 saw a peaking shortage of power in the country on account of freak weather conditions and slowdown of manufacturing sector of the economy. However, with the steady capacity addition and vast supply side improvement, ambitious targets should be set for not letting energy and peaking shortage across the country. A road map should be drawn for moving towards a frequency related tariff regime. It would make concepts like demand side/response management and smart grids more relevant and meaningful.

Opportunities/Threats/Risks/Concerns

India is an energy resource crunch country, eager for more power. The exponentially growing population of our country is creating more pressures on the power sector. We are urbanizing rapidly and integrating hi-tech as well as new intermittent sources of green energy. Power Industry is capital intensive and requires huge investment. Optimal use of installed capacity for the country as a whole is the key to economics of the power sector. The Indian Power Sector, which has been in a state of transition, targets to set up substantially high-88GW of capacity in the XII Plan which is also required to meet the growing demand. The XII Plan target is definitely achievable. However, the Power sector needs to respond quickly and definitively to a number of new challenges that have emerged recently. These challenges continue to be both soft linked to policy as well as hard linked to project implementation. Our country has achieved national grid unification and reasonable inter-regional transfer capability, making our composite grid one of the largest and most complex in the world. The unification also enhances the need for stricter grid discipline, system protections, phase measurement equipment and severe systemic penalties against indiscipline. However in many states there is a large constraint of transmission and sub-transmission.

PFC is dedicated to Power Sector financing and committed to the integrated development of the power and associated sectors. PFC's product portfolio comprise of Financial Products and Services like Project Term Loan, Equipment Lease Financing, Discounting of Bills, Short Term Loan, and

Consultancy Services etc. for various Power projects in Generation, Transmission, and Distribution sector as well as for Renovation & Modernization of existing power projects.

PFC's priorities include not only accelerating the pace of existing business of funding generation, transmission and distribution projects but also to exploit the new opportunities available in the area of consortium lending, lending to Capital equipment manufacturers and fuel supply projects and related infrastructure development projects, renewable energy and equity funding. In order to align the lending policies/guidelines with market necessities as well as its corporate objectives, PFC reviews and revises the same on continuous basis. During FY 2013-14, various new policies/ guidelines/products like Policy were introduced by the Company for refinancing of debt of commissioned projects along with additional corporate loan for new/expansion/acquisition of projects, policy for financial assistance to distribution franchisees and option of flexi-line of credit under Rupee Short Term Loan Scheme for Govt. Sector Borrowers. In spite of growing competition in the market as well as concerns on interest rates on account of factors like increase in RBI key policy rates, inflation prevailing in the financial year etc., PFC could balance its objectives of business growth and profitability.

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) 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, Govt 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 ports 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 fuels supply sources (Coal, Gas & Oil) and its distribution (rail network, pipelines, ports, jetties etc.), equipment manufacturing etc.

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.

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 equipment, non-conventional energy sources, nuclear power plants' equipment and other relevant projects such as projects aimed at Demand Side Management (DSM) etc.

Sustained growth of the power sector is critical for enabling the high economic growth targets of India. All stakeholders are required to put in concerted effort to achieve the said objective and address potential challenges and constraints confronting the Industry.

Outlook

Indian power sector is undergoing a significant change that is redefining the industry outlook. Sustained economic growth necessitates enormous power demand in India. It is vital for India's power sector to achieve its targets for capacity addition and decrease power deficits by availing power to all to drive the country's GDP growth. The Govt. has taken several initiatives for the growth and development of the sector such as setting up of ultra-mega power projects, rural electrification program, use of renewable energy sources for sustainable development. Indian power sector is going through an evolution phase with scope for various developments. Over the years, despite significant capacity additions, growth in demand for power has outpaced generating capacity expansion. During XII plan period (2012-17) the demand for power is estimated to increase to 1,403 BU by 2016-17 while the peak load is estimated to grow to 1,97,686 MW by 2016-17. The power sector is at a crucial point of its evolution from a dominantly public sector environment to a more competitive power sector, with many private producers and greater reliance on markets, subject to regulation. India's power generation capacities are erratically dispersed across the country creating an imbalance between the distribution of power demand and supply Centres. Growth in industrialization, increasing per-capita income and rapid urbanization has led to growth in the installed power generation capacity over the last 5 years. The performance of the power sector shows many positive features, especially relating to the pace of addition to power generation but there are numerous problems relating to fuel supply which need to be resolved as also problems relating to the financial viability of the operation of the distribution companies (Discoms).

Corporate Social Responsibility and Sustainable Development (CSR&SD)

CSR is a cornerstone of our operations and PFC discharges its social responsibility obligations as a part of its growth philosophy. It has been your Company's endeavor to act as a responsible Corporate citizen committed to improving the welfare of the society through inclusive growth aimed at empowerment of communities through skill development, environment protection through promotion of renewable energy, development of underprivileged sections of the society through hygiene and sanitation programmes etc.

During the year 2013-14, your Company has entered into an MOU with Govt. of India for spending 1% of the Profit after Tax (PAT) of FY 2012-13 on CSR & SD activities. Your Company had earmarked Rs. 44.38 crores for CSR & SD initiatives during the FY 2013-14. However, PFC had sanctioned projects/ activities

worth Rs. 70.21 crores during FY 2013-14 alone and disbursed Rs. 46.52 crores which included projects sanctioned in FY 2013-14, FY 2012-13 & FY 2011-12 under CSR & SD activities. The funds were mainly disbursed for implementing a wide range of social interventions in the field of Skill Development, Renewable Energy, providing relief & rehabilitation to the victims of Natural Calamities etc. in various states.

Internal control system and its adequacy

The company maintained 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.

PFC's 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 2013-14. The total revenues grew by 25% from ₹ 17,266.14 crore to ₹ 21,522 crore in FY 2013-14. Profit before Tax (PBT) grew by 27% from ₹ 5,967 crore to ₹ 7,558 crore in financial year 2013-14. Profit after Tax (PAT) grew by 23% from ₹ 4,420 crore to ₹ 5,418 crore in financial year 2013-14.

Further, Net Worth of the company grew by 15% in 2013-14 to ₹ 25,098 crore as compared to ₹ 21,873 crore in 2012-13 and the total loan assets (net) as at March 31, 2014 grew by 18% to ₹ 1,89,231 crore from ₹ 1,60,396 crore as at March 31, 2013. The gross Non Performing Assets (NPAs) increased to ₹ 1,228 crore in 2013-14 as compared to ₹ 1,135 crore in 2012-13.



Renewable and Clean Development Mechanism (RE&CDM)

In view of the emerging prospects in the renewable energy sector, a wholly owned subsidiary has been set up exclusively for providing financial assistance to projects for generating green energy through renewable and non-conventional sources. While there is separate subsidiary for financing of renewable energy projects, Company still focuses up on financing larger renewable energy projects like Wind farms, Biomass projects, Small Hydro projects, Solar projects etc. and has a dedicated Renewable Energy & Clean Development Mechanism (RE&CDM) Unit for handling renewable energy portfolio in order to give focused attention in the development of Renewable Energy Sector. In order to encourage renewable energy projects, these Projects are funded at lower interest rate than Conventional projects.

During the current year, 7 loans amounting to ₹ 845.87 crore with total capacity of 246.5 MW were sanctioned for State and Private Sectors. Your Company has also disbursed ₹ 457 crore, during the FY 2013-14. As of March 31, 2014, your company has cumulatively supported a total generation capacity of 1,412 MW, extending financial assistance of ₹ 4,409 crore and disbursed ₹ 3,074 crore to all kinds of renewable energy projects with an aggregate project cost of ₹8,927 crore.

Foreign Exchange Earnings and Outgo

During the FY 2013-14, the Foreign exchange outgo aggregating 259.52 crore was made on account of debt servicing, financial & other charges and training expenses. The Foreign exchange earnings for the FY 2013-14 were nil.

Human Resources

Your Company considers its employees as most valuable assets and aims to align human resource practices with business goals. Your Company takes pride of its highly motivated and committed team of employees. The employees performed to their full potential and contributed to the growth and development of the Company. The Company is committed to building the competencies of its employees and improving their performance through training and development. The Company focus is on identifying gaps in its employees' competencies and preparing employees for changes in competitive environments, as well as to meet organizational challenges. 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 intervention. 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 446 employees on its rolls as on March 31, 2014.

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 essentially involves balancing the interests of all the stakeholders in a company i.e. shareholders, management, customers, suppliers, financiers, government and the society at large. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

Your company's philosophy of Corporate Governance stems from its belief that the spirit of good governance lies in adherence to highest standards of transparency, accountability, ethical business practices, compliance of law in true letter and spirit, adequate disclosures, corporate fairness, social responsiveness and commitment to the organization for sustainable enrichment of value for stakeholders.

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 a 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

Your 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 the framework of regulatory environment and effective accountability.

Your Company's corporate structure, conduct of business

and disclosure practices have been accordingly aligned to its Corporate Governance Philosophy.

2. Board of Directors

The Board of Directors of your Company 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, Memorandum of Association, 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, 2014 the Company's Board comprised of seven (7) Directors which includes three (3) Whole Time Functional Directors, one (1) Part Time Government Nominee Director and three (3) Non Official Part Time (Independent) Directors.

During the FY 2013-14, Shri Vijay Mohan Kaul and Shri Yogesh Chand Garg were appointed as Independent Directors on the Board of the your Company w.e.f. June 24, 2013 and August 22, 2013 respectively. Further, pursuant to Order No. 8/4/2012-PFC, dated September 13, 2013 of Ministry of Power, Government of India, Shri M. K. Goel, Director (Commercial) assumed the additional charge of Chairman and Managing Director w.e.f. September 13, 2013 vice Shri Satnam Singh.

Also, Shri Ajit Prasad and Shri Krishna Mohan Sahni, Non Official Part Time (Independent) Directors ceased to be the Directors of the Company w.e.f. October 8, 2013, and December 31, 2013 respectively consequent upon completion of their tenure.

The composition of Board of Directors as on March 31, 2014 was as follows:

Whole Time Directors		
i)	Shri M.K. Goel	Director (Commercial) & also holding Additional Charge of Chairman and Managing Director
ii)	Shri R. Nagarajan	Director (Finance)
iii)	Shri A. K. Agarwal	Director (Projects)
Government Nominee Director		
iv)	Shri B. N. Sharma	Director (Government Nominee)
Non Official (Independent) Directors		
v)	Shri J.N. Prasanna Kumar	Independent Director
vi)	Shri Vijay Mohan Kaul	Independent Director
vii)	Shri Yogesh Chand Garg	Independent Director



Number of Board Meetings

During the year under review, the Board met 11 times on the following dates:

(i) May 3, 2013 (ii) May 30, 2013 (iii) July 15, 2013 (iv) August 2, 2013 (v) September 19, 2013 (vi) October 9, 2013 (vii) November 8, 2013 (viii) December 13, 2013 (ix) February 4, 2014 (x) February 26, 2014 and (xi) March 27, 2014.

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

Annual General Meeting

The last Annual General Meeting of the Company was held on September 26, 2013.

Directors' attendance at the Board Meetings during the FY 2013-14 and 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, 2014*	Membership in the committees of other companies as on March 31, 2014**		Attendance at the last AGM held on September 26, 2013
	Held during the tenure	Attended		As Member	As Chairman	
Shri M.K. Goel Director (Commercial) & holding Addl. charge of Chairman and Managing Director (w.e.f. September 13, 2013)	7	7	5	Nil	Nil	Present
Director (Commercial)	4	4				
Shri Satnam Singh Chairman and Managing Director (upto September 13, 2013)	4	4	NA	NA	NA	NA
Shri R. Nagarajan Director (Finance)	11	11	7	Nil	Nil	Present
Shri A. K. Agarwal Director (Projects)	11	11	10	Nil	Nil	Present
Shri B. N. Sharma Director (Government Nominee)	11	11	1	Nil	Nil	Not Present
Shri J.N. Prasanna Kumar Independent Director	11	11	Nil	Nil	Nil	Present
Shri Vijay Mohan Kaul Independent Director (w.e.f. June 24, 2013)	9	8	2	2	Nil	Present
Shri Yogesh Chand Garg Independent Director (w.e.f. August 22, 2013)	7	7	Nil	Nil	Nil	Present
Shri Ajit Prasad Independent Director (upto October 7, 2013)	5	5	NA	NA	NA	Present
Shri Krishna Mohan Sahni Independent Director (upto December 30, 2013)	8	8	NA	NA	NA	Present

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 your Company. It is in alignment with Company's vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code has been made available on the website of the Company i.e. www.pfcindia.com.

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, 2014."



M.K. Goel
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, your 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 employee 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 to gain personal benefit or to provide benefit to any third party. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the securities of the Company and the consequences of non-compliance. The Company Secretary has been appointed as Compliance Officer and is responsible for ensuring adherence of the 'Code for Prevention of Insider Trading'.

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 securities of the Company when the trading window is closed.

c) Anti Fraud Policy

Your Company has adopted an "Anti Fraud policy" 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 other stakeholders of your 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.

As on March 31, 2014 the Board had constituted following committees:

- i) Audit Committee
- ii) Nomination, Remuneration and HR Committee (Erstwhile Remuneration Committee)
- iii) Stakeholder Relationship and Shareholders' / Investors' Grievance Committee (Erstwhile Shareholders' / Investors' Grievance Committee)
- iv) Loans Committee of Directors
- v) Committee of Functional Directors
- vi) Risk Management Committee
- vii) Committee for Investment in IPO of Central Power Sector Undertakings
- viii) Ethics Committee
- ix) CSR Committee of Directors

4.1 Audit Committee

The Audit Committee of the company constituted by the Board, comprises of two independent part time directors and one functional Director. The meetings of the committee during the year were chaired by non-executive independent director. Company Secretary continued to be the Secretary to the Committee. The terms of reference of the Audit Committee include overseeing the audit function, reviewing critical findings, ensuring compliance with accounting standards and concurring financial statements before submission to the Board. The role, scope and authority of Audit Committee also include the requirements under the relevant provisions of Companies Act and the listing agreement(s) signed with Stock Exchanges.

As on March 31, 2014, the composition of Audit Committee was as under:

- | | |
|-----------------------------|----------|
| 1. Shri J.N. Prasanna Kumar | Chairman |
| 2. Shri Yogesh Chand Garg | Member |
| 3. Shri A. K. Agarwal | Member |

During the FY 2013-14, the Committee met five (5) times as detailed hereunder:-

Sl. No.	Date of Meeting	Members present	Chairperson
1	May 29, 2013	Shri Ajit Prasad Shri J. N. Prasanna Kumar Shri A. K. Agarwal	Shri Ajit Prasad
2	August 2, 2013	Shri Ajit Prasad Shri J. N. Prasanna Kumar Shri A. K. Agarwal	Shri Ajit Prasad
3	November 7, 2013	Shri J. N. Prasanna Kumar Shri Yogesh Chand Garg Shri A. K. Agarwal	Shri J. N. Prasanna Kumar
4	February 3, 2014	Shri J. N. Prasanna Kumar Shri Yogesh Chand Garg Shri A. K. Agarwal	Shri J. N. Prasanna Kumar
5	March 27, 2014	Shri J. N. Prasanna Kumar Shri Yogesh Chand Garg Shri A. K. Agarwal	Shri J. N. Prasanna Kumar

The minutes of the above meetings were regularly submitted to the Board for its information.

Director (Finance), head of internal audit and representative of the statutory auditor(s) were 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 26, 2013.

The Chairman of the Audit Committee and all its members possess accounting and financial management expertise.

4.2 Nomination, Remuneration and HR Committee

Your Company is a Central Public Sector Undertaking, and accordingly the appointment of CMD & Directors and fixation of their remuneration are decided by President of India in terms of the Articles of Association of the Company. However, in terms of Department of Public Enterprises (DPE) OM dated November 26, 2008, your company had constituted a Remuneration Committee comprising of three independent Directors which was, pursuant to the provisions of the Companies Act, 2013 mandating every listed company to constitute a Nomination and Remuneration Committee, re-designated as "Nomination, Remuneration and HR Committee" on October 9, 2013, with redefined role and terms of reference. The redefined Role and Terms of Reference of the Nomination, Remuneration and HR Committee are as laid down in the Companies Act including any rules made there under, listing agreement and DPE's Guidelines as amended from time to time and to review and recommend adoption/modification of various HR policies to the Board of Directors.

As on March 31, 2014, the Nomination, Remuneration & HR Committee comprised of the following Independent Directors:

- | | | |
|----|---------------------------|----------|
| 1. | Shri Vijay Mohan Kaul | Chairman |
| 2. | Shri J. N. Prasanna Kumar | Member |
| 3. | Shri Yogesh Chand Garg | Member |

Director (Commercial) and Director (Finance) are permanent invitees to the meetings of the said committee. The company secretary continued to be the secretary to the committee.



During the FY 2013-14, the Committee met six (6) times as detailed hereunder:-

SI. No.	Date of Meeting	Members present	Chairperson
1	September 11, 2013	Shri Ajit Prasad Shri Krishna Mohan Sahni Shri J. N. Prasanna Kumar	Shri Ajit Prasad
2	September 14, 2013	Shri Ajit Prasad Shri Krishna Mohan Sahni Shri J. N. Prasanna Kumar	Shri Ajit Prasad
3	September 19, 2013	Shri Ajit Prasad Shri Krishna Mohan Sahni Shri J. N. Prasanna Kumar	Shri Ajit Prasad
4	December 12, 2013	Shri Krishna Mohan Sahni Shri J. N. Prasanna Kumar Shri Vijay Mohan Kaul	Shri Krishna Mohan Sahni
5	February 25, 2014	Shri Vijay Mohan Kaul Shri J. N. Prasanna Kumar Shri Yogesh Chand Garg	Shri Vijay Mohan Kaul
6	March 27, 2014	Shri Vijay Mohan Kaul Shri J. N. Prasanna Kumar Shri Yogesh Chand Garg	Shri Vijay Mohan Kaul

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 FY 2013-14 are given below:

Name of the Director	Salary (₹)	Benefits (₹)	Bonus/ Commission ex-gratia (₹)	Performance linked incentives (₹)	Total (₹)
Shri M.K. Goel	24,87,499	13,20,245	0	21,92,184	59,99,928
Shri R. Nagarajan	20,48,525	10,64,228	0	19,44,000	50,56,753
Shri A. K. Agarwal	17,51,520	14,10,048	0	13,16,760	44,78,328
Shri Satnam Singh (upto September 13, 2013)	27,96,834	5,44,460	0	21,28,800	54,70,094

Notes:

1. The performance linked incentives are paid as per the Performance Evaluation System of the Company.
2. 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.
3. None of the Directors opted for stock options for FY 2011-12 and FY 2012-13.

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 Stakeholder Relationship and Shareholders'/Investors' Grievance Committee

The Company had 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.

Pursuant to the Companies Act, 2013 requiring constitution of a Stakeholders Relationship Committee for consideration and resolution of the grievances of security holders of the company the said Shareholders'/Investors' Grievance Committee was re-designated as Stakeholders Relationship and Shareholders' / Investors' Grievance Committee on October 9, 2013.

As on March 31, 2014 the Stakeholders Relationship and Shareholders' / Investors' Grievance Committee comprised of the following members:

Shri J. N. Prasanna Kumar	Chairman
Shri R. Nagarajan	Member
Shri A. K. Agarwal	Member

Company Secretary of the Company acts as the Secretary to the committee.

During the FY 2013-14, four (4) meetings of the Stakeholder Relationship and Shareholders'/Investors' Grievance Committee were held on (i) May 3, 2013 (ii) August 2, 2013 (iii) November 7, 2013 and (iv) February 3, 2014.

Information on investor complaints pursuant to Clause 49 of the Listing agreement for the year ended March 31, 2014 is as follows:

Particulars	Equity
Pending at the beginning of the year	3
Received during the year	102
Disposed off during the year	103
Lying unresolved at the end of the year	2*

* out of which 1 complaint was settled in April, 2014 and remaining 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, 2014 the Committee comprised of the following:

Shri M.K. Goel	Chairman
Shri B.N. Sharma	Member
Shri R. Nagarajan	Member
Shri A. K. Agarwal	Member

The Company Secretary continued to be the Secretary to the Committee.

During the FY 2013-14, four (4) meetings of the Loans Committee were held.



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, 2014, the Committee comprised of the following:

Shri M.K. Goel	Chairman
Shri R. Nagarajan	Member
Shri A. K. Agarwal	Member

The Company Secretary continued to be the Secretary to the Committee.

During the FY 2013-14, six (6) meetings of the Committee of Functional Directors were held.

4.6 Risk Management Committee

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

As on March 31, 2014, the Committee comprised of the following :

Shri M. K. Goel	Chairman
Shri R. Nagarajan	Member
Shri A. K. Agarwal	Member

During the FY 2013-14, three (3) meetings of the Risk Management Committee were held.

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

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

As on March 31, 2014 the Committee comprised of the following:

Shri M.K. Goel	Chairman
Shri R. Nagarajan	Member
Shri A. K. Agarwal	Member
Shri J.N. Prasanna Kumar	Member

During the FY 2013-14, three (3) meeting of the Committee of Directors for Investment in IPO of Central Power Sector Undertakings were held.

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, 2014 the Committee comprised of the following:

Shri M.K. Goel	Chairman
Shri Vijay Mohan Kaul	Member
Shri Yogesh Chand Garg	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, 2014 the Committee comprised of the following:

Shri Yogesh Chand Garg	Chairman
Shri Vijay Mohan Kaul	Member
Shri A. K. Agarwal	Member

The Company Secretary continued to be the Secretary to the Committee.

During the FY 2013-14, nine (9) meetings of the CSR & Sustainable Development Committee of Directors were held.

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
25th	September 28, 2011	Wednesday	10:00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-10	No Special Resolution was passed
26th	September 21, 2012	Friday	10:00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-10	No Special Resolution was passed
27th	September 26, 2013	Thursday	10:00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-10	No Special Resolution was passed

No Special Resolution was put through Postal Ballot during the FY 2013-14. During May / June 2014, three special resolutions were passed with the consent of members through Postal Ballot the results of the same were declared by the Chairman on June 20, 2014. Further, no special resolution is proposed to be conducted through postal ballot up to the ensuing AGM.

6. Subsidiary Companies

Your 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 6.1 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 years.
- (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 account 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 A.
- (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 Company also communicates with its institutional shareholders through investor conferences. While the Quarterly/annual financial results are published in national newspapers the same are also available on the website of the Company, viz. www.pfcindia.com and are also submitted to stock exchanges for wider dissemination.

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

9. CEO/CFO certification

As required by the Clause 49 of the Listing Agreement, the Certificate duly signed by CEO i.e. Shri M.K. Goel, Chairman & Managing Director and CFO i.e. Shri R. Nagarajan, Director (Finance) was placed before the Board of Directors at the meeting held on May 27, 2014.

10. Shareholders Information

1) Annual General Meeting

Date	Time	Venue
September 26, 2014	10.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010

2) Financial calendar for FY 2014-15 (Tentative)

Particulars	Date
Financial year	April 1, 2014 to March 31, 2015
Un-audited financial results for the first three quarters	Will be announced within 45 days from the end of each quarter.
Audited Financial Results	Audited Accounts will be announced on or before May 30, 2015.
AGM (Next year)	September 2015

3) Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from September 12, 2014 to September 26, 2014 inclusive of both days.

4) Payment of Dividend

The Board of Directors of the Company, has recommended payment of final dividend of ₹ 0.20 per share for the financial year ended March 31, 2014 on the paid up equity share capital of the Company, which will be paid after approval at the Annual General Meeting. This is in addition to the Interim Dividend of ₹ 8.80 per share already paid in February 2014 on the paid up equity share capital of the Company. Thus, the total dividend for the FY 2013-14 amounts to ₹ 9 per share.

The record date for the payment of Final Dividend for FY 2013-14 is September 11, 2014. The Dividend, if declared at the AGM, would be paid to the shareholders within 30 days from the date of declaration of the same at the 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)
2008-09	1147.77	459.11	40%	March 5, 2009 (Interim) & September 29, 2009 (Final)
2009-10	1147.77	516.50	45%	February 12, 2010 (Interim) & September 29, 2010 (Final)
2010-11	1147.77 (Interim)	401.72	35%	January 31, 2011 (Interim)
	1319.93 (Final)	197.99	15%	October 8, 2011 (Final)
	Total	599.71	50%	-
2011-12	1319.93 (Interim)	659.97	50%	February 17, 2012 (Interim)
	1320.00 (Final)	132.00	10%	October 3, 2012 (Final)
	Total	791.97	60%	-
2012-13	1320.00 (Interim)	792.01	60%	February 13, 2013 (Interim)
	1320.00 (Final)	132.00	10%	October 7, 2013 (Final)
	Total	924.01	70%	-

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)
Script Code: PFC EQ	Script Code: 532810
Stock Code (ISIN) : INE134E01011	

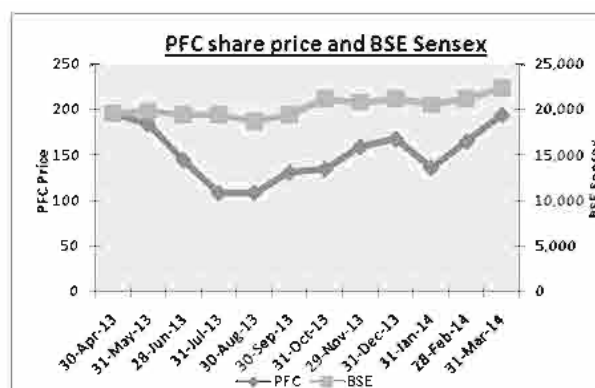
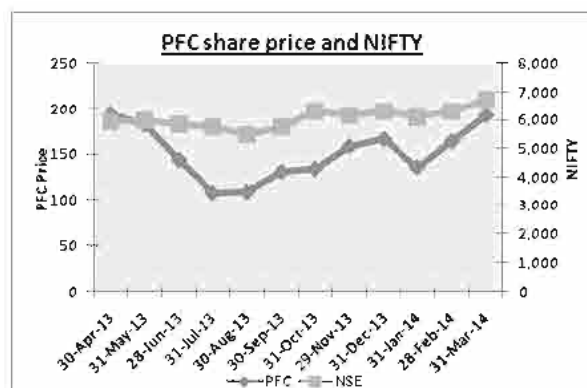
The annual listing fees for the FY 2014-15 have been paid to NSE and BSE.

7) Market Price Data

Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April'13	202.00	201.95	178.40	178.40	194.85	195.10
May'13	209.30	209.50	181.10	181.15	183.05	183.05
June'13	185.35	185.00	131.20	131.35	144.10	144.40
July'13	152.20	152.20	104.25	104.60	108.10	108.35
August'13	123.80	123.75	97.30	97.40	109.10	108.80
September'13	138.00	137.95	104.80	104.80	130.90	130.80
October'13	140.00	139.95	120.10	120.30	134.40	134.60
November'13	160.00	159.30	134.10	133.60	159.15	158.75
December'13	170.20	169.90	145.60	146.00	166.95	167.05
January'14	169.75	169.70	128.75	129.00	136.15	135.85
February'14	166.00	165.90	130.05	130.30	164.60	164.50
March'14	199.00	198.85	157.75	157.60	193.20	193.40



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 23311068

Communication Address

17-24, Vittal Rao Nager
 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, Registrar and Transfer Agent.

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, 2014 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, 2013	51	5482
ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2013-2014	2	137
iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2013-2014	2	137
iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2014	49	5345

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, 2014

Amount	Number of shareholders	% of shareholders	Total No. of shares	Amount	% of shares
1 - 5000	197409	95.94%	23325694	233256940	1.77%
5001 - 10000	5257	2.56%	3782356	37823560	0.29%
10001 - 20000	1505	0.73%	2196835	21968350	0.17%
20001 - 30000	406	0.20%	1032011	10320110	0.08%
30001 - 40000	161	0.08%	572424	5724240	0.04%
40001 - 50000	119	0.06%	554779	5547790	0.04%
50001 - 100000	272	0.13%	2016731	20167310	0.15%
100001 & Above	624	0.30%	1286559874	12865598740	97.46%
Total	205753	100%	1320040704	13200407040	100%

● Shareholding pattern as on March 31, 2014

Category	Total No. of shares	% to Equity
President of India	960955589	72.80%
Foreign Institutional Investors	147507931	11.17%
Indian Financial Institutions	103905702	7.87%
Mutual Funds	36472372	2.76%
Resident Individuals	34265692	2.60%
Bodies Corporate	29431567	2.23%
Clearing Members	3274768	0.25%
HUF	1551616	0.12%
Employees	1035314	0.08%
Non Resident Indians	849264	0.06%
Banks	670484	0.05%
Trusts	119665	0.01%
Foreign Nationals	740	0.00%
Total	1320040704	100.00%

13) Dematerialization of shares

Number of shares held in dematerialized form with NSDL, CDSL and physical mode as on March 31, 2014.

Category	No. of shares	% of total capital issued
NSDL	1310019321	99.00%
CDSL	10007310	1.00%
Physical	14073	0.00%
Total	1320040704	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 had allotted 83,306 equity shares during previous financial year. During FY 2013-14, 4,255 equity shares have been allotted upon exercise of the stock options by the employees. Each Option, upon exercise of the same, would give rise to one equity share of ₹10/- each fully paid up. However, 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. Thus, the remaining 327 options are due to lapse if not exercised by the employees by the end of the said period.

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 during previous financial year. The remaining 21,438 equity shares have been allotted upon exercise of the stock options by the employees during FY 2013-14.

Members may refer to the disclosures annexed 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 Batwani

Tel: +91 11 23456020

Fax: +91 11 23456786

e-mail: investorsgrievance@pfcindia.com

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 and Companies Act, the Company has constituted a "Nomination, Remuneration and HR Committee" comprising of three independent directors.
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.
4. **Audit Qualifications** : There are no audit qualifications for the FY 2013-14.
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 (the Company), for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the 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 examination 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 the 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 Listing Agreement 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

Date 25.08.2014
Place : New Delhi

Sanjay Grover
C.P. No. 3850

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 (PFC)
Registered address	'Urjankhi', 1, Barakhamba Lane, Connaught Place, New Delhi-110001
Website	www.pfcindia.com
E-mail Id	mb@pfcindia.com
Financial Year reported	2013-2014
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)	(i) Rupee Term Loan (RTL) (ii) Short Term Loan (STL) (iii) Buyer's Line of credit (BLC)
Total number of locations where business activity is undertaken by the Company I. Number of International Locations 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, 2014)

Paid up Capital (INR)	₹ 1,320.04 crore
Total Turnover (INR) (Revenue from Operations)	₹ 21,522.42 crore*
Total profit after taxes (INR)	₹ 5,417.75 crore
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1% of PAT of FY 2012-13
*Does not include other income of ₹15.04 crore	
List of CSR activities in which expenditure has been incurred:-	listed at Annexure

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 all subsidiary companies of PFC.
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/Directors responsible for implementation of the BR policy/policies

DIN Number	00239813
Name	Shri M. K. Goel
Designation	Director (Commercial) & holding additional charge of CMD



b) Details of the BR head

S.No.	ParticularDetails	
1.	DIN Number (If applicable)	NA
2.	Name	Shri Manchar Balwani
3.	Designation	Company Secretary
4.	Telephone number	011- 23456740
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 areas 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 through out 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.	Question	Business Ethics	Product Responsibility	Well being 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 embedded in company's HR policies and practices	Y	The policy is embedded in company's various policies & 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.	Question	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 & SD 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 2013-14, nine meetings of the Committee were held.

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

The Business Responsibility Report is published as a part of Annual Report w.e.f. FY 12-13. The current Report shall also be available on company's website: www.pfcindia.com.

Section E: Principle-wise performance

Principle 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.

- 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 2013-14. The company had received 37 complaints from the shareholders of the Company during the FY 2013-14 in addition to 1 complaint pending at the beginning of the year. Out of which 36 complaints (94.74%) were resolved by March 31, 2014 leaving a balance of 2 complaints of which 1 has since been resolved in April 2014.

Further, the company had received 721 complaints from the bondholders of the Company during the FY 2013-14 in addition to 4 complaints pending at the beginning of the year. Of these 721 complaints (99.45%) complaints were resolved by March 31, 2014 leaving a balance of 4 which have also 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.**

PFC has financial products like term loan, lease financing, etc. for financing of renewable energy projects which are sustainable and environmentally benign. While sanctioning loans, PFC stipulates conditions including inter alia environmental clearances.

PFC 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 offers financial products only, following questions for principle 2 are not applicable.

- 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, 2014 there are 446 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, 2014, there were 88 women employees on the rolls of the company.

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

As on March 31, 2014, 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?**

All 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, 2014
1.	Child labour / forced labour / involuntary labour	Nil	Nil
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	-	82%
• Permanent Women Employees	-	77%
• Casual/Temporary/Contractual Employees	-	NIL
• Employees with Disabilities	-	33%

Principle 4

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

For the Company & its subsidiaries, the Internal Stakeholders are the employees and the External stakeholders are those who are directly impacted economically, socially or environmentally by the operations and activities of the Company and also those who may not be directly impacted like communities and society at large.

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, Women, EWS, persons with disabilities (PWD) and people living in areas where access to electricity is poor, as disadvantaged, vulnerable & marginalized stakeholders and also communities affected by calamities.

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 for these people (all reserved category employees (SC/ST/OBC/PWD & Minorities). Various infrastructure arrangements were made for benefits 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 the employees in the ambit of this category. It is ensured that a person of reserved/minority category of appropriate level is nominated as member in various selection and promotion committees to look into the interest of the employees of reserved categories.

Further various Skill Development programmes for the SC/ST/OBC/PWDs/Women & EWS of society are funded by the Company through the Implementing Agencies such as CIDC, IGIAT, L&T, CRISP, CIPET, MPCON, NBCFDC, NHFDC, NSKFDC etc. These are short-term vocational programmes leading to employment or self-employment. Some of the projects have also provided lighting through Renewable sources of energy for the population who have no access to electricity.

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 2013-14 are given herein below:

Particulars	No. of Complaints		
	Equity Shareholders	Bonds holders	Under Anti - Fraud Policy
Pending at the beginning	1	4	Nil
Received during the Year	37	721	Nil
Disposed off during the Year	36	721	Nil
Lying unresolved at the end of the Year	2	4	Nil
% of Complaints resolved	94.74%	99.45%	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?

The CSR&SO Policy covers the Company as a whole.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.

PFC is a socially conscious organization and fully endorses the nine principles of Global Compact enunciated by the United Nations Organization (UNO) which encompass areas of human rights, environmental protection and labour rights. These principles of Global Compact are embedded in various organizational policies of the Company thereby facilitating their implementation in a natural way.

PFC consistently strives towards meeting the expectations of the society through proper planning and decision making that will help in achieving a real and lasting reduction of social and economic disparities as well as protecting the environment. PFC continues to support activities that aim at improving the quality of life of both present and future generations and at the same time safeguarding the capacity of the earth to support life in all its diversity.

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

Since PFC offers financial products only, 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 2013-14, seven loans amounting to ₹ 845.87 crore, for projects of total capacity of ₹ 246.5 MW were sanctioned for State and Private sectors. Your company has also disbursed around ₹ 457 crore during the financial year.

As on March 31, 2014, your company has cumulatively supported a total generation capacity of 1412 MW extending financial assistance of ₹ 4,409 crore and disbursed ₹ 3,074 crore to all kinds of renewable energy projects with an aggregate project cost of ₹ 8,927 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.

Yes. Some of the ongoing renewable energy initiatives of PFC as a part of its CSR activities are enlisted below:

S.No.	Energy Efficient Projects
1.	Project for Improving Operational Reliability and Service Quality of Primary Health Centres through provision of Clean & Reliable Power by installing micro solar PV power plants through TERI.
2.	Project for Supply, installation and commissioning of Solar Lighting System at Streets of Villages, Districts: Giridh, Dhanbad & Bokaro of Jharkhand through SECI.
3.	Project for Distribution of Solar Lanterns in selected blocks of Chhattisgarh through CREDA.



4.	Project for Supply, installation and commissioning of Mini/ Micro Off Grid Solar PV Power Plant in three villages in Haryana State through SECI.
5.	Project for Supply, installation and commissioning of Solar PV system and Biomass Cook stove in selected Anganwadi centres in Chhattisgarh State through CREDA.
6.	Project for Supply, installation and commissioning of Grid connected Roof Top Solar PV (RTSPV) Projects of aggregate capacity of 500 kWp in Kalinga Institute of Social Science (KISS) in the city of Bhubaneswar of Odisha state through SECI.
7.	Project envisaging Supply, Installation and Commissioning of LED based Solar Street Lighting System in villages of Eight Districts of Arunachal Pradesh through EESL.
8.	Project for Electrification of 45 un-electrified villages/hamlets in Karnataka using Renewable Energy sources through KREDL.
9.	'Project of LED based Home Lighting for Bidi Workers in Ashok Nagar District of Madhya Pradesh' through EESL.

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, 2014.
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, Central Board of Irrigation and Power, ASSOCHAM, CII and World Energy Council.

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 for the advancement or improvement of public good.

Principle 8

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

PFC has a CSR policy in place. The primary focus of the CSR Policy is to ensure that the Company, through its CSR initiatives, undertakes projects for supporting inclusive growth & equitable development.

The approach in the implementation of the CSR Policy is to facilitate development by maintaining a healthy relation between People, Planet and Profit. The objective of the PFC CSR Policy is to:

- Ensure an increased commitment at all levels in the Organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To generate through its CSR initiatives, a community goodwill for PFC and help reinforce a positive & socially responsible image of PFC as a corporate entity.

2. Are the programmes/projects undertaken through In-house team/own foundation/external NGO/government structures/any other organization?
All the projects undertaken under CSR & SD Policy were executed by Govt./Semi Govt. and reputed Private Organizations.

3. Have you done any impact assessment of your initiative?
After completion of the project by implementing agencies, Impact Assessment of the project is carried out through an external agency after certain gestation period wherever necessary.

4. What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?
The Company had allocated ₹ 44.38 crores for CSR & SD initiatives in the FY 2013-14. However, PFC had sanctioned projects/activities worth ₹ 70.21 crores in FY 2013-14 and disbursed ₹ 46.52 crores which included projects sanctioned in FY 2013-14, FY 2012-13 & FY 2011-12 under CSR & SD activities. 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 supported a number of programmes across various states such as 'Improving Operational Reliability and Service Quality of Primary Health Centres' (₹ 7.54 cr) through The Energy Resources Institute (TERI), 'Supply, installation and commissioning of Solar street Lighting Systems at Giridh, Dhanbad & Bokaro of Jharkhand (₹1.05 cr), 'Supply, installation and commissioning of Mini/ Micro Off Grid Solar PV Power Plants in three villages in Haryana (₹ 3.84 crore), Supply, installation and commissioning of Grid connected Roof Top Solar PV plant (500 kWp) in Kalinga Institute of Social Sciences, Bhubaneswar(₹2.03 cr) through Solar Energy Corporation of India Ltd. (SECI).

PFC had also supported Skill Development Programme for SC/ST/OBC/Women, EWS of society, PwDs and Safal Karamcharis' (₹ 23.71 crore) through various agencies such as Construction Industry Development Council (CIDC), L&T, Centre for Research and Industrial Staff Performance (CRISP), National Handicapped Finance and Development Corporation (NHFDC) and National Safal Karamcharis Finance and Development Corporation (NSKFDC) etc., 'Distribution of Solar Lanterns in selected blocks of Chhattisgarh' (₹ 1.56 crore), 'Supply, installation and commissioning of Solar PV system and Biomass Cook stove' at Anganwadi centres in Chhattisgarh (₹ 5 crore) through Chhattisgarh State Renewable Energy Development Agency (CREDA).

Further, PFC had also contributed ₹ 3 crore for Relief and Rehabilitation activities in the flood affected areas of Uttarakhand through THDC and ₹ 1 crore as contribution for "Chief Minister's Relief Fund" for the Cyclonic Storm "Phallin" affected areas of Odisha. PFC also sanctioned ₹ 5.34 crore for Project envisaging Supply, Installation and Commissioning of LED based Solar Street Lighting System in villages of Eight Districts of Arunachal Pradesh, and ₹ 5.45 crore for LED based Home Lighting for Bidi Workers in Ashok Nagar District of Madhya Pradesh through Energy Efficiency Services Ltd. (EESL). PFC had also sanctioned ₹ 6.85 crore for Electrification of 45 un-electrified villages/hamlets in Karnataka using Renewable Energy sources through Karnataka Renewable Energy Development Ltd. (KREDL) and ₹ 3.66 crore to Municipal Board, Chanderi for Water Distribution Pipeline in selected wards of Chanderi town, Ashok Nagar district of Madhya Pradesh. All the initiatives taken up under CSR&SD were reported to National CSR Hub.

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./Private agencies. The implementation mechanism is as per the norms best in 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 March 31, 2014, 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, 2014. 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.



Annexure to Business Responsibility Report

S.No.	Name of Projects (FY 2013-14)
1.	Project for Improving Operational Reliability and Service Quality of Primary Health Centres through provision of Clean & Reliable Power by installing micro solar PV power plants through TERI
2.	Project for Water Distribution Pipeline in selected wards of Chanderi town, Ashok Nagar district, Madhya Pradesh state through Municipal Board of Chanderi town
3.	Project for Supply, installation and commissioning of Solar Lighting System at Streets of Villages, Districts: Girdh, Dhanbad & Bokaro of Jharkhand through SECI
4.	Project for Distribution of Solar Lanterns in selected blocks of Chhattisgarh through CREDA
5.	Project for Supply, installation and commissioning of Mini/ Micro Off Grid Solar PV Power Plant in three villages in Haryana State through SECI
6.	Project for Supply, installation and commissioning of Solar PV system and Biomass Cook stove in selected Anganwadi centres in Chhattisgarh State through CREDA
7.	Project for Supply, installation and commissioning of Grid connected Roof Top Solar PV (RTSPV) Projects of aggregate capacity of 500 kWp in Kalinga Institute of Social Science (KISS) in the city of Bhubaneswar of Odisha State through SECI
8.	Project envisaging Supply, Installation and Commissioning of LED based Solar Street Lighting System in villages of Eight Districts of Arunachal Pradesh through EESL
9.	Project for Electrification of 45 un-electrified villages/hamlets in Karnataka using Renewable Energy sources through KREDL
10.	'Project of LED based Home Lighting for Bidi Workers in Ashok Nagar District of Madhya Pradesh' through EESL
11.	Skill Development Programme for SC/ST/OBC/Women & EWS of society (1000 persons) through CIDC
12.	Skill Development Programme for SC/ST/OBC/Women & EWS of society (500 persons) through IGIAT
13.	Project for Skill Development Programme for SC/ ST/ OBC / Women & EWS of society through L&T Construction (1200 persons)
14.	Project of Skill Development Programme for SC/ ST/ OBC / Women & EWS of society in Control & Automation and IT related courses through IGIAT (300 persons)
15.	Project of Skill Development Programme for SC/ ST/ OBC /Women & EWS of society in IT related courses through CRISP (300 persons)
16.	Project for Skill Development Programme for SC/ ST/ OBC/ Physically Challenged/ Women & EWS of society through CIPET (600 persons)
17.	Project for Skill Development Programme in Dindori (Madhya Pradesh) for SC/ ST/ OBC/ Physically Challenged/ Women & EWS of society through MPCON Ltd. (1000 persons)
18.	Project for Skill Development Programme in Bastar region (Chhattisgarh) for SC/ ST/ OBC/ Physically Challenged/ Women & EWS of society through MPCON Ltd. (500 persons)
19.	Project for Skill Development Programme in selected states for SC/ ST/ OBC/ Physically Challenged/ Women & EWS of society through NBCFDC (2700 persons)
20.	Skill Development Training to 4230 Persons with Disabilities (PwDs) through National Handicapped Finance and development Corporation (NHFDC)
21.	Skill Development Training Programme to benefit women Safai Karamcharis and their dependents through NSKFDC
22.	Relief and Rehabilitation activities in the flood affected area of Uttarakhand.
23.	Financial Assistance/ contributions towards Chief Minister's Relief Fund for Relief and Rehabilitation activities in the Cyclonic Storm "Phailin" affected areas of Odisha States.





BALANCE SHEET

POWER FINANCE CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in crore)

Description	Note Part A	As at 31.03.2014	As at 31.03.2013
A EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(i) Share Capital	1	1,320.04	1,320.02
(ii) Reserves & Surplus	2	26,054.57	22,256.13
(2) Non-Current Liabilities			
(i) Long Term Borrowing	3		
Secured		22,776.66	6,636.67
Un-secured		1,19,714.91	1,14,514.19
(ii) Deferred Tax Liabilities (Net) (Refer Note No. 14 of Part-C - Other Notes on Accounts)		274.22	219.79
(iii) Other Long Term Liabilities	4	347.62	539.80
(iv) Long Term Provisions	5	473.04	162.33
(3) Current Liabilities			
(i) Current Maturity of Long term Borrowing (Unsecured)	3	15,409.00	9,612.08
(ii) Short -Term Borrowing	3		
Secured		0.00	860.55
Un-secured		1,314.49	7,849.42
(iii) Other Current Liabilities	4	6,261.75	5,063.82
(iv) Short Term Provisions	5	217.80	193.99
Total		1,94,164.10	1,69,228.79
B ASSETS			
(1) Non-Current Assets			
(i) Fixed Assets	6		
Tangible Assets		102.31	101.39
Less: Accumulated Depreciation		34.13	30.83
Intangible Assets		7.78	7.67
Less: Accumulated Amortization		5.33	4.09
(ii) Non-Current Investments	7		
Trade		12.00	12.00
Others		336.34	145.66
(iii) Long Term Loans	8		
Secured		1,33,815.75	1,07,157.80
Un-Secured		34,975.36	35,366.37
(iv) Other Non-Current Assets	9	209.68	376.07
(2) Current Assets			
(i) Current Investments	10	3.83	3.83
(ii) Cash and Bank Balances	11	60.14	4,753.81
(iii) Current Maturity of Long Term Loans	8		
Secured		15,114.00	12,318.01
Un-Secured		2,928.95	3,137.84
(iv) Short Term Loans	8		
Secured		912.98	1,000.00
Un-Secured		1,483.20	1,416.11
(v) Other Current Assets	9	4,240.24	3,466.95
Total		1,94,164.10	1,69,228.79

SIGNIFICANT ACCOUNTING POLICIES

OTHER NOTES ON ACCOUNTS

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

Part B

Part C

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

Sd/-
R. NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N

Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 27.05.2014



POWER FINANCE CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

		(₹ in crore)			
Description	Note Part A	Year ended 31.03.2014		Year ended 31.03.2013	
I. Revenue from Operations					
Interest	12	20,976.71		16,922.91	
Other Operating Income	12	543.71	21,522.42	343.23	17,266.14
II. Other Income					
Other Income	13		15.04		6.41
III			21,537.48		17,272.55
			Total Revenue (I + II)		
IV. EXPENSES					
Interest, Finance and Other Charges	14		13,199.59		10,991.08
Bond issue Expenses	15		79.09		97.33
Employee Benefit Expenses	16		79.56		80.94
Provision for contingencies			469.89		80.65
Provision for decline in value of Investments			(0.15)		(0.003)
Depreciation and Amortization expenses	6		4.93		5.70
CSR and Sustainable Development Expenses			63.23		16.30
Other Expenses	17		83.30		42.12
Prior Period Items (Net)	18		(0.29)		(8.81)
			13,979.15		11,305.51
			Total Expenses		
V. Profit before exceptional and extraordinary items and tax (III-IV)			7,558.31		5,967.04
VI. Exceptional items			0.00		0.00
VII. Profit before extraordinary items and tax (V-VI)			7,558.31		5,967.04
VIII. Extraordinary items			0.00		0.00
IX. Profit Before Tax (VII-VIII)			7,558.31		5,967.04
X. Tax Expenses					
(1) Current Tax					
for current year		2,075.81		1,543.57	
for earlier years		10.32	2,086.13	(128.48)	1,415.08
(2) Deferred Tax liability(+) / Asset(-)			54.43		132.36
XI. Profit (Loss) for the year from continuing operations (IX-X)			5,417.75		4,419.60
XII. Earnings per equity share of ₹ 10/- each (Refer Note No. 15 of Part-C - Other Notes on Accounts)					
(1) Basic (₹)			41.04		33.48
(2) Diluted (₹)			41.04		33.48

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

Sd/-
(MANOHAR BALWANI)
Company Secretary

Sd/-
R. NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N

Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 27.05.2014

NOTE - Part A - 1 SHARE CAPITAL

Description	As at	
	31.03.2014	31.03.2013
(₹ in crore)		
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
Total	2,000.00	2,000.00
B Issued, subscribed and paid up :		
132,00,15,011 Equity shares of ₹ 10/- each fully paid-up		
(Previous year 131,99,31,705 equity shares of ₹ 10/- each fully paid up)	1,320.02	1,319.93
Add : 25,693 Equity shares of ₹10/- each fully paid-up		
(previous year 83,306 equity shares of ₹10/- each fully paid-up)	0.02	0.09
Total	1,320.04	1,320.02
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	31.03.2014	31.03.2013
President of India	% of Share Holding 72.80*	73.72
	No. of Shares Held 96,09,55,589	87,30,61,665
	Amount (₹ in crore) 960.96	973.06
Life Insurance Corporation of India	% of Share Holding 7.80	5.77
	No. of Shares Held 10,28,99,599	7,61,64,471
	Amount (₹ in crore) 102.90	76.16
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 ₹ 180.75/- 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.		
For FY 2009-10, out of 88,040 options, 87,888 options has been granted, 83,306 equity shares have been allotted during the previous financial year and 4,255 equity shares during the current year upon exercising the stock option under the scheme. For FY 2010-11, out of 92,964 options granted, 89,964 options have been settled in cash and 1,572 options have been cancelled during the previous financial year and allotted 21,438 equity shares during the current year upon exercising the stock option under the scheme.		
* Refer Note No. 19.2 of Part-C - Other Notes on Accounts		

NOTE - Part A - 2 RESERVES & SURPLUS

Description	As at	
	31.03.2014	31.03.2013
(₹ in crore)		
(A) Securities Premium Reserve		
Opening balance	4,094.50	4,092.87
Add : Addition during the year *	1.87	1.51
Less: Issue Expenses (FPO)	0.00	(0.32)
	4,096.37	4,094.50
(B) Debenture Redemption Reserve		
Opening balance	274.85	55.79
Add : Transfer from Profit and Loss Appropriation		
(Refer Note No. 4 of Part-C - Other Notes on Accounts)	271.23	219.06
	546.08	274.85
(C) Others		
(i) Reserve for Bad & doubtful debts u/s 36(1)(viii)(c) of Income-Tax Act, 1961		
Opening balance	1,409.01	1,156.81
Add : Transfer from Profit and Loss Appropriation	321.43	250.40
	1,730.44	1,409.01
(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	7,139.87	5,982.06
Add : Transfer from Profit and Loss Appropriation	1,464.74	1,155.90
Add : Transfer from General Reserve	0.00	1.91
Add : Transfer from Surplus **	37.85	0.00
Less: Transfer to General Reserve	(17.80)	0.00
	8,624.46	7,139.87
(iv) CSR and SD Reserve		
Opening balance	18.85	0.00
Less: Transfer to Surplus	(18.85)	0.00
(Refer Note No. 21.2 of Part-C - Other Notes on Accounts)	0.00	18.85
	18.85	18.85
(v) General Reserve		
Opening balance	3,034.49	2,594.40
Add : Transfer from Profit and Loss Appropriation	542.00	442.00
Add : Transferred from Special Reserve	17.80	0.00
Less: Transferred to Special Reserve	0.00	1.91
	3,594.29	3,034.49



(vi) Foreign Currency Monetary Item Translation Difference A/c (Refer Note No. 11 of Part-C - Other Notes on Accounts)				
Opening balance	(477.97)		(515.41)	
Add : Net addition during the year	(231.24)	(709.21)	37.44	(477.97)
(D) Surplus				
Opening balance	6,162.68		4,904.21	
Add : Transfers from CSR and SD Reserve	18.85		0.00	
Less : Transfers to Special Reserve under Income Tax Act, 1961 **	(37.65)		0.00	
Add : Surplus retained from the Profit and Loss Appropriation for the year	1,428.41	7,572.29	1,258.47	6,162.68
		26,054.57		22,256.13

Note: Profit and Loss Appropriation

Profit after tax for the year		5,417.75		4,419.60
Less : CSR and SD Reserves				
Transfer to CSR and SD Reserve (relating to earlier years)	0.00		16.39	
Transfer from CSR and SD Reserve (relating to earlier years)	0.00		(9.30)	
Transfer to CSR and SD Reserve (relating to current year)	0.00	0.00	11.76	18.85
Less : Transfer to Reserves				
Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	321.43		250.40	
Transfer to Special Reserve created and maintained u/s 36(1)(vii) of Income Tax Act, 1961	1,464.74		1,155.90	
Debenture Redemption Reserve	271.23		219.06	
General Reserve	542.00	2,598.40	442.00	2,067.36
Less : Dividend & Corporate Dividend Tax				
Interim Dividend	1,161.64		792.01	
Proposed Final Dividend	26.40		132.00	
Corporate Dividend Tax on Interim Dividend	197.41		128.48	
Proposed Corporate Dividend Tax	4.49	1,389.94	22.43	1,074.92
Total		1,428.41		1,258.47

*Addition on account of issue of tax free bond series 107A and 107B at a premium of 0.03% and 0.14% respectively, total amounting to ₹ 1.45 crore and issue of 25,693 equity shares at premium amounting to ₹ 0.42 crore.

** Transferred to match the deduction claimed as per the Income tax return for the Assessment Year 2013-14.

**NOTE - Part A - 3
BORROWINGS**

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Current	Non-Current	Total	Current	Non-Current	Total
A. Long Term Borrowings						
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 38)	0.00	11,275.11	11,275.11	0.00	6,275.12	6,275.12
Other Bonds (Refer Note No. 39 to 45)	0.00	11,140.00	11,140.00	0.00	0.00	0.00
Sub Total (I)	0.00	22,776.66	22,776.66	0.00	6,636.67	6,636.67
II. Un-secured						
a) Bonds						
Other Bonds / Debentures (Refer Note No. 46 and 47)	10,399.90	89,528.17	99,928.07	3,262.90	95,434.62	98,697.52
Subordinated Bonds (Refer Note No. 48)	0.00	3,800.00	3,800.00	0.00	0.00	0.00
Foreign Currency Notes (Refer Note No. 50)	0.00	1,088.82	1,088.82	0.00	980.40	980.40
	10,399.90	94,416.99	1,04,816.89	3,262.90	96,421.02	99,683.92
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) (Refer Note No. 51)	24.57	265.36	289.93	19.98	251.49	271.47
Syndicated Foreign Currency Loans from banks / Financial Institutions (Refer Note No. 52)	3,674.53	3,872.56	7,547.09	0.00	6,946.68	6,946.68
Foreign Currency Loans (FCNR (B) from banks)	0.00	0.00	0.00	219.20	0.00	219.20
	3,699.10	4,137.92	7,837.02	239.18	7,198.17	7,437.35
c) Rupee Term Loans						
Rupee Term Loans (From Banks) (Refer Note No. 53)	810.00	21,160.00	21,970.00	3,980.00	10,895.00	14,875.00
Rupee Term Loans (From Financial Institutions) (Refer Note No. 54)	500.00	0.00	500.00	2,130.00	0.00	2,130.00
	1,310.00	21,160.00	22,470.00	6,110.00	10,895.00	17,005.00
Sub Total (II)	15,409.00	1,19,714.91	1,35,123.91	9,612.08	1,14,514.19	1,24,126.27
B. Short Term Borrowings						
Rupee Term Loans						
I. Secured						
Loan against FD	0.00	0.00	0.00	860.55	0.00	860.55
Sub Total (I)	0.00	0.00	0.00	860.55	0.00	860.55
II. Un-secured						
Commercial Paper (Refer Note No. 55)	1,314.49	0.00	1,314.49	4,890.20	0.00	4,890.20
Working Capital Demand Loan / OD / CC / Line of Credit	0.00	0.00	0.00	2,959.22	0.00	2,959.22
Sub Total (II)	1,314.49	0.00	1,314.49	7,849.42	0.00	7,849.42
Total (A) + (B)	16,723.49	1,42,491.57	1,59,215.06	18,322.05	1,21,150.86	1,39,472.91

Notes:-

The details of Infrastructure Bonds outstanding as at 31.03.2014 are as follows:

SL No.	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.	Secured by charge on specific book debt of ₹ 3,971.21 crore as on 31.03.2014 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
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 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.
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.	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.
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.	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.
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.	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.



S No.	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 ₹ 3,971.21 crore as on 31.03.2014 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.	
		Total		361.55			

The details of Tax Free Bonds outstanding as at 31.03.2014 are as follows :

S No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ In crore)	Date of Redemption	Nature of Security
13	Tax Free Bonds (2013-14) - Series 3A	16-11-2013	8.67%	1,067.38	16-Nov-33	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
14	Tax Free Bonds (2013-14) - Series 3B	16-11-2013	8.92%	861.96	16-Nov-33	
15	Tax Free Bonds (2013-14) - Series 2A	16-11-2013	8.54%	932.70	16-Nov-28	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
16	Tax Free Bonds (2013-14) - Series 2B	16-11-2013	8.79%	353.32	16-Nov-28	
17	Tax Free Bonds Series 107 B	30-08-2013	8.46%	1,011.10	30-Aug-28	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
18	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.04%	3.32	28-Mar-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
19	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.54%	65.88	28-Mar-28	
20	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.36%	136.84	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.
21	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.86%	220.16	4-Jan-28	
22	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.
23	Tax Free Bonds Series 94 B	22-11-2012	7.38%	25.00	22-Nov-27	
24	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.
25	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.
26	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15-Oct-26	
27	Tax Free Bonds (2013-14) - Series 1A	16-11-2013	8.18%	325.07	16-Nov-23	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
28	Tax Free Bonds (2013-14) - Series 1B	16-11-2013	8.43%	335.47	16-Nov-23	

29	Tax Free Bonds Series 107 A	30-08-2013	8.01%	113.00	30-Aug-23	First pari passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/ repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
30	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	6.88%	47.64	28-Mar-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
31	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	7.38%	48.52	28-Mar-23	
32	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.19%	176.99	4-Jan-23	
33	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.69%	165.76	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.
34	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.
35	Tax Free Bonds Series 94 A	22-11-2012	7.21%	255.00	22-Nov-22	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.
36	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.
37	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.
38	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15-Oct-21	
Total				11,275.11		

The details of Taxable Bonds (Secured) outstanding as at 31.03.2014 are as follows:

39	Taxable Bonds Series 112 C	31.01.2014	9.70%	270.00	31-Jan-21	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under/ pursuant to the Transaction Documents.
40	Taxable Bonds Series 112 B	31.01.2014	9.70%	270.00	31-Jan-20	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
41	Taxable Bonds Series 113	03.03.2014	9.69%	2,240.00	3-Mar-19	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
42	Taxable Bonds Series 112 A	31.01.2014	9.70%	270.00	31-Jan-19	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/ repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.

43	Taxable Bonds Series 109	07.10.2013	9.81%	4,500.00	7-Oct-18	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under/ pursuant to the Transaction Documents.
44	Taxable Bonds Series 108	27.09.2013	9.80%	1,600.00	27-Sep-16	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under/ pursuant to the Transaction Documents.
45	Taxable Bonds Series 110	05.12.2013	9.58%	1,990.00	5-Dec-15	First pari passu charge on total receivables of the Company, excluding the receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under/ pursuant to the Transaction Documents.
		Total		11,140.00		
46	Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 379.67 crore (previous year ₹ 351.22 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 (net of Unamortized Interest of ₹ 370.33 crore (previous year ₹ 398.78 crore)).					
47	The details of Unsecured Taxable (Non cumulative) Bonds are as follows :					
S No	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
9	66 - B Series	8.75%		15-Jun-25		832.00
10	66 - B Series	8.75%		15-Jun-25		700.00
11	65 - Series	8.70%		14-May-25		1,087.50
12	65 - Series	8.70%		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		2,685.20
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

S.No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
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	8.65%	15-Jun-20	500.00
36	65 - Series	8.70%	14-May-20	162.50
37	65 - Series	8.70%	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	104 - B Series	8.30%	15-May-18	351.00
58	102 - A(I) Series	8.90%	18-Mar-18	403.00
59	101 - A Series	8.95%	11-Mar-18	3,201.00
60	99 - A Series	8.77%	20-Feb-18	2.00
61	98 (II) Series	8.72%	8-Feb-18	324.00
62	72 - A Series	8.97%	15-Jan-18	144.00
63	97 Series	8.75%	15-Jan-18	1,000.00
64	XL - C Series	9.28%	28-Dec-17	650.00
65	XVIII Series	7.87%	13-Nov-17	25.00
66	93 - B Series	8.91%	15-Oct-17	950.00
67	XVII Series	8.21%	3-Oct-17	25.00
68	92 - A Series	9.01%	21-Aug-17	50.00
69	92 - B Series	9.27%	21-Aug-17	1,930.00
70	91 - A Series	9.40%	29-Jun-17	107.50
71	90 - A Series	9.61%	1-Jun-17	552.90
72	XIII Series	9.60%	24-May-17	65.00
73	XXXV Series	9.96%	18-May-17	530.00
74	XIII Series	9.60%	16-May-17	125.00
75	89 - A Series	9.52%	2-May-17	2,595.00
76	88- B Series	9.66%	15-Apr-17	100.20
77	XXXIV Series	9.90%	30-Mar-17	500.50
78	XXXIII - B Series	9.90%	22-Mar-17	561.50
79	87 - C Series	9.59%	20-Mar-17	217.50

S No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
80	87 - B Series	9.72%	20-Mar-17	23.00
81	84 Series	9.33%	17-Feb-17	1,521.20
82	98 (I) Series	8.72%	8-Feb-17	324.00
83	82 - B Series	9.64%	15-Dec-16	825.00
84	XXXI - A Series	8.78%	11-Dec-16	1,451.20
85	XVIII Series	7.87%	13-Nov-16	25.00
86	XVII Series	8.21%	3-Oct-16	25.00
87	XXIX - A Series	8.80%	7-Sep-16	250.00
88	77 - A Series	9.41%	1-Sep-16	1,083.60
89	75 - B Series	9.62%	29-Jun-16	360.00
90	106 - B Series	8.27%	25-Jun-16	3,033.00
91	104 - A Series	8.35%	15-May-16	4,000.00
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	106 - A Series	8.29%	25-Jun-15	1,250.00
101	65 - Series	8.70%	14-May-15	1,337.50
102	89 - B Series	9.46%	2-May-15	2,056.00
103	85 - A Series	9.51%	15-Apr-15	661.30
104	64 - Series	8.95%	30-Mar-15	492.00
105	63 - Series	8.90%	15-Mar-15	184.00
106	83 Series	9.55%	13-Jan-15	1,292.30
107	61 - Series	8.50%	15-Dec-14	351.00
108	82 - A Series	9.63%	15-Dec-14	2,100.00
109	96 Series	8.90%	14-Dec-14	1,903.00
110	XVIII Series	7.87%	13-Nov-14	25.00
111	XXI B Series	7.00%	2-Nov-14	51.90
112	59 - A Series	8.45%	15-Oct-14	288.20
113	93 - A Series	8.85%	15-Oct-14	1,788.00
114	XVII Series	8.21%	3-Oct-14	25.00
115	58 - B Series	8.45%	17-Sep-14	331.10
116	57 - B Series	8.60%	7-Aug-14	866.50
117	75 - A Series	9.64%	29-Jun-14	555.00
118	55 - B Series	7.50%	11-May-14	146.90
Total				99,548.40
48 The details of Unsecured Subordinate Bonds are as follows :				
S. No.	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
1	Subordinated Tier II Debt Bond	9.70%	21-Feb-24	2,000.00
2	Subordinated Tier II Debt Bond	9.65%	13-Jan-24	1,000.00
3	Subordinated Tier II Debt Bond	8.19%	14-Jun-23	800.00
Total				3,800.00
49 As at 31.03.2014, Bonds of ₹ 6.90 crore (previous year ₹ 7.40 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.50 crore (previous year ₹ 0.50 crore) are held by PFC Ltd. Gratuity Trust.				
50 Foreign currency 6.61% Senior Notes (USPP - I) of USD 180 million amounting to ₹ 1,088.82 crore (previous year ₹ 986.40 crore) are redeemable at par on 05.09.2017.				

Notes :-

51 The details of Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) outstanding as at 31.03.2014 are as follows:

S.No.	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
1	KfW I	0.7500%	1.37	30-Jun-2035
2	KfW I	0.7500%	1.57	30-Dec-2034
3	KfW I	0.7500%	1.57	30-Jun-2034
4	KfW I	0.7500%	1.57	30-Dec-2033
5	KfW I	0.7500%	1.57	30-Jun-2033
6	KfW I	0.7500%	1.57	30-Dec-2032
7	KfW I	0.7500%	1.57	30-Jun-2032
8	KfW I	0.7500%	1.57	30-Dec-2031
9	KfW I	0.7500%	1.57	30-Jun-2031
10	KfW I	0.7500%	1.57	30-Dec-2030
11	KfW I	0.7500%	1.57	30-Jun-2030
12	KfW I	0.7500%	1.57	30-Dec-2029
13	KfW I	0.7500%	1.57	30-Jun-2029
14	KfW I	0.7500%	1.57	30-Dec-2028
15	Asian Development Bank	0.5934%	0.25	15-Oct-2028
16	Credit National France	2.0000%	0.03	30-Jun-2028
17	KfW I	0.7500%	1.57	30-Jun-2028
18	Asian Development Bank	0.5934%	1.75	15-Apr-2028
19	Credit National France	2.0000%	0.03	31-Dec-2027
20	KfW I	0.7500%	1.57	30-Dec-2027
21	Asian Development Bank	0.5934%	2.08	15-Oct-2027
22	Credit National France	2.0000%	0.06	30-Jun-2027
23	KfW I	0.7500%	1.57	30-Jun-2027
24	Asian Development Bank	0.5934%	2.20	15-Apr-2027
25	Credit National France	2.0000%	0.43	31-Dec-2026
26	KfW I	0.7500%	1.57	30-Dec-2026
27	Asian Development Bank	0.5934%	2.41	15-Oct-2026
28	Credit National France	2.0000%	0.43	30-Jun-2026
29	KfW I	0.7500%	1.57	30-Jun-2026
30	Asian Development Bank	0.5934%	4.03	15-Apr-2026
31	Credit National France	2.0000%	0.51	31-Dec-2025
32	KfW I	0.7500%	1.57	30-Dec-2025
33	Asian Development Bank	0.5934%	4.03	15-Oct-2025
34	Credit National France	2.0000%	1.11	30-Jun-2025
35	KfW I	0.7500%	1.57	30-Jun-2025
36	Asian Development Bank	0.5934%	4.03	15-Apr-2025
37	Credit National France	2.0000%	3.04	31-Dec-2024
38	KfW I	0.7500%	1.57	30-Dec-2024
39	Asian Development Bank	0.5934%	4.03	15-Oct-2024
40	Credit National France	2.0000%	3.67	30-Jun-2024
41	KfW I	0.7500%	1.57	30-Jun-2024
42	Asian Development Bank	0.5934%	4.33	15-Apr-2024
43	Credit National France	2.0000%	3.71	31-Dec-2023
44	KfW I	0.7500%	1.57	30-Dec-2023
45	Asian Development Bank	0.5934%	4.33	15-Oct-2023

46	Credit National France	2.0000%	4.55	30-Jun-2023
47	KfW I	0.7500%	1.57	30-Jun-2023
48	Asian Development Bank	0.5934%	4.33	15-Apr-2023
49	Credit National France	2.0000%	4.55	31-Dec-2022
50	KfW I	0.7500%	1.57	30-Dec-2022
51	Asian Development Bank	0.5934%	4.33	15-Oct-2022
52	Credit National France	2.0000%	4.55	30-Jun-2022
53	KfW I	0.7500%	1.57	30-Jun-2022
54	Asian Development Bank	0.5934%	4.33	15-Apr-2022
55	Credit National France	2.0000%	4.55	31-Dec-2021
56	KfW I	0.7500%	1.57	30-Dec-2021
57	Asian Development Bank	0.5934%	4.33	15-Oct-2021
58	Credit National France	2.0000%	4.55	30-Jun-2021
59	KfW I	0.7500%	1.57	30-Jun-2021
60	Asian Development Bank	0.5934%	4.33	15-Apr-2021
61	Credit National France	2.0000%	4.55	31-Dec-2020
62	KfW I	0.7500%	1.57	30-Dec-2020
63	Asian Development Bank	0.5934%	4.33	15-Oct-2020
64	Credit National France	2.0000%	4.55	30-Jun-2020
65	KfW I	0.7500%	1.57	30-Jun-2020
66	Asian Development Bank	0.5934%	4.33	15-Apr-2020
67	Credit National France	2.0000%	4.55	31-Dec-2019
68	KfW I	0.7500%	1.57	30-Dec-2019
69	Asian Development Bank	0.5934%	4.33	15-Oct-2019
70	Credit National France	2.0000%	4.55	30-Jun-2019
71	KfW I	0.7500%	1.57	30-Jun-2019
72	Asian Development Bank	0.5934%	4.33	15-Apr-2019
73	Credit National France	2.0000%	4.55	31-Dec-2018
74	KfW I	0.7500%	1.57	30-Dec-2018
75	Asian Development Bank	0.5934%	4.33	15-Oct-2018
76	Credit National France	2.0000%	4.55	30-Jun-2018
77	KfW I	0.7500%	1.57	30-Jun-2018
78	Asian Development Bank	0.5934%	4.33	15-Apr-2018
79	Credit National France	2.0000%	4.55	31-Dec-2017
80	KfW I	0.7500%	1.57	30-Dec-2017
81	Asian Development Bank	0.5934%	4.33	15-Oct-2017
82	Credit National France	2.0000%	4.55	30-Jun-2017
83	KfW I	0.7500%	1.57	30-Jun-2017
84	Asian Development Bank	0.5934%	4.33	15-Apr-2017
85	Credit National France	2.0000%	4.55	31-Dec-2016
86	KfW I	0.7500%	1.57	30-Dec-2016
87	Asian Development Bank	0.5934%	4.33	15-Oct-2016
88	Credit National France	2.0000%	4.55	30-Jun-2016
89	KfW I	0.7500%	1.57	30-Jun-2016
90	Asian Development Bank	0.5934%	4.33	15-Apr-2016
91	Credit National France	2.0000%	4.55	31-Dec-2015
92	KfW I	0.7500%	1.57	30-Dec-2015
93	KfW II	5.1499%	1.83	30-Dec-2015
94	Asian Development Bank	0.5934%	4.33	15-Oct-2015
95	Credit National France	2.0000%	4.55	30-Jun-2015

96	KfW I	0.7500%	1.57	30-Jun-2015
97	KfW II	5.1499%	1.83	30-Jun-2015
98	Asian Development Bank	0.5934%	4.33	15-Apr-2015
99	Credit National France	2.0000%	4.55	31-Dec-2014
100	KfW I	0.7500%	1.57	30-Dec-2014
101	KfW II	5.1499%	1.83	30-Dec-2014
102	Asian Development Bank	0.5934%	4.33	15-Oct-2014
103	Credit National France	2.0000%	4.55	30-Jun-2014
104	KfW I	0.7500%	1.57	30-Jun-2014
105	KfW II	5.1499%	1.83	30-Jun-2014
106	Asian Development Bank	0.5934%	4.33	15-Apr-2014
		Total	289.93	

52 The details of Syndicated Foreign Currency Loans from Banks / Financial Institutions outstanding as at 31.03.2014 are as follows:

S.No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
1	SLN XIII	1.7815%	756.13	6-Mar-2017
2	SLN-IX	1.8379%	744.14	24-Feb-2017
3	SLN-VIII	1.6857%	408.71	23-Sep-2016
4	SLN-VIII	1.6857%	451.34	25-Sep-2015
5	SLN XII	2.0797%	1,512.25	31-Aug-2015
6	SLN VII	1.8690%	1,814.70	29-Mar-2015
7	SLN XIII	1.7815%	756.13	6-Mar-2015
8	SLN-IX	1.8379%	703.81	25-Feb-2015
9	SLN-VIII	1.6857%	399.89	24-Sep-2014
		Total	7,547.09	

Notes : -

53 The details of Rupee Term Loans (From Banks) outstanding as at 31.03.2014 are as follows:

S.No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
1	INDIAN BANK	10.20%	100.00	18-Mar-2022
2	CANARA BANK	10.24%	500.00	29-Mar-2021
3	ORIENTAL BANK OF COMMERCE	10.25%	75.00	29-Mar-2021
4	BANK OF INDIA	10.20%	200.00	28-Mar-2021
5	SYNDICATE BANK	10.25%	140.00	28-Mar-2021
6	BANK OF INDIA	10.20%	300.00	27-Mar-2021
7	ORIENTAL BANK OF COMMERCE	10.25%	91.00	21-Mar-2021
8	SYNDICATE BANK	10.25%	150.00	20-Mar-2021
9	SYNDICATE BANK	10.25%	175.00	19-Mar-2021
10	INDIAN BANK	10.20%	100.00	18-Mar-2021
11	CANARA BANK	10.20%	105.00	30-Mar-2020
12	SYNDICATE BANK	10.25%	35.00	30-Mar-2020
13	ORIENTAL BANK OF COMMERCE	10.25%	75.00	29-Mar-2020
14	SYNDICATE BANK	10.25%	140.00	28-Mar-2020
15	ORIENTAL BANK OF COMMERCE	10.25%	92.00	21-Mar-2020
16	SYNDICATE BANK	10.25%	150.00	20-Mar-2020
17	SYNDICATE BANK	10.25%	175.00	19-Mar-2020
18	INDIAN BANK	10.20%	100.00	18-Mar-2020
19	SYNDICATE BANK	10.25%	35.00	30-Mar-2019
20	ORIENTAL BANK OF COMMERCE	10.25%	75.00	29-Mar-2019

21	CANARA BANK	10.20%	453.38	28-Mar-2019
22	CANARA BANK	10.20%	546.62	28-Mar-2019
23	HDFC BANK	10.23%	200.00	28-Mar-2019
24	ORIENTAL BANK OF COMMERCE	10.25%	92.00	21-Mar-2019
25	UCO BANK	10.20%	500.00	18-Mar-2019
26	UCO BANK	10.20%	500.00	14-Mar-2019
27	UNION BANK OF INDIA	10.25%	160.00	30-Sep-2018
28	BANK OF INDIA	10.20%	470.00	20-Sep-2018
29	BANK OF INDIA	10.20%	500.00	20-Sep-2018
30	BANK OF BARODA	10.25%	490.00	31-Mar-2018
31	ALLAHABAD BANK	10.25%	500.00	30-Mar-2018
32	BANK OF INDIA	10.20%	30.00	30-Mar-2018
33	UNION BANK OF INDIA	10.25%	15.00	30-Mar-2018
34	CANARA BANK	10.20%	220.00	29-Mar-2018
35	BANK OF BARODA	10.25%	250.00	29-Mar-2018
36	CANARA BANK	10.20%	280.00	28-Mar-2018
37	HDFC BANK	10.23%	150.00	28-Mar-2018
38	BANK OF BARODA	10.25%	285.00	28-Mar-2018
39	STATE BANK OF MYSORE	10.25%	150.00	28-Mar-2018
40	STATE BANK OF MYSORE	10.25%	250.00	21-Mar-2018
41	DENA BANK	10.25%	275.00	21-Mar-2018
42	DENA BANK	10.25%	225.00	21-Mar-2018
43	BANK OF BARODA	10.25%	300.00	20-Mar-2018
44	BANK OF BARODA	10.25%	350.00	19-Mar-2018
45	BANK OF INDIA	10.20%	1,000.00	14-Mar-2018
46	VIJAYA BANK	10.20%	250.00	15-Dec-2017
47	ANDHRA BANK	10.25%	30.00	15-Dec-2017
48	VIJAYA BANK	10.20%	700.00	31-Jul-2017
49	BANK OF BARODA	10.25%	65.00	30-Mar-2017
50	HDFC BANK	10.23%	150.00	28-Mar-2017
51	INDIAN BANK	10.20%	60.00	27-Mar-2017
52	STATE BANK OF INDIA	10.15%	142.00	25-Mar-2017
53	STATE BANK OF INDIA	10.15%	143.00	25-Dec-2016
54	STATE BANK OF INDIA	10.15%	143.00	25-Sep-2016
55	STATE BANK OF INDIA	10.15%	143.00	25-Jun-2016
56	UNION BANK OF INDIA	10.25%	60.00	28-Apr-2016
57	UNION BANK OF INDIA	10.25%	320.00	27-Apr-2016
58	UNION BANK OF INDIA	10.25%	110.00	24-Apr-2016
59	UNION BANK OF INDIA	10.25%	230.00	21-Apr-2016
60	UNION BANK OF INDIA	10.25%	180.00	20-Apr-2016
61	BANK OF BARODA	10.25%	230.00	30-Mar-2016
62	BANK OF BARODA	10.25%	770.00	29-Mar-2016
63	INDIAN BANK	10.20%	60.00	27-Mar-2016
64	STATE BANK OF INDIA	10.15%	143.00	25-Mar-2016
65	STATE BANK OF INDIA	10.15%	143.00	25-Dec-2015
66	CENTRAL BANK OF INDIA	10.25%	30.00	15-Oct-2015



67	JAMMU & KASHMIR BANK	10.25%	40.00	15-Oct-2015
68	JAMMU & KASHMIR BANK	10.25%	560.00	15-Oct-2015
69	VIJAYA BANK	10.20%	200.00	1-Oct-2015
70	STATE BANK OF INDIA	10.15%	143.00	25-Sep-2015
71	CANARA BANK	10.20%	425.00	1-Sep-2015
72	CANARA BANK	10.20%	75.00	31-Aug-2015
73	INDIAN BANK	10.20%	500.00	12-Jul-2015
74	FEDERAL BANK	10.55%	300.00	30-Jun-2015
75	STATE BANK OF BIKANER AND JAIPUR	10.25%	400.00	29-Jun-2015
76	CORPORATION BANK	10.25%	750.00	29-Jun-2015
77	CORPORATION BANK	10.25%	250.00	28-Jun-2015
78	SUMITOMO MITSUI BANKING CORP	10.15%	100.00	28-May-2015
79	ANDHRA BANK	10.25%	310.00	1-May-2015
80	ANDHRA BANK	10.25%	500.00	28-Apr-2015
81	CANARA BANK	10.20%	500.00	16-Apr-2015
82	PUNJAB NATIONAL BANK	10.25%	500.00	15-Apr-2015
83	BANK OF INDIA	10.20%	500.00	15-Apr-2015
84	STATE BANK OF BIKANER AND JAIPUR	10.25%	350.00	30-Mar-2015
85	INDIAN BANK	10.20%	60.00	27-Mar-2015
86	HDFC BANK	10.50%	250.00	24-Sep-2014
87	CREDIT SUISSE AG	10.45%	150.00	14-May-2014
		Total	21,970.00	

54 The details of Rupee Term Loans (From Financial Institutions) outstanding as at 31.03.2014 are as follows:

S.No.	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
1	SIDBI	9.75%	500.00	30-Apr-2014

55 The details of Commercial Paper outstanding as at 31.03.2014 are as follows:

S.No.	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
1	CP-56	10.63%	1,250.00	15-Jul-2014
2	CP-57	9.30%	100.00	15-Apr-2014
	Less - Unamortized financial charges *		(35.51)	
		Total	1,314.49	

* Unamortized financial charges on Commercial Paper as on 31.03.2014 amounts to ₹ 35.51 crore (Previous year ₹ 109.80 crore)



**NOTE - Part A - 4
OTHER LONG TERM & CURRENT LIABILITIES**

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Interest Subsidy Fund from GOI (Refer Note No. 10(ii) of Part-C - Other Notes on Accounts)	21.93	101.94	123.87	33.06	112.72	145.78
Interest Differential Fund - KFW (Refer Note No. 7 of Part-C - Other Notes on Accounts)	0.00	54.63	54.63	0.00	54.73	54.73
Advance received / amount payable to Subsidiaries (including interest payable thereon) (Refer Note No. 6.5 of Part-C - Other Notes on Accounts)	163.70	160.95	324.65	3.58	295.60	299.18
Amount payable to GoI under R-APDRP (Refer Note No. 12(i) of Part-C - Other Notes on Accounts)	0.00	0.00	0.00	0.25	0.00	0.25
Sub Total	185.63	317.52	503.15	36.89	463.05	499.94
Interest Accrued but not due :						
On Bonds	5,874.55	0.00	5,874.55	4,771.01	0.00	4,771.01
On Loans	92.11	0.00	92.11	119.15	0.00	119.15
Sub Total	5,966.66	0.00	5,966.66	4,890.16	0.00	4,890.16
Unpaid / Unclaimed						
Bonds	4.54	0.00	4.54	4.71	0.00	4.71
Interest on Bonds	1.96	0.00	1.96	3.21	0.00	3.21
Dividend	1.45	0.00	1.45	1.20	0.00	1.20
Sub Total	7.95	0.00	7.95	9.12	0.00	9.12
Others	101.51	30.10	131.61	127.65	76.75	204.40
Sub Total	101.51	30.10	131.61	127.65	76.75	204.40
Grand Total	6,261.75	347.62	6,609.37	5,063.82	539.80	5,603.62

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

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Short Term	Long Term	Total	Short Term	Long Term	Total
I. Employee Benefits **						
Economic Rehabilitation of Employees	0.12	1.12	1.24	0.12	1.19	1.31
Leave Encashment	0.99	19.67	20.66	1.14	19.25	20.39
Staff Welfare Expenses	0.92	14.96	15.88	1.15	12.14	13.29
Gratuity / Superannuation Fund	0.93	0.00	0.93	1.63	0.00	1.63
Sub Total	2.96	35.75	38.71	4.04	32.58	36.62
II. Others						
Income Tax (net)	96.44	23.05	119.49	20.86	11.62	32.48
CSR & SD Expenses (Refer Note No. 21 of Part-C - Other Notes on Accounts)	32.33	0.00	32.33	0.00	0.00	0.00
Contingent provision against Standard Assets (Refer Note No. 13.1 of Part-C - Other Notes on Accounts)	55.18	414.24	469.42	14.66	118.13	132.79
Proposed Final Dividend**	26.40	0.00	26.40	132.00	0.00	132.00
Proposed Corporate Dividend Tax **	4.49	0.00	4.49	22.43	0.00	22.43
Sub Total	214.84	437.29	652.13	189.95	129.75	319.70
Grand Total	217.80	473.04	690.84	193.99	162.33	356.32

** (Refer Note No. 20.2 of Part-C - Other Notes on Accounts)



**NOTE - Part A - 6
FIXED ASSETS**

Description	GROSS BLOCK		DEPRECIATION			NET BLOCK				
	Opening Balance as at 01.04.2013	Additions/ Deductions/ Adjustments as at 31.03.2014	Closing Balance as at 31.03.2014	Opening Balance as at 01.04.2013	For the year 01.04.2013 to 31.03.2014	Prior period Adjustments	Withdrawn/ Written back	Closing Balance as at 31.03.2014	As at 31.03.2014	As at 31.03.2013
I. Tangible Assets : Owned Assets										
Land (Freehold)	3.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.38	3.38
Land (Leasehold)	37.87	0.00	37.87	0.00	0.00	0.00	0.00	0.00	37.87	37.87
Buildings	24.92	0.00	24.92	7.20	0.89	0.00	0.00	8.09	16.83	17.72
EDP Equipments	13.81	0.71	14.28	10.59	1.42	0.00	0.18	11.83	2.45	3.22
Office and other equipments	13.84	0.47	14.14	7.67	0.91	0.00	0.09	8.49	5.65	6.17
Furniture & Fixtures	7.49	0.18	7.56	5.30	0.43	0.00	0.08	5.65	1.91	2.19
Vehicles	0.08	0.10	0.16	0.07	0.02	0.00	0.02	0.07	0.09	0.01
Total	101.39	1.46	102.31	30.83	3.67	0.00	0.37	34.13	68.18	70.56
Previous year	98.88	3.91	101.39	27.13	4.22	(0.01)	0.51	30.83	70.56	71.75
II. Intangible Assets : Purchased Software (Useful Life - 5 years)	7.87	0.01	7.78	4.09	1.26	(0.02)	0.00	5.33	2.45	3.78
Previous year	6.86	1.01	7.87	2.60	1.48	0.01	0.00	4.09	3.78	4.26
III. Capital Works in Progress -Intangible Assets **	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Previous year	0.45	0.00	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.45

** Software Applications



**NOTE - Part A - 7
NON-CURRENT INVESTMENTS**

Description	(₹ in crore)	
	As at 21.03.2014	As at 31.03.2013
(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
32,20,000 (Previous Year 28,00,000) Equity Shares of ₹ 10/- each fully paid up of Power Exchange India Ltd. (Refer Note No. 6.6(ii) Part C - Other Notes on Accounts)	3.22	2.80
2,25,00,000 (Previous Year 2,25,00,000) Equity Shares of ₹ 10/- each fully paid up of Energy Efficiency Services Ltd **	22.50	22.50
10,07,50,000 (Previous Year 2,66,40,000) Equity Shares of ₹ 10/- each fully paid up of Subsidiaries **	100.75	26.64
II. Preference Shares		
20,00,00,000 (Previous Year 8,40,00,000) 10% Cumulative Fully Convertible Preference shares of ₹10/- each fully paid up of Subsidiaries **	200.00	84.00
III. Others		
- Valued at Cost (Less diminution, if any, other than temporary)		
76,82,816 (Previous year 76,82,816) Units of *Small is Beautiful Fund of KSK Investment Advisor Pvt. Ltd. (Face value per unit is ₹10) (Refer Note No. 6.6 (i) of Part-C - Other Notes on Accounts)	7.68	7.68
Less : Provision for diminution	0.00	0.15
Sub Total	336.34	145.66
TOTAL	348.34	157.66

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	12.00	81.17
(previous year)	(12.00)	(71.46)
Aggregate of Un-Quoted (non trade) Investments	336.34	-
(previous year)	(145.66)	-
TOTAL	348.34	81.17
(Previous year)	(157.66)	(71.46)

** (Refer Note No. 6.2 of Part-C - Other Notes on Accounts)



**NOTE - Part A - 8
LOANS**

(₹ in crore)

Description	As at 31.03.2014		As at 31.03.2013		Total
	Current maturities (Twelve Months)	Non-Current	Current maturities (Twelve Months)	Non-Current	
A. Long Term Loans					
I Secured Loans					
e) Considered Good					
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	12,822.05	1,14,952.56	10,741.69	91,997.07	1,02,738.76
RTLs to Independent Power Producers	1,047.01	16,706.58	989.56	13,269.75	14,259.31
Foreign Currency Loans to Independent Power Producers	30.32	47.78	27.46	70.76	98.22
Foreign Currency Loans to State Power Utilities	12.83	25.66	0.00	0.00	0.00
Buyer's Line of Credit	67.94	492.07	10.20	122.36	132.56
Lease Financing to Borrowers **	33.15	209.39	49.95	235.12	285.07
RTLs to Equipment Manufacturers	247.69	810.65	224.63	688.79	913.62
Incomes accrued & due on loans	438.65	0.00	35.23	0.00	35.23
Others	14,699.64	1,33,244.69	12,078.92	1,06,383.85	1,18,462.77
RTL to Independent Power Producers-NPA	414.68	581.74	196.77	723.01	919.78
Less: Provision for contingencies	88.62	107.42	27.70	72.30	100.00
FCL to Independent Power Producers-NPA	110.37	120.92	77.80	136.93	214.73
Less: Provision for contingencies	22.07	24.18	7.78	13.69	21.47
Sub Total (f)	15,114.00	1,33,815.75	12,318.01	1,07,157.80	1,19,475.81

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	2,683.35	25,746.29	28,429.64	3,005.33	32,066.20	35,073.53			
RTLs to Independent Power Producers	206.05	8,018.88	8,224.93	115.64	3,146.20	3,261.84			
Foreign Currency Loans to State Power Utilities	0.00	0.00	0.00	11.99	34.87	46.86			
Buyer's Line of Credit	0.00	11.17	11.17	4.87	87.57	92.44			
Incomes accrued & due on loans	39.55	2,925.95	39.55	0.01	0.00	0.01			
Sub Total (I)		33,776.34	36,705.29	3,137.84	35,336.84	38,474.68			
Total A (I + II)		1,67,592.09	1,85,635.04	15,455.85	1,42,494.64	1,57,960.49			
B. Bonds									
I Un-secured Bonds / Debentures									
Bonds / Debentures from State Power Corporations	0.00	1,170.50	1,170.50	0.00	0.00	0.00			
Bonds / Debentures from Independent Power Producers	0.00	29.52	29.52	0.00	0.00	29.53			
Total B		1,200.02	1,200.02	0.00	29.53	29.53			
C. Short Term Loan									
I Secured Loans - Considered Good									
Working Capital Loans to State Electricity Boards and State Power Corporations	812.98	0.00	812.98	1,000.00	0.00	1,000.00			
Working Capital Loans to Independent Power Producers	100.00	0.00	100.00	0.00	0.00	0.00			
Sub Total (I)		912.98	912.98	1,000.00	0.00	1,000.00			
II Un-Secured Loans - Considered Good									
Working Capital Loans to State Electricity Boards and State Power Corporations	1,483.08	0.00	1,483.08	1,416.11	0.00	1,416.11			
Incomes accrued & due on loans	0.12	0.00	0.12	0.00	0.00	0.00			
Sub Total (II)		1,483.20	1,483.20	1,416.11	0.00	1,416.11			
Total C (I + II)		2,396.18	2,396.18	2,416.11	0.00	2,416.11			
Grand Total (A+B+C)		20,439.13	1,89,231.24	17,871.96	1,42,524.17	1,80,396.13			

** (Refer Note No. 9(a)(i) of Part-C - Other Notes on Accounts)

**NOTE - Part A - 9
OTHER ASSETS**

(₹ in crore)

Description	As at 31.03.2014		As at 31.03.2013		Total
	Current	Non-Current	Current	Non-Current	
A. LOANS & ADVANCES					
I Loans (considered good) *					
a) to Employees (Secured)	2.51	15.55	2.34	15.23	17.57
b) to Employees (Unsecured)	5.32	35.70	4.11	27.26	31.37
					48.94
II Advances (Un-secured considered good)					
Advances recoverable in cash or in kind or for value to be received	162.02	92.97	0.10	219.44	219.54
a) to Subsidiaries (including interest recoverable there on) (Refer Note No. 6.4 of Part-C - Other Notes on Accounts)	0.81	0.00	0.77	0.00	0.77
b) to Employees	2.11	0.00	2.02	0.00	2.02
c) Prepaid Expenses	99.72	0.33	79.64	0.30	79.94
d) Others	0.00	53.37	0.00	105.05	105.05
e) Advance Income Tax and Tax Deducted at Source (net)	3.55	0.02	3.25	0.27	3.52
f) Security Deposits	268.21	146.69	85.78	325.06	410.84
B. OTHER ASSETS					
I Accrued but not due :					
a) Interest on Loan Assets	3,865.26	0.00	3,257.45	0.00	3,257.45
b) Other charges	15.63	0.00	16.11	0.00	16.11
c) Interest on Loans to Employee	0.25	11.74	0.23	8.52	8.75
d) Interest on Deposits and Investments	0.00	0.00	26.05	0.00	26.05
					3,308.36
C Loans & Advances (Un-secured - Others)					
Non Performing Assets (NPAs)	104.77	0.00	84.14	0.00	84.14
Less : Provision for contingencies	21.71	0.00	9.26	0.00	9.26
					74.88
Total	4,240.24	209.68	3,466.95	378.07	3,843.02

* Note :
Loans and Advances include :

Particulars	Balance as at 31.03.2014	Maximum during 2013-14	Balance as at 31.03.2013	Maximum during 2012-13
Loans given to Directors	0.15	0.26	0.11	0.25
Loans given to Executives	45.95	52.41	37.85	43.23
Loans given to other employees	11.98	13.74	10.98	12.46
Total	59.08	66.41	48.94	55.94



**NOTE - Part A -10
CURRENT INVESTMENTS**

Description	As at 31.03.2014		As at 31.03.2013	
(₹ in crore)				
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	<u>0.00</u>	2.80	<u>0.00</u>	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	<u>0.00</u>	1.03	<u>0.00</u>	1.03
Total		3.83		3.83
Particulars		Book Adjusted Value		Market Value
Aggregate of Quoted Investments		3.83		7.91
(previous year)		(3.83)		(7.75)
TOTAL		3.83		7.91
(Previous year)		(3.83)		(7.75)

**NOTE - Part A -11
CASH AND BANK BALANCES**

Description	As at 31.03.2014		As at 31.03.2013	
(₹ in crore)				
A. Cash and Cash Equivalents				
i) Balances in current accounts with:				
Reserve Bank of India	0.05		0.05	
Scheduled Banks	<u>0.23</u>	0.28	<u>2.81</u>	2.86
ii) Cheques in hand		58.36		0.01
iii) Public issue Account with Escrow Collection Banker		0.00		165.37
iv) Fixed Deposits with Scheduled Banks (original maturity up to three months)		0.00		4,579.58
Sub Total (I)		58.64		4,747.82
B. Other Balances				
i) Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.		1.50		1.25
ii) Fixed Deposits with Scheduled Banks (original maturity more than three months but up to twelve months)	0.00		4.74	
iii) Fixed Deposits with Scheduled Banks (original maturity more than twelve months)	<u>0.00</u>	0.00	<u>0.00</u>	4.74
Sub Total (II)		1.50		5.99
Total		60.14		4,753.81

**NOTE - Part A - 12
REVENUE FROM OPERATIONS**

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
i. Interest		
Interest on Loans	20,953.45	16,893.51
Lease Income	25.26	29.40
Sub Total (i)	20,978.71	16,922.91
ii. Other Operating Income		
Prepayment Premium on Loans	182.74	10.96
Upfront fees on Loans	34.54	39.69
Management, Agency & Guarantee Fees	142.64	115.56
Commitment charges on Loans	4.15	4.34
Less : Commitment charges on Loans waived	(0.75)	0.00
Income from surplus funds	161.89	156.16
Notal Agency Fees under R-APDRP (Refer Note No. 12 (ii) of Part-C - Other Notes on Accounts)	18.50	16.52
Sub Total (ii)	543.71	343.23
Total	21,522.42	17,266.14

**NOTE - Part A - 13
OTHER INCOME**

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
Dividend / Interest Income on Non-Current Investments	1.92	2.12
Dividend Income on Current Investments	0.22	0.25
Profit on sale of Fixed Assets	0.01	0.01
Profit on sale of Non-Current Investments	0.00	0.05
Interest on Income Tax Refund	2.42	0.18
Miscellaneous Income	8.11	3.80
Excess Liabilities written back	2.36	0.00
Total	15.04	6.41



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

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
I. Interest		
On Bonds	10,682.71	8,579.57
On Loans	1,644.01	1,772.32
GOI on Interest Subsidy Fund	10.70	19.00
Rebate for Timely Payment to Borrowers	205.90	167.46
Swap Premium (Net)	8.38	13.45
	12,551.70	10,551.80
II. Other Charges		
Commitment & Agency Fees	0.41	1.13
Financial Charges on Commercial Paper	192.22	200.74
Guarantee, Listing & Trusteeship fees	2.11	1.99
Management Fees on Foreign Currency Loans	0.25	64.44
Bank / Other Charges	0.03	0.07
	195.02	268.37
Interest paid on advances received from subsidiaries	6.56	7.63
Less : Interest received on advances given to subsidiaries	(6.21)	(4.70)
	0.35	2.93
III. Net Translation / Transaction Exchange Loss (+) / gain (-)	452.52	167.98
Total	13,199.59	10,991.08

NOTE - Part A - 15
BOND ISSUE EXPENSES

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
Interest on Application Money	39.28	61.27
Credit Rating Fees	3.50	2.84
Other Issue Expenses	32.24	24.97
Stamp Duty Fees	4.07	8.25
Total	79.09	97.33

NOTE - Part A - 16
EMPLOYEE BENEFIT EXPENSES

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
Salaries and Wages	59.83	63.54
Contribution to Provident and other funds	6.23	5.95
Staff Welfare	9.31	7.61
Rent for Residential accommodation of employees (Refer Note No. 9 (b) of Part-C - Other Notes on Accounts)	4.19	3.84
Total	79.56	80.94

**NOTE - Part A - 17
OTHER EXPENSES**

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
Administrative Expenses		
Office Rent	0.50	0.54
Electricity & Water charges	1.39	1.38
Insurance	0.04	0.04
Repairs & Maintenance	2.54	2.38
Stationery & Printing	1.68	0.92
Travelling & Conveyance	7.49	7.40
Postage, Telegraph & Telephone	1.73	1.47
Professional & Consultancy charges	0.65	0.82
Miscellaneous Expenses *	18.84	19.39
Loss on sale of Fixed Assets	0.09	0.04
Auditors' remuneration	0.59	0.48
Service Tax	3.99	5.93
Rates & Taxes	0.88	0.78
Contribution to PMC (MoP)	0.30	0.55
Sub - Total (I)	40.71	42.12
Others		
R-APDRP Expenses	42.59	0.00
Sub - Total (II)	42.59	0.00
Total (I + II)	83.30	42.12
* Note :		
1) Miscellaneous Expenses includes :		
Books & Periodicals	0.05	0.04
Advertisement	4.65	5.25
Membership & Subscription	0.67	0.60
Entertainment	0.53	0.49
Conference & Meeting Expenses	0.97	1.15
Security Expenses	1.37	1.10
Training	0.73	0.65
EDP Expenses	1.74	2.04
Business Promotion / Related Expenses	0.31	0.17
Interest on income tax u/s 234 B/C	5.51	4.07
2) Auditors' Remuneration includes :		
Audit fees	0.20	0.15
Tax Audit fees	0.05	0.04
Other certification services	0.34	0.29



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

Description	(₹ in crore)			
	Year ended 31.03.2014		Year ended 31.03.2013	
Prior Period Expenses :				
Interest & other Charges	0.30		1.18	
Issue Expenses	0.19		0.00	
Personnel & Administration Expenses - CSR	0.00		(16.39)	
Personnel & Administration Expenses - Others	(0.76)		0.28	
Depreciation	(0.02)	(0.29)	0.00	(14.93)
Less: Prior Period Income :				
Interest Income	0.00		(3.47)	
Other Income	0.00	0.00	(2.65)	(6.12)
Total		<u>(0.29)</u>		<u>(8.81)</u>

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.

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.

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.
- 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 due to dispute 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, hire purchase and lease assets are given as under:

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

For the purpose of assets classification and provisioning :

- a) Facilities granted to Government Sector & Private Sector Entities shall be classified borrower wise with the following exceptions :
 - i) Government sector loans, where cash flow from each project are separately identifiable and applied to the same project, PFC shall classify such loans on project wise basis.
- b) The amount of security deposits kept by the borrower with the PFC in pursuance to the lease agreement together with the value of any other security available in pursuance to the lease agreement may be deducted against the provisions stipulated above.
- c) NPA subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of installments 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.
- d) Interest restructuring which is normally done by PFC to help the borrowers to convert the past high cost debts into lower interest bearing debts will not be considered as re-schedulement / debt restructuring.
- e) 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.

- 6.4** Provision against NPAs (Assets other than Hire Purchase and Leased assets) 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%
- * 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 would be treated as secured for the purpose of making provision.
- (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.

6.5 The provisioning requirements in respect of hire purchase and leased assets shall be as per Para 9(2) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued vide circular dated 1st July, 2013 and subsequent amendments issued from time to time.

The para 9(2) as mentioned above is reproduced hereunder-

Lease and hire purchase assets

(2) The provisioning requirements in respect of hire purchase and leased assets shall be as under:

Hire purchase assets

- (i) In respect of hire purchase assets, the total dues (overdue and future installments taken together) as reduced by
 - (a) the finance charges not credited to the statement of profit and loss and carried forward as unmatured finance charges; and
 - (b) the depreciated value of the underlying asset, shall be provided for.

Explanation: For the purpose of this paragraph, the depreciated value of the asset shall be notionally computed as the original cost of the asset to be reduced by depreciation at the rate of twenty per cent per annum on a straight line method; and in the case of second hand asset, the original cost shall be the actual cost incurred for acquisition of such second hand asset.

Additional provision for hire purchase and leased assets

(ii) In respect of hire purchase and leased assets, additional provision shall be made as under:

(a) Where hire charges or lease rentals are overdue upto 12 months	Nil
(b) where hire charges or lease rentals are overdue for more than 12 months but upto 24 months	10 per cent of the net book value
(c) where hire charges or lease rentals are overdue for more than 24 months but upto 36 months	40 per cent of the net book value
(d) where hire charges or lease rentals are overdue for more than 36 months but upto 48 months	70 per cent of the net book value
(e) where hire charges or lease rentals are overdue for more than 48 months	100 per cent of the net book value

(iii) On expiry of a period of 12 months after the due date of the last installment of hire purchase / leased asset, the entire net book value shall be fully provided for.

6.6 Standard Assets (including for Hire Purchase & Leased assets)

[as per Para 9(A) of the Non –Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and subsequent amendments issued from time to time.]

Provision for standard assets* at 0.25 per cent of the outstanding shall be made, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.

*For the purpose of provisioning on Standard Assets, Standard Assets shall mean Loans and advances classified as



Standard Assets.

6.7 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.

Asset classification of sub-standard asset will not deteriorate upon rescheduling and / or renegotiation and / or restructuring whether in respect of Instalments or principal amount or interest amount by whatever modality, if

satisfactory performance is demonstrated during the period of one year under the restructuring and / or rescheduling and / or renegotiation terms.

(viii) Reversal of Provision:

The provisions* held by the non-banking financial companies against non-performing infrastructure loan, which may be classified as 'standard' in terms of paragraph 6.7(iii) above, shall continue to be held until full recovery of the loan is made.

* The provision which is made in a restructured / rescheduled / renegotiated account towards interest sacrifice.

(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-schedule / 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 Standard (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 (promoted as SPVs for Ultra Mega Power Projects) 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**

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

(₹ in crore)

(a) S. No	Particulars	Amount as on 31.03.2014	Amount as on 31.03.2013
1.	Default guarantees issued in foreign currency - US \$ 4.14 million (as on 31.03.2013 US \$ 7.54 million)	25.07	41.34
2.	Guarantees issued in domestic currency	299.20	335.57
3.	Claims against the Company not acknowledged as debts	0.04	0.04
4.	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	2,274.96	4,247.61
	Total	2,599.27	4,624.56

- Additional demands raised by the Income Tax Department totaling to ₹ 49.87 crore (as on 31.03.2013 ₹ 55.93 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 to the Company totaling to ₹ 79.26 crore (as on 31.03.2013 ₹ 67.96 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.
- Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) amounting to ₹ 55.10 crore for Assessment Years 2001-02 to 2011-12 have been provided for and are being contested by the Company.
- Ministry of Corporate Affairs (MoCA), Government of India, vide its Circular No. 6/3/2001 – CL.V dated 18.04.2002 prescribed adequacy of Debenture Redemption Reserve (DRR) as 50% of the value of debentures issued through public issue; subsequently, the MoCA through its circular No. 11/02/2012-CL-V(A) dated 11.02.2013 modified the adequacy of DRR to 25%.

In this regard, the Company has requested the MoCA for clarification, which is awaited. Pending receipt of clarification, the Company is creating DRR for public issue of bonds / debentures @ 50% for the issues for which prospectuses had been filed before 11.02.2013 and @ 25% for the subsequent public issues.

- Foreign currency actual outgo and earning:

(₹ in crore)

S. No.	Description	FY ended 31.03.2014	FY ended 31.03.2013
A.	Expenditure in foreign currency		
i)	Interest on loans from foreign institutions	249.69	187.78
ii)	Financial & Other charges	9.58	74.88
iii)	Traveling Expenses	Nil	0.13
iv)	Training Expenses	0.25	0.11
B.	Earning in foreign currency	Nil	Nil

- 6.1 Related party disclosures:

Key managerial personnel:

Name	Period
Shri M K Goel, Director (Commercial) & additional charge as CMD	with effect from 27.07.2007 as Director Commercial and from 13.09.2013 with additional charge as CMD
Shri Satnam Singh, CMD	from 01.08.2008 to 13.09.2013
Shri R. Nagarajan, Director (Finance)	with effect from 31.07.2009
Shri A. K. Agarwal, Director (Project)	with effect from 13.07.2012

Managerial remuneration:

(₹ in crore)

	Chairman & Managing Director		Other Directors	
	For FY ended 31.03.2014	For FY ended 31.03.2013	For FY ended 31.03.2014	For FY ended 31.03.2013
Salaries and allowances	0.49	0.51	1.17	1.00
Contribution to provident fund and other welfare fund	0.02	0.04	0.11	0.09
Other perquisites / payments	0.04	0.09	0.27	0.24
Total	0.55	0.64	1.55*	1.33

* Includes salary of Sh. M. K. Goel, Director (Commercial) holding additional charge of CMD.

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.



6.2 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:-

S. No.	Name of the companies	Date of investment	No. of shares subscribed	% of ownership	Amount (₹ in crore)
A Subsidiary Companies (I)					
1.	PFC Consulting Limited	09.04.2008	50,000	100%	0.05
2.	(a) PFC Green Energy Limited (Equity Shares)	29.07.2011 08.12.2011 29.03.2012 21.03.2013 18.06.2013 07.10.2013	50,000 44,50,000 4,90,000 2,10,00,000 1,36,00,000 6,04,10,000	100%	100.00
	(b) PFC Green Energy Limited (Preference Shares)	21.03.2013 18.06.2013 07.10.2013	8,40,00,000 5,44,00,000 6,16,00,000	100%	200.00
3.	PFC Capital Advisory Services Ltd	01.09.2011	1,00,000	100%	0.10
4.	Power Equity Capital Advisors (Private) Limited	15.04.2008 11.10.2011	15,000 35,000	100%	0.05
	Sub-Total (A)		30,02,00,000		300.20
B Subsidiary Companies promoted as SPVs for Ultra Mega Power Projects (Ii)					
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 Company Limited	27.01.2010	50,000	100%	0.05
7.	Ghogarpalli Integrated Power Company 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
10.	Cheyur Infra Limited.	24.03.2014	50,000	100%	0.05
11.	Odisha Infrapower Limited	27.03.2014	50,000	100%	0.05
	Sub-Total (B)		5,50,000		0.55
C Joint venture Companies (I)					
1	National Power Exchange Limited	18.12.2008 03.09.2010	8,33,000 13,54,015	16.66%	2.19
2.	Energy Efficiency Services Limited	21.01.2010 26.03.2013	6,25,000 2,18,75,000	25%	22.50
	Sub-Total (C)		2,46,87,015		24.69
	TOTAL (A) + (B) + (C)		32,54,37,015		325.44

- (i) The financial statements are consolidated as per Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures.
- (ii) The subsidiary companies were incorporated as SPVs under the mandate from the Government of India for development of ultra-mega power projects (UMPPs) with the intention to hand over the same to successful bidders on completion of the bidding process. The financial statements of these subsidiaries are attached as required under Section 212 of the Companies Act, 1956 without consolidating, in accordance with paragraph 11 of Accounting Standard-21.

6.3 The Company's share of assets, liabilities, contingent liabilities and capital commitment as on 31.03.2014 and income and expenses for the period in respect of joint venture entities based on their unaudited financial statements are given below: (₹ in crore)

S.No.	Particulars	As at 31.03.2014			As at 31.03.2013		
		NPEL	EESL	Total	NPEL	EESL	Total
	Ownership (%)	16.66	25		16.66	25	
A	Assets						
	Non Current assets	0.03	1.99	2.02	0.00	0.25	0.25
	Current assets	1.13	29.61	30.74	1.35	30.66	32.01
	Total	1.16	31.60	32.76	1.35	30.91	32.26
B	Liabilities						
	Non Current Liabilities	-	0.08	0.08	-	0.02	0.02
	Current Liabilities	0.03	4.80	4.83	0.23	5.01	5.24
	Total	0.03	4.88	4.91	0.23	5.03	5.26
C	Contingent liabilities	-	-	-	-	-	-
D	Capital commitments	-	5.52	5.52	-	-	-
		For the period			For the period		
E	Total Income	0.11	8.39	8.50	0.12	6.58	6.70
F	Total Expenses	0.12	7.13	7.25	0.41	4.23	4.64

6.4 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 31.03.2014	Amount as on 31.03.2013	Maximum during the year ended 31.03.2014	Maximum during the year ended 31.03.2013
Coastal Maharashtra Mega Power Limited	7.88	7.00	7.88	7.00
Orissa Integrated Power Limited	92.97	90.31	106.62	90.31
Coastal Karnataka Power Limited	3.32	2.80	3.33	2.80
Coastal Tamil Nadu Power Limited	57.00	40.41	57.00	40.41
Chhattisgarh Surguja Power Limited	68.37	60.50	68.42	60.50
Sakhigopal Integrated Power Company Limited	4.50	3.26	4.50	3.26
Ghogarpalli Integrated Power Company Limited	3.89	2.89	3.89	2.89
Tatiya Andhra Mega Power Limited	11.28	9.84	11.30	9.84
Deoghar Mega Power Ltd	5.00	2.43	5.01	2.43
PFC Green Energy Ltd.	0.40	0.00	0.40	0.00
PFC Capital Advisory Services Limited	0.36	0.10	0.49	0.10
Cheyur Infra Limited	0.01	-	0.01	-
Odisha Infra Power Ltd.	0.01	-	0.01	-
Total	254.99	219.54	268.86	219.54

6.5 The details of amounts payable to subsidiaries (including interest) in respect of amount contributed by power procurers and other amount payable are giving below:- (₹ in crore)

Name of the Subsidiary Companies	Amount as on 31.03.2014	Amount as on 31.03.2013	Maximum during the year ended 31.03.2014	Maximum during the year ended 31.03.2013
PFC Consulting Limited (PFCL)	5.39	3.54	5.40	3.54
PFC Green Energy Ltd.	0.00	0.03	0.00	(0.05)
Coastal Maharashtra Mega Power Limited	56.47	52.97	56.47	52.97
Orissa Integrated Power Limited	67.57	62.57	67.57	62.57
Coastal Tamil Nadu Power Limited	63.72	58.92	63.72	58.92
Chhattisgarh Surguja Power Limited	61.16	56.17	61.16	56.17
Sakhigopal Integrated Power Company Limited	22.24	20.69	22.24	20.69
Ghogarpalli Integrated Power Company Limited	21.08	19.27	21.08	19.27
Tatiya Andhra Mega Power Limited	27.02	25.02	27.02	25.02
Total	324.65	299.18	324.66	299.10



6.6

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

The Company has outstanding investment of ₹ 7.68 crore (as on 31.03.2013 ₹ 7.68 crore) in units of Small is Beautiful Fund. The face value of the Fund is ₹ 10 per unit. The NAV as on 31.03.2014 is ₹ 9.70 per unit (₹ 9.77 per unit as on 31.03.2013). 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 8 crore equity shares of ₹ 10/- each and 2 crore preference shares of ₹ 10/- each as on 31.03.2014. The paid up equity share capital of PXIL is ₹ 46.47 crore, as on 31.03.2014. The Company has subscribed ₹ 3.22 crore (₹ 2.80 crore as on 31.03.2013) of the paid up capital of PXIL.

7. 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 31.03.2014 is ₹ 54.63 crore (as on 31.03.2013 ₹ 54.73 crore), after transferring exchange difference of ₹ 16.56 crore (as on 31.03.2013 ₹ 15.21 crore).

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

Liabilities in Foreign Currencies	Foreign Currency (in millions)	
	31.03.2014	31.03.2013
USD	791.93	805.90
EURO	20.87	22.80
JPY	36,807.40	41,643.20

9. (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:-

(₹ in crore)

Particulars	As on 31.03.2014	As on 31.03.2013
Total of future minimum lease payments recoverable (Gross Investments)	433.52	500.33
Present value of lease payments recoverable	242.54	285.07
Unearned finance income	190.98	215.26
Maturity profile of total of future minimum lease payments recoverable (Gross Investment)		
Not later than one year	54.34	70.77
Later than one year and not later than 5 years	102.87	127.55
Later than five years	276.31	302.01
Total	433.52	500.33
Break up of present value of lease payments recoverable		
Not later than one year	33.15	45.93
Later than one year and not later than 5 years	33.11	53.44
Later than five years	176.28	185.70
Total	242.54	285.07

- (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 ₹ 4.21 crore as on 31.03.2014. 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 18-05-2004). The gross investment stood at ₹ 22.53 crore as on 31.03.2014. 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 ₹ 1.96 crore as on 31.03.2014. 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 18.05.2004). The gross investment stood at ₹ 404.82 crore as on 31.03.2014. 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 ₹ 4.19 crore (during year ended 31.03.2013 ₹ 3.84 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.

10. 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 ₹ 6.32 crore and ₹ 74.53 crore as at 31.03.2014 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 31.03.2014	As on 31.03.2013
Opening balance of Interest Subsidy Fund (As on 1st day of the Financial Year)	145.78	376.21
Add :- Received during the period	–	–
:- Interest credited during the period	10.70	18.99
:- Refund by the borrower due to non – commissioning of project in time	–	–
Less : Interest subsidy passed on to borrowers	32.61	49.42
Refunded to MoP:		
(a) Estimated net excess against IX Plan	–	–
(b) Due to non- commissioning of Project in time	–	–
(c) Estimated net excess against X Plan	–	200.00
Closing balance of Interest subsidy fund	123.87	145.78

11. The Company had exercised the option under para 46A of the 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 31.03.2014 the balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 709.21 crore (as on 31.03.2013 ₹ 477.97 crore) and shown on the "Equity and Liabilities" side of the balance sheet under the head "Reserve and Surplus", as a separate line item.

12. (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. Further, MoP vide order dated 08.07.2013 had agreed to continue R-APDRP in XII / XIII Plan, inter-alia including extension of Part-A projects completion period from 3 to 5 years.

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. Govt 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- along with interest thereon are convertible into grant as per R – APDRP guidelines. Similarly, up to 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 programme 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 Govt 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)	
	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13
Opening balance as on 1st day of the Financial Year	6,694.63	5,502.88	0.00	0.00	0.25	11.09
Additions during the period	640.00	1,217.45	640.00	1,217.45	0.00	1.03
Recoveries / refunds / changes during the period	(18.78)	(25.70)	(640.00)	(1,217.45)	(0.25)	11.93
Closing balance (A)	7,315.85	6,694.63	0.00	0.00	0.00	0.19
Interest Accrued but not due (Int. earned on FD)(B)					0.00	0.06
Interest on loan under R-APDRP						
(i) Accrued but not due						
Opening Balance	1,327.94	775.24				
Additions during the period	627.24	552.70				
Transfer to Accumulated Moratorium Interest	(340.43)					
Transfer to Interest Accrued and Due	(9.66)					
Closing Balance	1,605.09	1,327.94				
(ii) Accrued and due						
Opening Balance	0.00					
Additions During the period	9.66					
Recovered and refunded to GoI	(5.97)					
Closing Balance	3.69					
Interest on loan under R-APDRP (C) = (i + ii)	1,608.78	1,327.94				
Accumulated Moratorium Interest						
Opening Balance	0.00					
Additions During the period	340.43					
Recovered and refunded to GoI	(1.51)					
Closing Balance (D)	338.92					
Interest on Accumulated Moratorium Interest						
(i) Accrued but not due						
Opening Balance	0.00					
Additions During the period	4.48					
Transfer to interest accrued and due	(3.06)					
Closing Balance	1.42					
(ii) Accrued and due						
Opening Balance	0.00					
Additions During the period	3.06					
Recovered and refunded to GoI	(0.85)					
Closing Balance	2.21					
Interest on Accumulated Moratorium Int. (E) = (I + II)	3.63					
Closing Balance (A+B+C+D+E)	9,267.18	8,022.57	0.00	0.00	0.00	0.25

(ii) As on 31.03.2014, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by PFC has been as under:-

	During the FY ended 31.03.2014	During the FY ended 31.03.2013	Cumulative up-to	
			31.03.2014	31.03.2013
Nodal agency fee *	18.50	16.52	163.79	145.29
Reimbursement of expenditure	(21.81)**	21.81	61.86	83.67
Total	(3.31)	38.33	225.65	228.96

* Exclusive of Service Tax

** Reversal for FY 2012-13

- (iii) As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, Gol, 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.
- (iv) In line with the R – APDRP scheme approved by MoP, Gol, vide Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010, till 31.03.2013, Nodal Agency Fees under R – APDRP had been 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). Further, actual expenditure, including expenditure allocable on account of PFC manpower, incurred for operationalising the R– APDRP were reimbursed / reimbursable by Ministry of Power, Government of India.

Ministry of Power (MoP) vide letter dated 15.07.2013 informed that as per Department of Expenditure (DoE), Nodal Agency Fee for R-APDRP scheme for 12th plan may be restricted to 0.5% of the sanctioned project cost or actual expenditure, whichever is less.

It was also indicated in the MoP letter dated 15.07.2013 that proposal for any higher nodal agency fee may be considered, if agreed by the DoE. Accordingly, the Company has submitted a proposal to MoP (vide our letter dated 22.08.2013) for consideration of Nodal Agency Fee @ 0.50% on R-APDRP sanctions and reimbursement of actual expenditure incurred under R–APDRP (excluding PFC manpower expenditure), from 12th plan onward. The proposal is under consideration by MoP, Gol.

Pending finalization, nodal agency fee / reimbursement of expenditure for 12th plan has been accounted for during the year (with effect from 01.04.2012) on provisional basis as indicated by DoE through MoP communication dated 15.07.2013. Accordingly, nodal agency fee income amounting to ₹ 18.50 crore (₹18.43 crore for FY 2013-14 and ₹ 0.07 crore for FY 2012-13) has been recognised during the year. Further, ₹ 42.59 crore on account of expenditure allocable to R-APDRP has been accounted for separately and appearing under Note Part-A-17-other expenses (including ₹ 21.81 crore of FY 2012-13 earlier booked as recoverable from MoP, Gol).

- 13.1 The Company has been creating provision for standard assets in phases with effect from FY 2012-13, in three years period @ of 0.0833% p.a. in order to bring it to 0.25% on 31st March, 2015 in line with the accounting policy introduced during the financial year 2012-13. Further, RBI vide its letter dated 25-07-2013 has directed that provision may be made @ 0.25% ab-initio for all new assets. Accordingly, the Company has changed its accounting policy to create provision @ 0.25% for all new standard assets created in the current year, while finalisation of half yearly financial statements as at 30.09.2013. The Board of Directors' in its meeting dated 27.03.2014 decided to accelerate the provisioning for Standard Assets, so as to bring it to 0.25% as on 31.03.2014 instead of on 31.03.2015. Therefore, the accounting policy has again been changed, during the quarter ended as at 31.03.2014, with effect from 01.04.2013 to create provision for standard assets @ 0.25% of the outstanding as the end of the financial year. As on 31.03.2014, the Standard Asset provision stands at ₹ 469.42 crore (₹132.79 crore as on 31.03.2013). Due to this change in accounting policy, the profit for the year ended 31.03.2014 has decreased by ₹ 156.47 crore.

- 13.2 The Company being a Government owned Non-Banking Financial Company is exempt from the RBI directions relating to Prudential Norms. The Company, however, formulated its own set of Prudential Norms with effect from 01.04.2003, which are revised from time to time. Ministry of Power (MoP), Government of India (Gol) initially accorded its approval to the Prudential Norms of the Company vide letter dated 19.04.2007 and thereafter extended validity of the same for subsequent financial years. The prudential norms applicable for financial year 2013-14 are approved by MoP, Gol, vide its letter dated 23.05.2012 as per which the Prudential Norms as applicable to the Company upto 31.03.2012 will continue to be applicable up to 31.03.2013 or till further orders.

Further, RBI vide its notification dated 12.12.2006 proposed to bring all deposit taking and systemically important government owned NBFCs under the RBI's direction on Prudential Norms from a date to be decided later and advised Government companies to submit a roadmap for compliance with various elements of the NBFCs regulation in consultation with Government. Accordingly, PFC has been submitting roadmaps as advised by RBI from time to time on the basis of which exemption was granted by RBI upto FY 2012-13.

In response to the Road Map and subsequent correspondence, RBI vide its letter dated 25.07.2013 advised on certain issues relating to Provisioning of Standard assets, etc. and informed that the matters relating to the Restructuring / Rescheduling / Renegotiation (R/R/R) of assets and the credit concentration norms are under its consideration and it will revert back in due course. RBI has also advised the Company to take steps to comply with RBI Prudential Norms by 31.03.2016. The Company has informed to RBI its implementation strategy for the above directions of RBI vide letter dated 07.10.2013 wherein for matter relating to the R/R/R of assets and the credit concentration norms, it has been informed that the Company shall continue to follow its extant norms for these matters till further directions from RBI.

Now, RBI vide letter dated 3rd April, 2014 has allowed the exemption from credit concentration norms in respect of exposure to Central / State Government entities till 31.03.2016 and for the matter relating to R/R/R, RBI has advised the Company to follow the instructions contained in RBI circular DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23.01.2014. In this regard the Company vide letter dated 25.04.2014 has submitted an implementation strategy to comply with RBI directions on R/R/R of assets for the consideration of RBI and also stated that PFC will follow the restructuring provisions contained in its extant prudential norms till such time RBI may issue further instructions in this respect. MoP, Gol, vide its letter dated 15.05.2014 has also requested RBI to consider the implementation strategy as communicated by the Company. The response from RBI is awaited. Since the Company is following norms relating to R/R/R duly approved by MoP, Gol, the management is of the view that RBI norms on R/R/R are not applicable to the Company for the financial year 2013-14.



14. The net deferred tax liabilities of ₹ 274.22 crore (as on 31.03.2013 ₹ 219.79 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 31.03.2014	As on 31.03.2013
(a) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	23.28	7.82
(b) Deferred Tax Liabilities (-)		
(i) Depreciation	(1.42)	(1.04)
(ii) Lease income	(79.95)	(95.00)
(iii) Amortization	(0.83)	(1.29)
(iv) Unamortized Exchange Loss (Net)	(215.30)	(130.28)
Net Deferred Tax liabilities (-)/Assets (+)	(274.22)	(219.79)

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	Year ended 31.03.2014	Year ended 31.03.2013
Net Profit after tax used as numerator (₹ in crore)	5,417.75	4,419.60
Weighted average number of equity shares used as denominator (basic)	132,00,31,803	131,99,82,855
Weighted average number of equity shares used as denominator (diluted)	132,00,39,328	131,99,90,939
Earning per share (basic & diluted) (₹)	41.04	33.48
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	31.03.2014	31.03.2013
1	USD / INR	60.49	54.80
2	JPY / INR	0.5903	0.5847
3	EURO / INR	83.48	70.28

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 75,00,000 tax free bonds (secured) with an option to retain oversubscription upto 3,87,59,000 bonds at the face value of ₹ 1,000/- each during the current financial year and has mobilized ₹ 3875.90 crore. The security has been created on 14-Nov-2013 and bonds have been allotted on 16-Nov-2013. The bonds have been listed in the BSE on 19-Nov-2013. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

19.2 During the financial year 2013-14, Government of India (GoI) has set up a fund called Goldman Sachs CPSE Exchange Traded Scheme ("GS CPSE BeES") launched by Goldman Sachs Asset Management (India) Private Limited (AMC). Accordingly, in March 2014, Government of India, Ministry of Power, acting through Department of Disinvestment, has disinvested 1,21,06,076 equity shares of face value of ₹ 10/- each by selling it to the AMC. After disinvestment, the holding of Government of India in the paid up equity share capital of the Company has come down to 72.80% (As on 31.03.2013, 73.72%).

20.1 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. The trust to ensure a minimum rate of return to the members as specified by GoI. However, 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 which is 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 benefit to the credit of the employees, which accrue on half yearly basis @ 15 days and 10 days, respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. Earned leave is en-cashable during the service, while half pay leave is not en-cashable during the service or on separation / superannuation before 10 years. On separation after 10 years of service or on superannuation, earned leave plus half pay leave together can be en-cashed subject to a maximum of 300 days.

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, Balance Sheet are as under (Figures in brackets () represents to as on 31.03.2013)

i) Expenses recognised in Statement of Profit and Loss

(₹ in crore)

	Gratuity	PRMS	Leave
Current service cost	1.35 (1.18)	0.45 (0.38)	1.89 (1.89)
Interest cost on benefit obligation	1.29 (1.12)	0.76 (0.67)	1.63 (1.42)
Expected return on plan assets	-1.28 (-1.22)	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	-0.50 (0.40)	1.54 (0.46)	2.65 (2.37)
Expenses recognised in Statement of Profit & Loss	*0.86 (1.48)	*2.75 (1.49)	6.17 (5.68)

(* Includes ₹ 0.07 crore (as on 31.03.2013 ₹ 0.13 crore), ₹ 0.58 crore (as on 31.03.2013 ₹ 0.58 crore) and ₹ 0.11 crore (as on 31.03.2013 ₹ 0.04 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 31.03.2014 (i)	17.98 (16.16)	11.75 (9.50)	20.66 (20.39)
Fair value of plan assets at 31.03.2014 (ii)	17.12 (14.67)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-0.86 (-1.48)	-11.75 (-9.50)	-20.66 (-20.39)
Net asset / (liability) recognized in the Balance Sheet	-0.86 (-1.48)	-11.75 (-9.50)	-20.66 (-20.39)

iii) Changes in the present value of the defined benefit obligations

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2013	16.16 (14.03)	9.50 (8.33)	20.39 (17.74)
Interest cost	1.29 (1.12)	0.76 (0.67)	1.63 (1.42)
Current service cost	1.35 (1.18)	0.45 (0.36)	1.89 (1.89)
Benefits paid	-0.51 (-0.62)	-0.50 (-0.32)	-5.90 (-3.03)
Net actuarial (gain)/loss on obligation	-0.31 (0.45)	1.54 (0.46)	2.65 (2.37)
Present value of the defined benefit obligation as at 31.03.2014	17.98 (16.16)	11.75 (9.50)	20.66 (20.39)



iv) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2013	14.67 (14.03)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	1.28 (1.22)	0.00 (0.00)	0.00 (0.00)
Contributions by employer	1.48 (0.00)	0.00 (0.00)	0.00 (0.00)
Benefit paid	-0.51 (-0.62)	0.00 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	0.20 (0.04)	0.00 (0.00)	0.00 (0.00)
Fair value of plan assets as at 31.03.2014	17.12 (14.87)	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% ₹ 1.72 Crore

Cost decrease by 1% ₹ -1.79 Crore

vi) During the year, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 0.86 crore, to PRMS of ₹ 2.75 crore, to leave ₹ 6.17 crore and to pension ₹ Nil (during the year ended 31.03.2013 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). Above amount includes ₹ 0.07 crore (as on 31.03.2013 ₹ 0.13 crore), ₹ 0.58 crore (as on 31.03.2013 ₹ 0.58 crore) and ₹ 0.11crore (as on 31.03.2013 ₹ 0.04 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

G. Other Employee Benefits:-

During the year, provision of ₹ -0.05 crore (during the FY ended 31.03.2013 ₹ 0.08 crore) has been made for Economic Rehabilitation Scheme for Employees and provision of ₹ 0.74 crore has been made for Long Service Award for Employees (during the year ended 31.03.2013 ₹ 0.37 crore) on the basis of actuarial valuation made at the end of the year by charging / crediting the Statement of Profit and Loss.

H. Details of the Plan Asset:- Gratuity

The details of the plan assets at cost, as on 31.03.2014 are as follows:-

(₹ in crore)

SL	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
i)	Government Securities	9.69	8.53
ii)	Corporate bonds / debentures	6.82	5.61
	Total	16.51	14.14

Actuarial assumptions

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.50%
Expected rate of return on assets – Gratuity	8.70%
Future salary increase	6.50%

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.

20.2 Details of provision as required in Accounting Standard – 29, (Figures in brackets () represents to as on 31.03.2013), are as under :

(₹ in crore)

Provision for	Opening Balance (as on 1st April of the FY) (1)	Addition during the year (2)	Paid / adjusted during the year (3)	Closing Balance 4 = (1+2-3)
Post-Retirement Medical Scheme	9.50 (8.33)	2.75 (1.62)	0.50 (0.45)	11.75 (9.50)
Gratuity	1.48 (0.64)	0.86 (1.48)	1.48 (0.64)	0.86 (1.48)
Provision for super annuation benefit (Pension)	0.15 (6.60)	0.00 (0.69)	0.08 (7.14)	0.07 (0.15)
Leave Encashment	20.39 (17.74)	6.17 (6.04)	5.90 (3.39)	20.66 (20.39)
Economic Rehabilitation Scheme for employee	1.31 (1.24)	-0.05 (0.08)	0.02 (0.01)	1.24 (1.31)

(₹ in crore)

Provision for	Opening Balance (as on 1st April of the FY) (1)	Addition during the year (2)	Paid / adjusted during the year (3)	Closing Balance 4 = (1+2-3)
Bonus / Incentives / Base Line Compensation	27.00 (26.32)	10.41 (19.50)	19.19 (18.82)	18.22 (27.00)
Baggage Allowances	0.08 (0.07)	0.01 (0.01)	0.00 (0.00)	0.09 (0.08)
Service Award	3.71 (3.33)	0.74 (0.38)	0.41 (0.00)	4.04 (3.71)
Income Tax	3,419.83 (2,000.83)	2,081.03 (1,547.63)	870.42 (128.63)	4,630.44 (3,419.83)
Proposed Final Dividend	132.00 (132.00)	26.40 (132.00)	132.00 (132.00)	26.40 (132.00)
Proposed Corporate Dividend Tax	22.43 (21.41)	4.49 (22.43)	22.43 (21.41)	4.49 (22.43)

21. The Company has formulated a Corporate Social Responsibility & Sustainable Development (CSR & SD) policy in line with the guidelines issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) from time to time. As per the CSR policy approved by the Company in October 2013, a minimum of 1% of the consolidated profit after tax of the previous period will be allocated every financial year for CSR & SD activities. Any unspent / unutilized CSR & SD allocation of a particular year will be carried forward to the following years and will have to be spent within the next 2 financial years, failing which it would be transferred to Sustainable Development fund to be created separately.

As there is an obligation under the policy to spend the amount allocated for CSR & SD activities within a specified time, in line with AS 29, the allocation for CSR & SD activities for the current year has been provided for by charging to profits; the CSR and SD reserves as on 31.03.2013 amounting to ₹18.85 crore have also been reversed and provided for by charging to profits. As on 31.03.2014, the CSR and SD provision stands at ₹ 32.33 crore after adjusting for the amount spent.

22. (i) During the year, the Company has sent letters seeking confirmation of balances as on 31.12.2013 to the borrowers and confirmation from all the borrowers have been received.
- (ii) There are no unpaid / unclaimed bonds, interests on bonds and dividends, which are over 7 years as on 31.03.2014 (previous period ₹ Nil). However, an amount of ₹ 0.56 crore (previous year ₹ 0.56 crore) remaining unpaid pending completion of transfer formalities by the claimants.

23. The Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of the Company are given hereunder:-

Items		As on 31.03.2014 FY 2013-14	As on 31.03.2013 FY 2012-13
i)	Capital Fund - a. Tier I (₹ in crore)	25,641.72	22,163.36
	- b. Tier II (₹ in crore)	5,751.93	1,541.80
ii)	Risk weighted assets (₹ in crore)	1,56,154.40	1,34,412.85
iii)	CRAR	20.10%	17.64%
iv)	CRAR - Tier I Capital	16.42%	16.49%
v)	CRAR - Tier II Capital	3.68%	1.15%

24. The Company has no exposure to real estate sector as on 31.03.2014

25. The Company does not have more than one reportable segment in terms of Accounting Standard 17 on Segment Reporting.

26. Previous period's figures have been re-grouped / re-arranged, wherever practicable to make them comparable.

27. Figures have been rounded off to the nearest crore of rupees with two decimals.

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

Sd/-
R.NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N

Sd/-
(N.K. BHARGAVA)

Sd/-
(V.K. GUREJA)

PARTNER

PARTNER

Membership No - 080624

Membership No - 016521

Place : New Delhi
Date : 27.05.2014



POWER FINANCE CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in crore)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
I. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	7,558.31	5,967.04
ADD : Adjustments for		
Loss on Sale of Assets (net)	0.08	0.03
Depreciation / Amortization	4.93	5.70
Amortization of Zero Coupon Bonds & Commercial Papers	102.74	135.98
Foreign Exchange Translation Loss	414.06	163.76
Diminution in value of investments	(0.15)	0.00
Provision for Contingencies	469.89	80.85
Dividend / Interest on investment	(2.14)	(8.29)
Provision for CSR Expenditure & Sustainable Expenditure	63.23	16.30
Provision for interest under IT Act	5.22	4.07
Provision for Retirement Benefits / Other Welfare Expenses / Wage revision	9.73	11.63
Operating profit before working Capital Changes:	8,625.90	6,377.07
Increase / Decrease :		
Loans Assets (Net)	(28,935.10)	(30,256.10)
Other Current Assets	(661.80)	(1,138.20)
Foreign Currency Monetary Item Translation Difference A/c Liabilities and provisions	(231.24)	37.44
	989.44	1,438.89
Cash flow before extraordinary items	(20,212.80)	(23,540.90)
Extraordinary items	0.00	0.00
Cash Inflow / Outflow from operations before Tax	(20,212.80)	(23,540.90)
Income Tax paid	(2,015.57)	(1,554.02)
Income Tax Refund	57.96	5.56
Net Cash flow from Operating Activities	(22,170.41)	(25,089.36)
II. Cash Flow From Investing Activities :		
Sale / adjustment of Fixed Assets	0.17	0.05
Purchase of Fixed Assets	(1.47)	(4.13)
Increase / decrease in Capital Works in Progress	0.00	0.45
Investments in Subsidiaries	(190.11)	(105.05)
Dividend / Interest and profit on sale of investment	2.14	8.29
Other Investments	(0.42)	7.22
Net Cash Used in Investing Activities	(189.69)	(93.17)
III. Cash Flow From Financing Activities :		
Issue of Equity Shares	0.44	1.60
Issue of Bonds (including premium)	28,575.45	31,142.02
Redemption of Bonds	(7,431.91)	(9,753.90)
Raising of Long Term Loans	14,464.00	1,700.00
Repayment of Long Term Loans	(8,999.00)	(1,239.50)
Foreign Currency Loans (Net)	87.27	2,653.46
Commercial paper (Net)	(3,650.00)	5,000.00
Loan Against Fixed Deposits / Working Capital Demand Loan / OD / CC / Line of Credit (Net)	(3,819.77)	(251.43)
Interest Subsidy Fund	(21.91)	(230.43)
Unclaimed Bonds (Net)	(0.17)	(0.56)
Payment of Final Dividend (Including Corporate Dividend Tax) of Previous year	(154.43)	(153.41)



Payment of Interim Dividend (including Corporate Dividend Tax) of Current year	(1,359.05)	(920.49)
Net Cash in-flow from Financing Activities	17,670.92	27,947.36
Net Increase / Decrease in Cash & Cash Equivalents	(4,669.18)	2,764.83
Add : Cash & Cash Equivalents at beginning of the financial year	4,747.82	1,982.99
Cash & Cash Equivalents at the end of the year	58.64	4,747.82
Details of Cash & Cash Equivalents at the end of the year:		
Cheques in hand, Imprest with Postal authority & Balances with Banks	58.64	168.24
Fixed Deposits with Scheduled Banks	0.00	4,579.58
	58.64	4,747.82

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWAN)
Company Secretary

Sd/-
R. NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N

For K.B. Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N

Place : New Delhi
Date : 27.05.2014

Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521



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, 2014, 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

The 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.

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- (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.

Emphasis of Matter

Without qualifying our opinion, attention is drawn to the note No. 13.2 of Note Part-C of other notes to accounts, regarding application of Prudential Norms stipulated by Reserve Bank of India in respect of Restructuring / Reschedulement / Renegotiation (R/R/R) for the financial year 2013-14 for reasons indicated therein.

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 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For N.K. Bhargava & Co.
Chartered Accountants
Firm's Regn. No.: 000429N

Sd/-
N.K. Bhargava
Partner
Membership No.: 080624

For K.B. Chandna & Co.
Chartered Accountants
Firm's Regn. No. 000862N

Sd/-
V.K. Gureja
Partner
Membership No.: 016521

Place : Delhi
Date : 27.05.2014



Annexure to Independent Auditor's Report
(Referred to in 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 carries 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 part 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 is not applicable to the Company.
3. As explained to us, the Company has neither 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 is 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 information and explanation 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, Service Tax and other material statutory dues 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, 2014, 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 loss 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 not granted loans and advances against pledge of shares, debentures and other securities as primary security. However in certain cases the Company has obtained shares / debenture / other securities in the form of collateral securities duly pledged. The company has maintained adequate records / has made arrangement with security trustee / agent for maintenance of adequate record in respect of these collateral securities.
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. In our opinion and according to the information given to us, the Company is not dealing or trading in shares, securities, debentures. Further, 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 of the guarantees 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 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 investments 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.
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 and the same has been verified and found to be correct.
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 N.K. Bhargava & Co.
Chartered Accountants
Firm's Regn. No.: 000429N
Sd/-
N.K. Bhargava
Partner
Membership No.: 080624

For K.B. Chandna & Co.
Chartered Accountants
Firm's Regn. No. 000862N
Sd/-
V.K. Gureja
Partner
Membership No.: 016521

Place : Delhi
Date : 27.05.2014



NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

To
The Board of Directors
Power Finance Corporation Limited.
Urjan 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 2013-14.
4. For the Financial year ending 31st March, 2014, the Corporation has complied with the Accounting Standards, Income recognition, Provisioning for Bad and Doubtful debts, and Exposure Norms as per the prudential norms formulated by the Company and approved by the Ministry of Power referred to / as stated in the Significant Accounting Policies.

For N.K. Bhargava & Co.
Chartered Accountants
Firm's Regn. No.: 000429N
Sd/-
N.K. BHARGAVA
Partner
Membership No.: 080624

For K.B. Chandna & Co.
Chartered Accountants
Firm's Regn. No. 000862N
Sd/-
V.K. GUREJA
Partner
Membership No.: 016521

Place : Delhi

Date : 27.05.2014



COMMENTS OF 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, 2014

The preparation of financial statements of Power Finance Corporation Limited, New Delhi for the year ended 31 March, 2014 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 27 May, 2014.

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 Power Finance Corporation Limited, New Delhi for the year ended 31 March, 2014. 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/-

(TANUJA S. MITTAL)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-III,
New Delhi

Place : New Delhi
Dated : 24 June, 2014



POWER FINANCE CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in crore)

Description	Note Part A	As at 31.03.2014	As at 31.03.2013
A. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1,326.64	1,320.02
(b) Reserves & Surplus	2	26,292.23	22,359.70
(2) Non-Current Liabilities			
(a) Long Term Borrowing	3		
Secured		22,776.66	6,636.67
Unsecured		1,19,714.91	1,14,514.10
(b) Deferred Tax Liabilities (Net) (Refer Note No. 16 of Part-C - Consolidated Other Notes on Accounts)		273.00	218.63
(c) Other Long Term Liabilities	4	347.62	539.81
(d) Long Term Provisions	5	473.18	162.35
(3) Current Liabilities			
(a) Current Maturity of Long Term Borrowings (Unsecured)	3	15,409.00	9,612.00
(b) Short -Term Borrowings	3		
Secured		0.24	860.55
Un-secured		1,314.49	7,849.42
(c) Trade Payables		2.54	2.69
(d) Other Current Liabilities	4	6,266.05	5,067.75
(e) Short Term Provisions	5	219.74	195.50
Total		1,94,319.71	1,69,339.36
B. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	6		
(i) Tangible Assets		104.00	102.40
Less: Accumulated Depreciation		34.85	31.24
(ii) Intangible Assets		7.60	7.89
Less: Accumulated Amortization		5.35	4.10
(iii) Capital Works In Progress		0.66	0.00
(b) Non-Current Investments	7		
Trade		12.00	12.00
Others		11.60	11.03
(c) Long Term Loans	8		
Secured		1,33,839.83	1,07,157.80
Un-Secured		34,976.36	35,366.37
(d) Other Non-Current Assets			
(i) Fixed Deposits with Scheduled Banks (original maturity more than twelve months)	11	27.36	22.85
(ii) Other	9	210.62	376.80
(2) CURRENT ASSETS			
(a) Current Investments	10	3.83	3.83
(b) Trade Receivables			
More than Six Months		1.11	2.25
Others		5.93	4.12
(c) Cash and cash Bank Balances	11	459.44	4,957.48
(d) Current Maturity of Long Term Loans	8		
Secured		15,114.80	12,318.01
Un-Secured		2,928.95	3,137.84
(e) Short Term Loans	8		
Secured		912.98	1,000.00
Un-Secured		1,483.20	1,416.11
(f) Other Current Assets	9	4,259.44	3,477.92
Total		1,94,319.71	1,69,339.36

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

Part B
Part C

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWAN)
Company Secretary

Sd/-
R.NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

Sd/-
For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No - 000425N
(N.K. BHARGAVA)
PARTNER
Membership No - 060624

Sd/-
For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 27.05.2014

POWER FINANCE CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

		(₹ in crore)	
Description	Note No	Year ended 31.03.2014	Year ended 31.03.2013
I. Revenue from Operations			
(a) Interest Income	12	20,980.45	16,922.90
(b) Other Operating Income	12	634.08	388.52
II. Other Income			
Other Income	13	14.89	6.00
III. Total (I+II)		<u>21,629.22</u>	<u>17,317.42</u>
IV. Expenses			
Interest, Finance and Other Charges	14	13,207.00	10,995.46
Bonds Issue Expenses	15	79.09	97.33
Employee Benefit Expenses	16	91.01	90.82
Provision for Contingency		470.22	80.85
Provision for decline in value of investments		(0.15)	(0.003)
Depreciation and Amortization Expenses	6	5.23	5.96
CSR and Sustainable Development Expenses		63.23	16.30
Other Expenses	17	89.31	48.10
Prior Period Items (Net)	18	(0.23)	(8.92)
Total		<u>14,004.80</u>	<u>11,323.90</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		7,624.42	5,993.52
VI. Exceptional Items		0.00	0.00
VII. Profit before extraordinary items and tax (V-VI)		7,624.42	5,993.52
VIII. Extraordinary Items		0.00	0.00
IX. Profit Before Tax (VII-VIII)		7,624.42	5,993.52
X. Tax Expenses			
(1) Current Tax			
for current year		2,098.03	1,551.98
for earlier year		10.18	(128.08)
(2) Deferred Tax Liability (+) / Asset (-)		54.37	131.88
XI. Profit (Loss) for the year from continuing operations (IX-X)		<u>5,481.84</u>	<u>4,437.74</u>
XII. Earnings per equity shares of ₹ 10/- each (Refer Note No. 17 of Part-C - Consolidated Other Notes on Accounts)			
(1) Basic (₹)		41.38	33.62
(2) Diluted (₹)		41.38	33.62

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

Sd/-
(MANOHAR BALWAN)
Company Secretary

Sd/-
R.NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00238613

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No - 000429N

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000562N

Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 27.05.2014



**NOTE - Part A - 1
CONSOLIDATED SHARE CAPITAL**

Description	₹ in crore)	
	As at 31.03.2014	As at 31.03.2013
Authorised :		
200,00,00,000 Equity shares of ₹ 10/- each (Previous year 200,00,00,000 shares of ₹ 10/- each)	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, subscribed and paid up :		
132,00,15,011 Equity shares of ₹ 10/- each fully paid-up (Previous year 131,99,31,705 equity shares of ₹ 10/- each fully paid up)	1,320.02	1,319.93
Add: 25,693 Equity shares of ₹ 10/- each fully paid-up (Previous year 83,306 equity shares of ₹ 10/- each fully paid-up)	0.02	0.09
TOTAL	1,320.04	1,320.02

Notes:-

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

Name of Holders		31.03.2014	31.03.2013
President of India	% of Share Holding	72.80 *	73.72
	No. of Shares Held	96,09,55,589	97,30,61,665
	Amount (₹ in crore)	960.98	973.06
Life Insurance Corporation of India	% of Share Holding	7.80	5.77
	No. of Shares Held	10,28,99,599	7,61,64,471
	Amount (₹ in crore)	102.90	76.16

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 82,964 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.

For FY 2009-10, out of 88,040 options, 87,888 options has been granted, 83,306 equity shares have been allotted during the previous financial year and 4,255 equity shares during the current year upon exercising the stock option under the scheme. For FY 2010-11, out of 82,964 options granted, 69,954 options have been settled in cash and 1,572 options have been cancelled during the previous financial year and allotted 21,438 equity shares during the current year upon exercising the stock option under the scheme.

* Refer Note No. 21.2 of Part-C - Consolidated Other Notes on Accounts

**NOTE - Part A - 2
CONSOLIDATED RESERVES & SURPLUS**

Description	As at		As at	
	31.03.2014		31.03.2013	
(₹ in crore)				
(A) Securities Premium Reserve				
Opening balance	4,094.50		4,092.67	
Add : Addition during the year*	1.87		1.51	
Less: Issue Expenses (FPO)	0.00	4,096.37	(0.32)	4,094.50
(B) Debenture Redemption Reserve				
Opening balance	274.85		55.79	
Add : Transfer from Profit and Loss Appropriation for the year (Refer Note No. 6 of Part-C - Consolidated Other Notes on Accounts)	271.23	546.08	219.08	274.85
(C) Others				
(i) Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961				
Opening balance	1,409.01		1,158.81	
Add : Transfer from Profit and Loss Appropriation for the year	321.43	1,730.44	250.40	1,409.01
(ii) Special Reserves 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	7,139.87		5,982.06	
Add : Transfer from Profit and Loss Appropriation for the year	1,465.04		1,155.90	
Add : Transfer from General Reserve	0.00		1.91	
Add : Transfer from Surplus**	37.65	8,642.56	0.00	7,139.87
(iv) Statutory Reserve u/s 45-4C of the Reserve Bank of India Act, 1934				
Opening balance	0.00		0.00	
Add : Transfer from Profit and Loss Appropriation for the year	2.65	2.65	0.00	0.00
(v) CSR and SD Reserve				
Opening balance	18.85		0.00	
Less: Transfer to Surplus (Refer Note No. 23 of Part-C - Consolidated Other Notes on Accounts)	(18.85)	0.00	18.85	18.85
(vi) General Reserve				
Opening balance	3,034.49		2,594.40	
Add : Transfer from Profit and Loss Appropriation for the year	542.00		442.00	
Less: Transferred to Special Reserve	0.00	3,576.49	1.91	3,034.49
(vii) Foreign Currency Monetary Item Translation Difference A/c (Refer Note No. 13 of Part-C - Consolidated Other Notes on Accounts)				
Opening balance	(477.97)		(515.41)	
Add : Net addition during the year	(231.24)	(709.21)	37.44	(477.97)
(D) Surplus				
Opening balance	6,266.25		4,989.64	
Add: Transfer from CSR and SD Reserve	18.85		0.00	
Less : Transfers to Special Reserve under Income Tax Act, 1961 **	(37.65)		0.00	
Add: Surplus retained from the Profit and Loss Appropriation for the year	1,469.55	7,717.00	1,276.61	6,266.25
Total #		26,202.23		22,359.70



Description	As at		As at	
	31.03.2014		31.03.2013	
Note : Profit and Loss Appropriation				
Profit after tax for the year		5,481.84		4,437.74
Less : CSR Reserves				
Transfer to CSR and SD Reserve (relating to earlier years)	0.00		16.39	
Transfer from CSR and SD Reserve (relating to earlier years)	0.00		(9.30)	
Transfer to CSR and SD Reserve (relating to current year)	0.00	0.00	11.76	18.85
Less : Transfer to Reserves				
Transfer towards Reserve for Bad & Doubtful Debts u/s 36 (1) (viii) (c) of Income Tax Act, 1961	321.43		250.40	
Transfer to Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	1,485.04		1,155.90	
Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	2.65		0.00	
Debenture Redemption Reserve	271.23		219.06	
General Reserve	542.00	2,602.35	442.00	2,067.36
Less : Dividend & Corporate Dividend Tax				
Interim Dividend Paid	1,161.64		792.01	
Proposed Final Dividend	26.40		132.00	
Corporate Dividend Tax paid on Interim Dividend	197.41		128.48	
Proposed Corporate Dividend Tax	4.49	1,389.94	22.43	1,074.92
Total#		1,469.55		1,276.61

* Addition on account of issue of tax free bond series 107A and 107B at a premium of 0.03% and 0.14% respectively, total amounting to ₹ 1.45 crore and issue of 25,693 equity shares at premium amounting to ₹ 0.42 crore.

** Transferred to match the deduction claimed as per the income tax return for the Assessment Year 2013-14.

Addition during the year includes ₹ 0.83 crore net (Previous year ₹ 1.30 crore) share of jointly controlled entities.

**NOTE - Part A - 3
CONSOLIDATED BORROWINGS**

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Current	Non-Current	Total	Current	Non-Current	Total
A. Long Term Borrowings						
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 36)	0.00	11,275.11	11,275.11	0.00	6,275.12	6,275.12
Other Bonds (Refer Note No. 39 to 45)	0.00	11,140.00	11,140.00	0.00	0.00	0.00
Sub- Total (I)	0.00	22,776.66	22,776.66	0.00	6,636.67	6,636.67
II. Un-secured						
a) Bonds						
Other Bonds / Debentures (Refer Note No. 46 and 47)	10,399.90	89,526.17	99,926.07	3,262.90	95,434.62	98,697.52
Subordinated Bonds (Refer Note No. 48)	0.00	3,800.00	3,800.00	0.00	0.00	0.00
Foreign Currency Notes (Refer Note No. 50)	0.00	1,088.82	1,088.82	0.00	986.40	986.40
	10,399.90	94,416.99	1,04,816.89	3,262.90	96,421.02	99,683.92
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) (Refer Note No. 51)	24.57	265.36	289.93	19.98	251.49	271.47
Syndicated Foreign Currency Loans from banks / Financial Institutions (Refer Note No. 52)	3,674.53	3,872.56	7,547.09	0.00	6,946.68	6,946.68
Foreign Currency Loans (FCNR(B) from banks)	0.00	0.00	0.00	219.20	0.00	219.20
	3,699.10	4,137.92	7,837.02	239.18	7,198.17	7,437.35
c) Rupee Term Loans						
Rupee Term Loans (From Banks) (Refer Note No. 53)	810.00	21,160.00	21,970.00	3,980.00	10,895.00	14,875.00
Rupee Term Loans (From Financial Institutions) (Refer Note No. 54)	500.00	0.00	500.00	2,130.00	0.00	2,130.00
	1,310.00	21,160.00	22,470.00	6,110.00	10,895.00	17,005.00
Sub- Total (II)	15,409.00	1,19,714.91	1,35,123.91	9,612.08	1,14,514.19	1,24,126.27
B. Short Term Borrowings						
Rupee Term Loans						
I. Secured						
Loan against FD	0.24	0.00	0.24	860.55	0.00	860.55
Sub- Total (I)	0.24	0.00	0.24	860.55	0.00	860.55
II. Un-secured						
Commercial Paper (Refer Note No. 55)	1,314.49	0.00	1,314.49	4,890.20	0.00	4,890.20
Working Capital Demand Loan / OD / CC/ Line of Credit	0.00	0.00	0.00	2,959.22	0.00	2,959.22
Sub- Total (II)	1,314.49	0.00	1,314.49	7,849.42	0.00	7,849.42
Total (A)+(B)	16,723.73	1,42,491.57	1,59,215.30	18,322.05	1,21,150.86	1,39,472.91



NOTE

The details of Infrastructure Bonds outstanding as at 31.03.2014 are as follows:

SR No.	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 ₹ 3,971.21 crore as on 31.03.2014 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.	



SR No.	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 ₹3,971.21 crore as on 31.03.2014 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.	
		Total		381.55			



The details of Tax Free Bonds outstanding as at 31.03.2014 are as follows :

S/R No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ In crore)	Date of Redemption	Nature of Security
13	Tax Free Bonds (2013-14) - Series 3A	16-11-2013	8.87%	1,067.38	16-Nov-33	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
14	Tax Free Bonds (2013-14) - Series 3B	16-11-2013	8.92%	861.96	16-Nov-33	
15	Tax Free Bonds (2013-14) - Series 2A	16-11-2013	8.54%	932.70	16-Nov-28	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
16	Tax Free Bonds (2013-14) - Series 2B	16-11-2013	8.79%	353.32	16-Nov-28	
17	Tax Free Bonds Series 107 B	30-08-2013	8.46%	1,011.10	30-Aug-28	First Pari-Passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
18	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.04%	3.32	28-Mar-28	Secured by first Pari-Passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
19	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.54%	65.88	28-Mar-28	
20	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.36%	136.84	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.
21	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.86%	220.16	4-Jan-28	
22	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.
23	Tax Free Bonds Series 94 B	22-11-2012	7.38%	25.00	22-Nov-27	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.
24	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.
25	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.
26	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15-Oct-26	
27	Tax Free Bonds (2013-14) - Series 1A	16-11-2013	8.18%	325.07	16-Nov-23	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
28	Tax Free Bonds (2013-14) - Series 1B	16-11-2013	8.43%	335.47	16-Nov-23	

29	Tax Free Bonds Series 107 A	30-08-2013	8.01%	113.00	30-Aug-23	First Pari-Passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
30	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	6.88%	47.64	28-Mar-23	Secured by first Pari-Passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
31	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	7.38%	48.52	28-Mar-23	
32	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.19%	176.99	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.
33	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.69%	165.76	4-Jan-23	
34	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.
35	Tax Free Bonds Series 94 A	22-11-2012	7.21%	255.00	22-Nov-22	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.
36	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.
37	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.
38	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15-Oct-21	
Total				11,275.11		

The details of Taxable Bonds (Secured) outstanding as at 31.03.2014 are as follows:

39	Taxable Bonds Series 112 C	31.01.2014	9.70%	270.00	31-Jan-21	First Pari-Passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
40	Taxable Bonds Series 112 B	31.01.2014	9.70%	270.00	31-Jan-20	
41	Taxable Bonds Series 113	03.03.2014	9.69%	2,240.00	3-Mar-19	First Pari-Passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
42	Taxable Bonds Series 112 A	31.01.2014	9.70%	270.00	31-Jan-19	First Pari-Passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.



43	Taxable Bonds Series 109	07.10.2013	9.81%	4,500.00	7-Oct-18	First Pari-Passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
44	Taxable Bonds Series 108	27.09.2013	9.80%	1,600.00	27-Sep-16	First Pari-Passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
45	Taxable Bonds Series 110	05.12.2013	9.58%	1,990.00	5-Dec-15	First Pari-Passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
		Total		11,140.00		

46 Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 379.67 crore (previous year ₹ 351.22 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 (net of Unamortized Interest of ₹ 370.33 crore (previous year ₹ 398.78 crore)).

47 The details of Unsecured Taxable (Non cumulative) Bonds are as follows :

SR No	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
9	66 - B Series	8.75%	15-Jun-25	832.00
10	66 - B Series	8.75%	15-Jun-25	700.00
11	65 - Series	8.70%	14-May-25	1,087.50
12	65 - Series	8.70%	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

SR No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
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	8.65%	15-Jun-20	500.00
36	65 - Series	8.70%	14-May-20	162.50
37	65 - Series	8.70%	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	8.80%	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	104 - B Series	8.30%	15-May-18	351.00
58	102 - A(I) Series	8.90%	18-Mar-18	403.00
59	101 - A Series	8.95%	11-Mar-18	3,201.00
60	99 - A Series	8.77%	20-Feb-18	2.00
61	98 (II) Series	8.72%	8-Feb-18	324.00
62	72 - A Series	8.97%	15-Jan-18	144.00
63	97 Series	8.75%	15-Jan-18	1,000.00
64	XL - C Series	9.28%	28-Dec-17	650.00
65	XVIII Series	7.87%	13-Nov-17	25.00
66	93 - B Series	8.91%	15-Oct-17	950.00
67	XVII Series	8.21%	3-Oct-17	25.00
68	92 - A Series	9.01%	21-Aug-17	50.00
69	92 - B Series	9.27%	21-Aug-17	1,930.00
70	91 - A Series	9.40%	29-Jun-17	107.50
71	90 - A Series	9.61%	1-Jun-17	552.90
72	XIII Series	9.60%	24-May-17	65.00
73	XXXV Series	9.96%	18-May-17	530.00
74	XIII Series	9.60%	16-May-17	125.00
75	89 - A Series	9.52%	2-May-17	2,595.00
76	88- B Series	9.66%	15-Apr-17	100.20
77	XXXIV Series	9.90%	30-Mar-17	500.50
78	XXXIII - B Series	9.90%	22-Mar-17	561.50
79	87 - C Series	9.59%	20-Mar-17	217.50



SR No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
80	87 - B Series	9.72%	20-Mar-17	23.00
81	84 Series	9.33%	17-Feb-17	1,521.20
82	98 (I) Series	8.72%	8-Feb-17	324.00
83	82 - B Series	9.64%	15-Dec-16	825.00
84	XXXI - A Series	8.78%	11-Dec-16	1,451.20
85	XVIII Series	7.87%	13-Nov-16	25.00
86	XVII Series	8.21%	3-Oct-16	25.00
87	XXIX - A Series	8.80%	7-Sep-16	250.00
88	77- A Series	9.41%	1-Sep-16	1,083.60
89	75 - B Series	9.62%	29-Jun-16	360.00
90	106 - B Series	8.27%	25-Jun-16	3,033.00
91	104 - A Series	8.35%	15-May-16	4,000.00
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	106 - A Series	8.29%	25-Jun-15	1,250.00
101	65 - Series	8.70%	14-May-15	1,337.50
102	89 - B Series	9.46%	2-May-15	2,056.00
103	85 - A Series	9.51%	15-Apr-15	661.30
104	64 - Series	8.95%	30-Mar-15	492.00
105	63 - Series	8.90%	15-Mar-15	184.00
106	83 Series	9.55%	13-Jan-15	1,292.30
107	61 - Series	8.50%	15-Dec-14	351.00
108	82 - A Series	9.63%	15-Dec-14	2,100.00
109	96 Series	8.90%	14-Dec-14	1,903.00
110	XVIII Series	7.87%	13-Nov-14	25.00
111	XXI B Series	7.00%	2-Nov-14	51.90
112	59 - A Series	8.45%	15-Oct-14	288.20
113	93 - A Series	8.85%	15-Oct-14	1,788.00
114	XVII Series	8.21%	3-Oct-14	25.00
115	58 - B Series	8.45%	17-Sep-14	331.10
116	57 - B Series	8.60%	7-Aug-14	866.60
117	75 - A Series	9.64%	29-Jun-14	555.00
118	55 - B Series	7.50%	11-May-14	146.90
			Total	99,548.40
48	The details of Unsecured Subordinate Bonds are as follows :			
1	Subordinated Tier II Debt Bond	9.70%	21-Feb-24	2,000.00
2	Subordinated Tier II Debt Bond	9.65%	13-Jan-24	1,000.00
3	Subordinated Tier II Debt Bond	8.19%	14-Jun-23	800.00
			Total	3,800.00
49	As at 31.03.2014, Bonds of ₹ 6.90 crore (previous year ₹ 7.40 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.50 crore (previous year ₹ 0.50 crore) are held by PFC Ltd. Gratuity Trust.			
50	Foreign currency 8.61 % Senior Notes (USPP - I) of USD 180 million amounting to ₹ 1,088.82 crore (previous year ₹ 986.40 crore) are redeemable at par on 05.09.2017.			

Notes :-

SR No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
51	The details of Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) outstanding as at 31.03.2014 are as follows:			
1	KfW I	0.7500%	1.37	30-Jun-2035
2	KfW I	0.7500%	1.57	30-Dec-2034
3	KfW I	0.7500%	1.57	30-Jun-2034
4	KfW I	0.7500%	1.57	30-Dec-2033
5	KfW I	0.7500%	1.57	30-Jun-2033
6	KfW I	0.7500%	1.57	30-Dec-2032
7	KfW I	0.7500%	1.57	30-Jun-2032
8	KfW I	0.7500%	1.57	30-Dec-2031
9	KfW I	0.7500%	1.57	30-Jun-2031
10	KfW I	0.7500%	1.57	30-Dec-2030
11	KfW I	0.7500%	1.57	30-Jun-2030
12	KfW I	0.7500%	1.57	30-Dec-2029
13	KfW I	0.7500%	1.57	30-Jun-2029
14	KfW I	0.7500%	1.57	30-Dec-2028
15	Asian Development Bank	0.5934%	0.25	15-Oct-2028
16	Credit National France	2.0000%	0.03	30-Jun-2028
17	KfW I	0.7500%	1.57	30-Jun-2028
18	Asian Development Bank	0.5934%	1.75	15-Apr-2028
19	Credit National France	2.0000%	0.03	31-Dec-2027
20	KfW I	0.7500%	1.57	30-Dec-2027
21	Asian Development Bank	0.5934%	2.08	15-Oct-2027
22	Credit National France	2.0000%	0.06	30-Jun-2027
23	KfW I	0.7500%	1.57	30-Jun-2027
24	Asian Development Bank	0.5934%	2.20	15-Apr-2027
25	Credit National France	2.0000%	0.43	31-Dec-2026
26	KfW I	0.7500%	1.57	30-Dec-2026
27	Asian Development Bank	0.5934%	2.41	15-Oct-2026
28	Credit National France	2.0000%	0.43	30-Jun-2026
29	KfW I	0.7500%	1.57	30-Jun-2026
30	Asian Development Bank	0.5934%	4.03	15-Apr-2026
31	Credit National France	2.0000%	0.51	31-Dec-2025
32	KfW I	0.7500%	1.57	30-Dec-2025
33	Asian Development Bank	0.5934%	4.03	15-Oct-2025
34	Credit National France	2.0000%	1.11	30-Jun-2025
35	KfW I	0.7500%	1.57	30-Jun-2025
36	Asian Development Bank	0.5934%	4.03	15-Apr-2025
37	Credit National France	2.0000%	3.04	31-Dec-2024
38	KfW I	0.7500%	1.57	30-Dec-2024
39	Asian Development Bank	0.5934%	4.03	15-Oct-2024
40	Credit National France	2.0000%	3.87	30-Jun-2024
41	KfW I	0.7500%	1.57	30-Jun-2024
42	Asian Development Bank	0.5934%	4.33	15-Apr-2024
43	Credit National France	2.0000%	3.71	31-Dec-2023
44	KfW I	0.7500%	1.57	30-Dec-2023
45	Asian Development Bank	0.5934%	4.33	15-Oct-2023



SR No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
46	Credit National France	2.0000%	4.55	30-Jun-2023
47	KfW I	0.7500%	1.57	30-Jun-2023
48	Asian Development Bank	0.5934%	4.33	15-Apr-2023
49	Credit National France	2.0000%	4.55	31-Dec-2022
50	KfW I	0.7500%	1.57	30-Dec-2022
51	Asian Development Bank	0.5934%	4.33	15-Oct-2022
52	Credit National France	2.0000%	4.55	30-Jun-2022
53	KfW I	0.7500%	1.57	30-Jun-2022
54	Asian Development Bank	0.5934%	4.33	15-Apr-2022
55	Credit National France	2.0000%	4.55	31-Dec-2021
56	KfW I	0.7500%	1.57	30-Dec-2021
57	Asian Development Bank	0.5934%	4.33	15-Oct-2021
58	Credit National France	2.0000%	4.55	30-Jun-2021
59	KfW I	0.7500%	1.57	30-Jun-2021
60	Asian Development Bank	0.5934%	4.33	15-Apr-2021
61	Credit National France	2.0000%	4.55	31-Dec-2020
62	KfW I	0.7500%	1.57	30-Dec-2020
63	Asian Development Bank	0.5934%	4.33	15-Oct-2020
64	Credit National France	2.0000%	4.55	30-Jun-2020
65	KfW I	0.7500%	1.57	30-Jun-2020
66	Asian Development Bank	0.5934%	4.33	15-Apr-2020
67	Credit National France	2.0000%	4.55	31-Dec-2019
68	KfW I	0.7500%	1.57	30-Dec-2019
69	Asian Development Bank	0.5934%	4.33	15-Oct-2019
70	Credit National France	2.0000%	4.55	30-Jun-2019
71	KfW I	0.7500%	1.57	30-Jun-2019
72	Asian Development Bank	0.5934%	4.33	15-Apr-2019
73	Credit National France	2.0000%	4.55	31-Dec-2018
74	KfW I	0.7500%	1.57	30-Dec-2018
75	Asian Development Bank	0.5934%	4.33	15-Oct-2018
76	Credit National France	2.0000%	4.55	30-Jun-2018
77	KfW I	0.7500%	1.57	30-Jun-2018
78	Asian Development Bank	0.5934%	4.33	15-Apr-2018
79	Credit National France	2.0000%	4.55	31-Dec-2017
80	KfW I	0.7500%	1.57	30-Dec-2017
81	Asian Development Bank	0.5934%	4.33	15-Oct-2017
82	Credit National France	2.0000%	4.55	30-Jun-2017
83	KfW I	0.7500%	1.57	30-Jun-2017
84	Asian Development Bank	0.5934%	4.33	15-Apr-2017
85	Credit National France	2.0000%	4.55	31-Dec-2016
86	KfW I	0.7500%	1.57	30-Dec-2016
87	Asian Development Bank	0.5934%	4.33	15-Oct-2016
88	Credit National France	2.0000%	4.55	30-Jun-2016
89	KfW I	0.7500%	1.57	30-Jun-2016
90	Asian Development Bank	0.5934%	4.33	15-Apr-2016

SR No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
91	Credit National France	2.0000%	4.55	31-Dec-2015
92	KfW I	0.7500%	1.57	30-Dec-2015
93	KfW II	5.1499%	1.83	30-Dec-2015
94	Asian Development Bank	0.5934%	4.33	15-Oct-2015
95	Credit National France	2.0000%	4.55	30-Jun-2015
96	KfW I	0.7500%	1.57	30-Jun-2015
97	KfW II	5.1499%	1.83	30-Jun-2015
98	Asian Development Bank	0.5934%	4.33	15-Apr-2015
99	Credit National France	2.0000%	4.55	31-Dec-2014
100	KfW I	0.7500%	1.57	30-Dec-2014
101	KfW II	5.1499%	1.83	30-Dec-2014
102	Asian Development Bank	0.5934%	4.33	15-Oct-2014
103	Credit National France	2.0000%	4.55	30-Jun-2014
104	KfW I	0.7500%	1.57	30-Jun-2014
105	KfW II	5.1499%	1.83	30-Jun-2014
106	Asian Development Bank	0.5934%	4.33	15-Apr-2014
		Total	289.93	

52 The details of Syndicated Foreign Currency Loans from banks / Financial Institutions outstanding as at 31.03.2014 are as follows:

SR No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ in crore)	Date of Repayment
1	SLN XIII	1.7815%	756.13	6-Mar-2017
2	SLN-IX	1.8379%	744.14	24-Feb-2017
3	SLN-VIII	1.6857%	408.71	23-Sep-2016
4	SLN-VIII	1.6857%	451.34	25-Sep-2015
5	SLN XII	2.0797%	1,512.25	31-Aug-2015
6	SLN VII	1.8690%	1,814.70	29-Mar-2015
7	SLN XIII	1.7815%	756.13	6-Mar-2015
8	SLN-IX	1.8379%	703.81	25-Feb-2015
9	SLN-VIII	1.6857%	399.89	24-Sep-2014
		Total	7,547.09	



Notes : -				
53 The details of Rupee Term Loans (From Banks) outstanding as at 31.03.2014 are as follows:				
SR No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ In crore)	Date of Repayment
1	INDIAN BANK	10.20%	100.00	18-Mar-2022
2	CANARA BANK	10.24%	500.00	29-Mar-2021
3	ORIENTAL BANK OF COMMERCE	10.25%	75.00	29-Mar-2021
4	BANK OF INDIA	10.20%	200.00	28-Mar-2021
5	SYNDICATE BANK	10.25%	140.00	28-Mar-2021
6	BANK OF INDIA	10.20%	300.00	27-Mar-2021
7	ORIENTAL BANK OF COMMERCE	10.25%	91.00	21-Mar-2021
8	SYNDICATE BANK	10.25%	150.00	20-Mar-2021
9	SYNDICATE BANK	10.25%	175.00	19-Mar-2021
10	INDIAN BANK	10.20%	100.00	18-Mar-2021
11	CANARA BANK	10.20%	105.00	30-Mar-2020
12	SYNDICATE BANK	10.25%	35.00	30-Mar-2020
13	ORIENTAL BANK OF COMMERCE	10.25%	75.00	29-Mar-2020
14	SYNDICATE BANK	10.25%	140.00	28-Mar-2020
15	ORIENTAL BANK OF COMMERCE	10.25%	92.00	21-Mar-2020
16	SYNDICATE BANK	10.25%	150.00	20-Mar-2020
17	SYNDICATE BANK	10.25%	175.00	19-Mar-2020
18	INDIAN BANK	10.20%	100.00	18-Mar-2020
19	SYNDICATE BANK	10.25%	35.00	30-Mar-2019
20	ORIENTAL BANK OF COMMERCE	10.25%	75.00	29-Mar-2019
21	CANARA BANK	10.20%	453.38	28-Mar-2019
22	CANARA BANK	10.20%	546.62	28-Mar-2019
23	HDFC BANK	10.23%	200.00	28-Mar-2019
24	ORIENTAL BANK OF COMMERCE	10.25%	92.00	21-Mar-2019
25	UCO BANK	10.20%	500.00	18-Mar-2019
26	UCO BANK	10.20%	500.00	14-Mar-2019
27	UNION BANK OF INDIA	10.25%	160.00	30-Sep-2018
28	BANK OF INDIA	10.20%	470.00	20-Sep-2018
29	BANK OF INDIA	10.20%	500.00	20-Sep-2018
30	BANK OF BARODA	10.25%	490.00	31-Mar-2018
31	ALLAHABAD BANK	10.25%	500.00	30-Mar-2018
32	BANK OF INDIA	10.20%	30.00	30-Mar-2018
33	UNION BANK OF INDIA	10.25%	15.00	30-Mar-2018
34	CANARA BANK	10.20%	220.00	29-Mar-2018
35	BANK OF BARODA	10.25%	250.00	29-Mar-2018
36	CANARA BANK	10.20%	280.00	28-Mar-2018
37	HDFC BANK	10.23%	150.00	28-Mar-2018
38	BANK OF BARODA	10.25%	285.00	28-Mar-2018
39	STATE BANK OF MYSORE	10.25%	150.00	28-Mar-2018
40	STATE BANK OF MYSORE	10.25%	250.00	21-Mar-2018
41	DENA BANK	10.25%	275.00	21-Mar-2018
42	DENA BANK	10.25%	225.00	21-Mar-2018
43	BANK OF BARODA	10.25%	300.00	20-Mar-2018
44	BANK OF BARODA	10.25%	350.00	19-Mar-2018
45	BANK OF INDIA	10.20%	1,000.00	14-Mar-2018
46	VIJAYA BANK	10.20%	250.00	15-Dec-2017
47	ANDHRA BANK	10.25%	30.00	15-Dec-2017
48	VIJAYA BANK	10.20%	700.00	31-Jul-2017
49	BANK OF BARODA	10.25%	65.00	30-Mar-2017
50	HDFC BANK	10.23%	150.00	28-Mar-2017

51	INDIAN BANK	10.20%	60.00	27-Mar-2017
52	STATE BANK OF INDIA	10.15%	142.00	25-Mar-2017
53	STATE BANK OF INDIA	10.15%	143.00	25-Dec-2016
54	STATE BANK OF INDIA	10.15%	143.00	25-Sep-2016
55	STATE BANK OF INDIA	10.15%	143.00	25-Jun-2016
56	UNION BANK OF INDIA	10.25%	60.00	28-Apr-2016
57	UNION BANK OF INDIA	10.25%	320.00	27-Apr-2016
58	UNION BANK OF INDIA	10.25%	110.00	24-Apr-2016
59	UNION BANK OF INDIA	10.25%	230.00	21-Apr-2016
60	UNION BANK OF INDIA	10.25%	180.00	20-Apr-2016
61	BANK OF BARODA	10.25%	230.00	30-Mar-2016
62	BANK OF BARODA	10.25%	770.00	29-Mar-2016
63	INDIAN BANK	10.20%	60.00	27-Mar-2016
64	STATE BANK OF INDIA	10.15%	143.00	25-Mar-2016
65	STATE BANK OF INDIA	10.15%	143.00	25-Dec-2015
66	CENTRAL BANK OF INDIA	10.25%	30.00	15-Oct-2015
67	JAMMU & KASHMIR BANK	10.25%	40.00	15-Oct-2015
68	JAMMU & KASHMIR BANK	10.25%	560.00	15-Oct-2015
69	VIJAYA BANK	10.20%	200.00	1-Oct-2015
70	STATE BANK OF INDIA	10.15%	143.00	25-Sep-2015
71	CANARA BANK	10.20%	425.00	1-Sep-2015
72	CANARA BANK	10.20%	75.00	31-Aug-2015
73	INDIAN BANK	10.20%	500.00	12-Jul-2015
74	FEDERAL BANK	10.55%	300.00	30-Jun-2015
75	STATE BANK OF BIKANER AND JAIPUR	10.25%	400.00	29-Jun-2015
76	CORPORATION BANK	10.25%	750.00	29-Jun-2015
77	CORPORATION BANK	10.25%	250.00	28-Jun-2015
78	SUMITOMO MITSUI BANKING CORP	10.15%	100.00	28-May-2015
79	ANDHRA BANK	10.25%	310.00	1-May-2015
80	ANDHRA BANK	10.25%	500.00	28-Apr-2015
81	CANARA BANK	10.20%	500.00	16-Apr-2015
82	PUNJAB NATIONAL BANK	10.25%	500.00	15-Apr-2015
83	BANK OF INDIA	10.20%	500.00	15-Apr-2015
84	STATE BANK OF BIKANER AND JAIPUR	10.25%	350.00	30-Mar-2015
85	INDIAN BANK	10.20%	60.00	27-Mar-2015
86	HDFC BANK	10.50%	250.00	24-Sep-2014
87	CREDIT SUISSE AG	10.45%	150.00	14-May-2014
		Total	21,970.00	

54 The details of Rupee Term Loans (From Financial Institutions) outstanding as at 31.03.2014 are as follows:

SR No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ In crore)	Date of Repayment
1	SIDBI	9.75%	500.00	30-Apr-2014

55 The details of Commercial Paper outstanding as at 31.03.2014 are as follows:

SR No	Loan	Rate of Interest p.a. as on 31.03.2014	Amount (₹ In crore)	Date of Repayment
1	CP-56	10.63%	1,250.00	15-Jul-2014
2	CP-57	9.30%	100.00	15-Apr-2014
	Less - Unamortized financial charges *		(35.51)	
		Total	1,314.49	

* Unamortized financial charges on Commercial Paper as on 31.03.2014 amounts to ₹ 35.51 crore (Previous year ₹ 109.80 crore)

**NOTE - Part A - 4
CONSOLIDATED OTHER LONG TERM & CURRENT LIABILITIES**

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Interest Subsidy Fund from GOI (Refer Note No.12 (ii) of Part - C - Consolidated Other Notes on Accounts)	21.93	101.94	123.87	33.06	112.72	145.78
Interest Differential Fund - KFW (Refer Note No. 9 of Part-C - Consolidated Other Notes on Accounts)	0.00	54.63	54.63	0.00	54.73	54.73
Advance received from Subsidiaries (including interest payable thereon) (Refer Note No. 8.3 of Part-C - Consolidated Other Notes on Accounts)	158.31	160.95	319.26	0.00	295.60	295.61
Amount payable to GoI under R-APDRP (Refer Note No.14 (i) of Part-C - Consolidated Other Notes on Accounts)	0.00	0.00	0.00	0.25	0.00	0.25
Sub Total	180.63	317.52	497.76	33.31	463.06	496.37
Interest Accrued but not due :						
On Bonds	5,874.55	0.00	5,874.55	4,771.01	0.00	4,771.01
On Loans	92.11	0.00	92.11	119.15	0.00	119.15
Sub Total	5,966.66	0.00	5,966.66	4,890.16	0.00	4,890.16
Unpaid / Unclaimed						
Bonds	4.54	0.00	4.54	4.71	0.00	4.71
Interest on Bonds	1.96	0.00	1.96	3.21	0.00	3.21
Dividend	1.45	0.00	1.45	1.20	0.00	1.20
Sub Total	7.95	0.00	7.95	9.12	0.00	9.12
Others	111.20	30.10	141.30	135.16	76.75	211.91
Total #	6,266.05	347.62	6,613.67	5,067.75	539.81	5,607.56

Additions during the year includes ₹ 3.56 crore net (Previous year ₹ 2.67 crore) share of Jointly controlled entities.

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

(₹ in crore)

Description	As at 31.03.2014		As at 31.03.2013		Total
	Short Term	Long Term	Short Term	Long Term	
I. Employee Benefits **					
Economic Rehabilitation of Employees	0.12	1.12	0.12	1.19	1.31
Leave Encashment	0.99	19.74	1.14	19.27	20.41
Staff Welfare Expenses	0.92	14.96	1.15	12.14	13.29
Gratuity / Superannuation Fund	0.94	0.02	1.63	0.00	1.63
Sub Total	2.97	35.84	4.04	32.60	36.64
II. Others					
Income Tax (net)	98.37	23.05	22.37	11.62	33.99
CSR & SD Expenses (Refer Note No. 21 of Part-C - Consolidated Other Notes on Accounts)	32.33	0.00	0.00	0.00	0.00
Contingent provision against Standard Assets (Refer Note No. 15.1 of Part-C - Consolidated Other Notes on Accounts)	55.18	414.30	14.66	118.13	132.79
Proposed Final Dividend**	26.40	0.00	132.00	0.00	132.00
Proposed Corporate Dividend Tax **	4.49	0.00	22.43	0.00	22.43
Sub Total	216.77	437.35	191.46	129.75	321.21
Total #	219.74	473.19	195.50	162.35	357.85

Additions during the year includes ₹ 0.43 crore net (Previous period ₹ 0.78 crore) share of Jointly controlled entities.

** (Refer Note No. 22.2 of Part-C - Consolidated Other Notes on Accounts)

**NOTE - Part A - 6
CONSOLIDATE FIXED ASSETS**

(₹ in crore)

Description	GROSS BLOCK		DEPRECIATION			NET BLOCK					
	Opening Balance as at 01.04.2013	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at 31.03.2014	Opening Balance as at 01.04.2013	For the year 01.04.2013 to 31.03.2014	Prior period Adjustments	Withdrawn/ Written back	Closing Balance as at 31.03.2014	As at 31.03.2014	As at 31.03.2013
I. Tangible Assets : Owned Assets											
Land (Freehold)	3.38	0.00	0.00	3.38	0.00	0.00	0.00	0.00	0.00	3.38	3.38
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	24.92	0.00	0.00	24.92	7.20	0.89	0.00	0.00	8.09	16.83	17.72
EDP Equipments	14.57	0.97	0.24	15.30	10.93	1.64	0.00	0.17	12.40	2.90	3.64
Office and other equipments	14.03	0.85	0.19	14.69	7.71	0.97	0.00	0.09	8.59	6.10	6.32
Furniture & Fixtures	7.55	0.24	0.11	7.68	5.33	0.44	0.00	0.07	5.70	1.98	2.22
Vehicles	0.08	0.10	0.02	0.16	0.07	0.02	0.00	0.02	0.07	0.09	0.01
Total #	102.40	2.16	0.56	104.00	31.24	3.96	0.00	0.35	34.85	69.15	71.16
Previous year	99.63	4.17	1.40	102.40	27.29	4.48	(0.01)	0.52	31.24	71.16	72.34
II. Intangible Assets :											
Purchased Software (Useful Life - 5 years)	7.89	0.01	0.10	7.80	4.10	1.27	(0.02)	0.00	5.35	2.45	3.79
Previous year	6.88	1.01	0.00	7.89	2.61	1.48	0.01	0.00	4.10	3.79	4.27
III. Capital Works in Progress -Intangible Assets **											
Other #	0.00	0.66	0.00	0.66	0.00	0.00	0.00	0.00	0.00	0.66	0.00
Previous year	0.45	0.00	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.66	0.00

Additions during the year includes ₹ 1.04 crore net (Previous year ₹ 0.05 crore) share of jointly controlled entities.

** Software Applications

**NOTE - Part A - 7
CONSOLIDATED NON- CURRENT INVESTMENTS**

Description	(₹ in crore)	
	As at 31.03.2014	As at 31.03.2013
(A) Trade Investments (Quoted)		
I. Equity Instruments		
- Valued at Cost		
1,20,00,000 Equity Shares (Previous year 1,20,00,000 Equity Shares) of ₹ 10/- each fully paid up of PTC Ltd.	12.00	12.00
Sub Total	<u>12.00</u>	<u>12.00</u>
(B) Other Investments (Unquoted and Non Trade)		
I. Equity Instruments - Valued at Cost		
32,20,000 Equity Shares (Previous year 28,00,000 Equity Shares) of ₹ 10/- each fully paid up of Power Exchange India Ltd. (Refer Note No. 8.4 (i) of Part-C - Consolidated Other Notes on Accounts)	3.22	2.80
7,00,000 Equity Shares (Previous year 7,00,000 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	0.70
III. Others		
- Valued at Cost (Less diminution, if any, other than temporary)		
76,82,816 Units of (Previous year 76,82,816 Units) *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	7.68
Less : Provision for diminution	<u>0.00</u>	<u>0.15</u>
Sub Total	<u>7.68</u>	<u>7.53</u>
TOTAL	<u>23.60</u>	<u>23.03</u>

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	12.00	81.17
(previous year)	(12.00)	(71.46)
Aggregate of Un-Quoted (non trade) Investments	11.60	-
(previous year)	(11.03)	-
TOTAL	23.60	81.17
(Previous year)	(23.03)	(71.46)

**NOTE - Part A - 8
CONSOLIDATED LOANS**

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	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	12,822.05	1,14,952.56	1,27,774.61	10,741.69	91,997.07	1,02,738.76
RTLs to Independent Power Producers	1,047.81	16,730.66	17,778.47	989.56	13,269.75	14,259.31
Foreign Currency Loans to Independent Power Producers	30.32	47.78	78.10	27.46	70.76	98.22
Foreign Currency Loans to State Power Utilities	12.83	25.66	38.49	0.00	0.00	0.00
Buyer's Line of Credit	67.94	492.07	560.01	10.20	122.36	132.56
Lease Financing to Borrowers **	33.15	209.39	242.54	49.95	235.12	285.07
RTLs to Equipment Manufacturers	247.69	810.65	1,058.34	224.83	688.79	913.62
Incomes accrued & due on loans	438.65	0.00	438.65	35.23	0.00	35.23
	14,700.44	1,33,268.77	1,47,969.21	12,078.92	1,06,383.85	1,18,462.77
b) Others						
RTL to Independent Power Producers-NPA	414.68	581.74	996.42	196.77	723.01	919.78
Less: Provision for contingencies	88.62	107.42	196.04	27.70	72.30	100.00
FCL to Independent Power Producers - NPA	110.37	120.92	231.29	77.80	136.93	214.73
Less: Provision for contingencies	22.07	24.18	46.25	7.78	13.69	21.47
Sub Total (I)	15,114.80	1,33,839.83	1,48,954.63	12,318.01	1,07,157.80	1,19,475.81

**NOTE - Part A - 9
CONSOLIDATED OTHER ASSETS**

(₹ in crore)

Description	As at 31.03.2014		As at 31.03.2013		Total
	Current	Non-Current	Current	Non-Current	
LOANS & ADVANCES					
Loans (considered good)					
a) to Employees (Secured)	2.51	15.55	2.34	15.23	17.57
b) to Employees (Unsecured)	<u>5.32</u>	<u>35.70</u>	<u>4.11</u>	<u>27.26</u>	<u>31.37</u>
Advances (Un-secured 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)	164.81	92.21	2.37	219.35	221.72
b) to Employees	1.31	0.54	1.16	0.45	1.61
c) Prepaid Expenses	2.12	0.16	2.03	0.15	2.18
d) Others	101.28	1.13	82.24	0.41	82.65
e) Advance Income Tax and Tax Deducted at Source (net)	3.64	53.51	2.18	105.07	107.25
f) Security Deposits	3.60	0.08	3.28	0.36	3.64
OTHER ASSETS					
Accrued but not due :					
a) Interest on Loan Assets	3,865.81	0.00	3,257.45	0.00	3,257.45
b) Other charges	15.63	0.00	16.11	0.00	16.11
c) Interest on Loans to Employee	0.25	11.74	0.23	8.52	8.75
d) Interest on Deposits and Investments	<u>10.10</u>	<u>0.00</u>	<u>29.54</u>	<u>0.00</u>	<u>29.54</u>
Loans & Advances (Un-secured - Others)					
Non Performing Assets (NPAs)	104.77	0.00	84.14	0.00	84.14
Less : Provision for contingencies	<u>21.71</u>	<u>0.00</u>	<u>9.26</u>	<u>0.00</u>	<u>9.26</u>
Total #	4,259.44	210.62	3,477.92	376.80	3,854.72

Additions during the year includes ₹ 1.78 crore net (Previous year ₹ 2.89 crore) share of Jointly controlled entities.

**NOTE - Part A -10
CONSOLIDATED CURRENT INVESTMENTS**

Description	As at		(₹ in crore)	
	31.03.2014		31.03.2013	
A. Equity Instruments - Valued scrip wise at lower of cost or fair value (Trade and Quoted)				
5,39,349 Equity Shares (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	<u>0.00</u>	<u>2.80</u>	<u>0.00</u>	<u>2.80</u>
97,952 Equity Shares (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	<u>0.00</u>	<u>1.03</u>	<u>0.00</u>	<u>1.03</u>
Total		3.83		3.83
Particulars	Book Adjusted Value		Market Value	
Aggregate of Quoted Investments	3.83		7.91	
(previous year)	(3.83)		(7.75)	
TOTAL	3.83		7.91	
(Previous year)	(3.83)		(7.75)	

**NOTE - Part A -11
CONSOLIDATED CASH AND BANK BALANCES**

Description	As at		(₹ in crore)	
	31.03.2014		31.03.2013	
A Cash and Cash Equivalents				
i) Balances in current accounts with:				
a. Reserve Bank of India	0.05		0.05	
b. Scheduled Banks	<u>3.17</u>	<u>3.22</u>	<u>3.29</u>	3.34
ii) Cheques in hand		<u>58.38</u>		0.62
iii) Public Issue Account with Escrow Collection Banker		<u>0.00</u>		165.37
iv) Fixed Deposits with Scheduled Banks (original maturity up to three months)		<u>1.25</u>		4,686.64
Sub - Total (A)		62.83		4,855.97
B Other Bank Balances				
i) Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.		<u>1.50</u>		1.25
ii) Fixed Deposits with Scheduled Banks (original maturity more than three months but up to twelve months)		<u>395.11</u>		100.26
Sub - Total (B)		396.61		101.51
iii) Fixed Deposits with Scheduled Banks (original maturity more than twelve months)		<u>27.36</u>		22.85
Sub - Total (C)		27.36		22.85
Total (A) + (B) + (C) #		486.80		4,980.33

Includes ₹ 28.34 Crore (Previous year ₹ 27.11 crore) share of Jointly Controlled Entities



**NOTE - Part A - 12
CONSOLIDATED REVENUE FROM OPERATIONS**

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
A. Interest		
Interest on Loans	20,955.19	16,893.50
Lease income	25.26	29.40
Sub Total (A)	<u>20,980.45</u>	<u>16,922.90</u>
B. Other Operating income		
Prepayment Premium on Loans	182.74	10.96
Upfront fees on Loans	35.57	36.69
Service charges on Loans	0.00	0.00
Management, Agency & Guarantee Fees	148.95	117.33
Commitment charges on Loans	4.15	4.34
Less : Commitment charges on Loans waived	<u>(0.75)</u>	<u>0.00</u>
Income from surplus funds	203.29	169.12
Nodal Agency Fees under R-APDRP (Refer Note No. 14 (ii) of Part-C - Consolidated Other Notes on Accounts)	18.50	16.52
Income from consultancy assignment	41.63	30.56
Sub Total (B)	<u>634.08</u>	<u>388.52</u>
Total (A)+ (B) #	<u>21,614.53</u>	<u>17,311.42</u>

Includes ₹ 8.48 crore (Previous year ₹ 6.70 crore) share of Jointly Controlled Entity.

**NOTE - Part A - 13
CONSOLIDATED OTHER INCOME**

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
Dividend / Interest Income on Non-Current Investments	1.92	2.13
Dividend Income on Current Investments	0.22	0.25
Profit on sale of Fixed Assets	0.01	0.01
Profit on sale of Non-Current Investments	0.00	0.05
Interest on Income Tax Refund	2.42	0.18
Miscellaneous Income	7.73	3.34
Excess Liabilities written back	2.39	0.04
Total #	<u>14.69</u>	<u>6.00</u>

Includes ₹ 0.02 crore (Previous year ₹ 0.01 crore) share of Jointly Controlled Entity.

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

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
i. Interest		
On Bonds	10,682.71	8,579.57
On Loans	1,644.05	1,772.32
GOI on Interest Subsidy Fund	10.70	19.00
Rebate for Timely Payment to Borrowers	205.90	167.46
Swap Premium (Net)	<u>8.38</u>	<u>13.45</u>
	12,551.70	10,551.80
ii. Other Charges		
Commitment & Agency Fees	0.41	1.13
Financial Charges on Commercial Paper	192.22	200.74
Guarantee, Listing & Trusteeship fees	2.11	1.99
Management Fees on Foreign Currency Loans	0.25	64.44
Bank / Other Charges	0.03	0.07
Direct overheads for Consultancy Services	<u>8.02</u>	<u>4.58</u>
Interest paid on advances received from subsidiaries	6.56	7.63
Less : Interest received on advances given to subsidiaries	<u>(6.77)</u>	<u>(4.90)</u>
	452.52	167.98
iii. Net Translation / Transaction Exchange Loss (+) / gain (-)		167.98
Total (i+ii+iii)	<u>13,207.09</u>	<u>10,995.46</u>

**NOTE - Part A - 15
CONSOLIDATED BOND ISSUE EXPENSES**

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
Interest on Application Money	39.28	61.27
Credit Rating Fees	3.50	2.84
Other Issue Expenses	32.24	24.97
Stamp Duty Fees	4.07	6.25
Total	<u>79.09</u>	<u>97.33</u>

**NOTE - Part A - 16
CONSOLIDATED EMPLOYEE BENEFIT EXPENSES**

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
Salaries and Wages and Bonus	69.15	71.96
Contribution to Provident and other funds	7.44	6.85
Staff Welfare	9.95	8.06
Rent for Residential accommodation of employees (Refer Note No. 11 (b) of Part-C - Consolidated Other Notes on Accounts)	<u>4.47</u>	<u>3.95</u>
Total #	<u>91.01</u>	<u>90.82</u>

includes ₹ 0.93 crore (Previous period ₹ 0.79 crore) share of Jointly Controlled Entities.



**NOTE - Part A - 17
CONSOLIDATED OTHER EXPENSES**

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
Administrative Expenses		
Office Rent	1.25	1.31
Electricity & Water charges	1.82	1.57
Insurance	0.05	0.05
Repairs & Maintenance	2.87	2.51
Stationery & Printing	1.81	0.97
Travelling & Conveyance	9.18	8.42
Postage, Telegraph & Telephone	1.96	1.64
Professional & Consultancy charges	1.30	1.18
Miscellaneous Expenses *	20.48	20.43
Loss on sale of Fixed Assets	0.10	0.04
Auditors' remuneration	0.66	0.55
Service Tax	4.00	5.93
Rates & Taxes	1.14	0.95
Contribution to PMC (MoP)	0.30	0.55
Sub - Total (I)	46.72	48.10
Others		
R-APDRP Expenses	42.59	0.00
Sub - Total (II)	42.59	0.00
TOTAL * #	89.31	48.10

(₹ in crore)

Includes ₹ 1.46 crore (Previous year ₹ 1.16 crore) share of Jointly Controlled entities

* Note :

1) Miscellaneous Expenses includes :

Books & Periodicals	0.05	0.04
Advertisement	4.72	5.52
Membership & Subscription	0.67	0.60
Entertainment	0.58	0.55
Conference & Meeting Expenses	1.07	1.19
Security Expenses	1.42	1.11
Training	0.75	0.65
EDP Expenses	1.83	2.04
Business Promotion / Related Expenses	0.35	0.17
Equipment hiring charges	0.00	0.00
Interest on income tax	5.51	4.07

2) Auditors' Remuneration includes :

Audit fees	0.25	0.19
Tax Audit fees	0.06	0.05
Other certification services	0.35	0.31
Reimbursement of Expenses	0.00	0.00

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

Description	Year ended 31.03.2014		Year ended 31.03.2013	
Prior Period Expenses :				
Interest & other Charges	0.34		1.18	
Issue Expenses	0.19		0.00	
Personnel & Administration Expenses - CSR	0.00		(16.39)	
Personnel & Administration Expenses - Others	(0.74)		0.37	
Depreciation	(0.02)	(0.23)	0.00	(14.84)
Prior Period Income :				
Interest Income	0.00		(3.27)	
Other Income	0.00	0.00	(2.65)	(5.92)
Total #		(0.23)		(8.92)

Includes ₹ 0.04 crore (Previous year ₹ 0.06 crore) 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 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 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.

2.10 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.

3. MISCELLANEOUS (PRELIMINARY) EXPENDITURE

Expenditures which are not an Intangible Assets in terms of AS-26 will be fully written off in the same year in which it's 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.

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.
- 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 due to dispute 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, hire purchase and lease assets are given as under:



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

For the purpose of assets classification and provisioning :

- a) Facilities granted to Government Sector & Private Sector Entities shall be classified borrower wise with the following exceptions :
 - i) Government sector loans, where cash flow from each project are separately identifiable and applied to the same project, PFC shall classify such loans on project wise basis.
- b) The amount of security deposits kept by the borrower with the PFC in pursuance to the lease agreement together with the value of any other security available in pursuance to the lease agreement may be deducted against the provisions stipulated above.
- c) NPA subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of installments 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.
- d) Interest restructuring which is normally done by PFC to help the borrowers to convert the past high cost debts into lower interest bearing debts will not be considered as re-schedulement / debt restructuring.
- e) 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.

7.4 Provision against NPAs (Assets other than Hire Purchase and Leased assets) 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%

* 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 would be treated as secured for the purpose of making provision.

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.

7.5 The provisioning requirements in respect of hire purchase and leased assets shall be as per Para 9(2) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued vide circular dated 1st July, 2013 and subsequent amendments issued from time to time.

The para 9 (2) as mentioned above is reproduced hereunder -

"Lease and hire purchase assets

(2) The provisioning requirements in respect of hire purchase and leased assets shall be as under:

Hire purchase assets

(i) In respect of hire purchase assets, the total dues (overdue and future installments taken together) as reduced by

(a) the finance charges not credited to the statement of profit and loss and carried forward as unmatured finance charges; and

(b) the depreciated value of the underlying asset, shall be provided for.

Explanation: For the purpose of this paragraph, the depreciated value of the asset shall be notionally computed as the original cost of the asset to be reduced by depreciation at the rate of twenty per cent per annum on a straight line method; and in the case of second hand asset, the original cost shall be the actual cost incurred for acquisition of such second hand asset.

Additional provision for hire purchase and leased assets

- (ii) In respect of hire purchase and leased assets, additional provision shall be made as under:

(a) Where hire charges or lease rentals are overdue upto 12 months	Nil
(b) where hire charges or lease rentals are overdue for more than 12 months but upto 24 months	10 per cent of the net book value
(c) where hire charges or lease rentals are overdue for more than 24 months but upto 36 months	40 per cent of the net book value
(d) where hire charges or lease rentals are overdue for more than 36 months but upto 48 months	70 per cent of the net book value
(e) where hire charges or lease rentals are overdue for more than 48 months	100 per cent of the net book value

- (iii) On expiry of a period of 12 months after the due date of the last installment of hire purchase / leased asset, the entire net book value shall be fully provided for.

7.6 Standard Assets (including for Hire Purchase & Leased assets)

[as per Para 9(A) of the Non –Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and subsequent amendments issued from time to time.]

Provision for standard assets* at 0.25 per cent of the outstanding shall be made, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.

*For the purpose of provisioning on Standard Assets, Standard Assets shall mean Loans and advances classified as Standard Assets.

7.7 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:
- Before commencement of commercial production
 - After commencement of commercial production but before the asset has been classified as sub-standard;
 - 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 as 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.

Asset classification of sub-standard asset will not deteriorate upon rescheduling and / or renegotiation and / or restructuring whether in respect of instalments or principal amount or interest amount by whatever modality, if satisfactory performance is demonstrated during the period of one year under the restructuring and / or rescheduling and / or renegotiation terms.

(viii) Reversal of Provision:

The provisions* held by the non-banking financial companies against non-performing infrastructure loan, which may be classified as 'standard' in terms of paragraph 6.7(iii) above, shall continue to be held until full recovery of the loan is made.

* The provision which is made in a restructured / rescheduled / renegotiated account towards interest sacrifice.

(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).

8 FOREIGN EXCHANGE TRANSACTIONS

B.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 48A of the Accounting Standard (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 (promoted as SPVs for Ultra Mega Power Projects) 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 / ITPs. The expenditure incurred is shown as amount recoverable from the respective subsidiaries set up for development of UMPPs / ITPs. Provisioning / write off is considered to the extent not recoverable, when an UMPPs / ITPs 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

- The Company is a government company engaged in extending financial assistance to power sector.
- 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
		31.03.2014	31.03.2013	01.04.2013 - 31.03.2014
Subsidiary Companies				
PFC Consulting Limited (PFCCCL)	India	100%	100%	Audited
PFC Green Energy Ltd. (PFCGEL)	India	100%	100%	Audited
PFC Capital Advisory Services Limited India (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%	Unaudited
Energy Efficiency Services Limited	India	25%	25%	Unaudited

- 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)
			31.03.2014	31.03.2013	
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%	100%	0.05
10.	Cheyur Infra Limited.	24.03.2014	100%	--	0.05
11.	Odisha Infrapower Limited	27.03.2014	100%	--	0.05
Total					0.55

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) with the intention to hand over them to successful bidder on completion of the bidding process.



Financial statements for following fellow subsidiaries (wholly owned subsidiary of PFCCCL) are not attached since these subsidiaries has been transferred to successful bidder(s) on completion of the bidding process:

SI No.	Name of the companies	Date of Transfer
Subsidiary Companies :		
1.	Patran Transmission Company Limited	13.11.2013
2.	RAPP Transmission Company Limited	12.03.2014
3.	Purulia & Kharagpur Transmission Company Limited	09.12.2013
4.	Darbhanga-Motihari Transmission Company Limited	10.12.2013

Further, three subsidiary companies (wholly owned subsidiaries of PFCCCL) 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:

SI No.	Name of the Company	Date of investment	Proportion of Shareholding as on		Amount (₹ in crore)
			31.03.2014	31.03.2013	
Subsidiary Companies:					
1.	DGEN Transmission Company Ltd. (Wholly owned subsidiary company of PFCC Limited)	20.12.2011	100%	100%	0.05
2.	Ballabgarh-GN Transmission Company Limited	21.10.2013	100%	-	0.05
3.	Tanda Transmission Company Limited	21.10.2013	100%	-	0.05
Total					0.15

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 31.03.2014	Amount as on 31.03.2013
1.	Default guarantees issued in foreign currency - US \$ 4.14 million (as on 31.03.2013 US \$ 7.54 million)	25.07	41.34
2.	Guarantees issued in domestic currency	299.20	335.57
3.	Claims against the Company not acknowledged as debts	0.04	0.04
4.	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	2,274.96	4,247.61
Total		2,599.27	4,624.56

(b) Additional demands raised by the Income Tax Department totaling to ₹ 49.87 crore (as on 31.03.2013 ₹ 55.93 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 to the Company totaling to ₹ 79.26 crore (as on 31.03.2013 ₹ 67.96 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 and not provided for are ₹ 5.52 crore (as on 31.03.2013 Nil)

5. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) amounting to ₹ 55.10 crore for Assessment Years 2001-02 to 2011-12 have been provided for and are being contested by the Company.

6. Ministry of Corporate Affairs (MoCA), Government of India, vide its Circular No. 6/3/2001 - CL.V dated 18.04.2002 prescribed adequacy of Debenture Redemption Reserve (DRR) as 50% of the value of debentures issued through public issue; subsequently, the MoCA through its circular No. 11/02/2012-CL-V(A) dated 11.02.2013 modified the adequacy of DRR to 25%. In this regard, the Company has requested the MoCA for clarification, which is awaited. Pending receipt of clarification, the Company is creating DRR for public issue of bonds / debentures @ 50% for the issues for which prospectuses had been filed before 11.02.2013 and @ 25% for the subsequent public issues.

7. Foreign currency actual outgo and earning :

(₹ in crore)

SI No.	Description	FY ended 31.03.2014	FY ended 31.03.2013
A.	Expenditure in foreign currency		
i)	Interest on loans from foreign institutions	249.69	187.78
ii)	Financial & Other charges	9.58	74.88
iii)	Traveling Expenses	Nil	0.13
iv)	Training Expenses	0.25	0.11
B.	Earning in foreign currency	0.07	Nil

8.1 Related party disclosures:

Key managerial personnel:

Name	Period
Shri M K Goel, Director (Commercial) & additional charge as CMD	with effect from 27.07.2007 as Director Commercial and from 13.09.2013 with additional charge as CMD
Shri Satnam Singh, CMD	from 01.08.2008 to 13.09.2013
Shri R Nagarajan, Director (Finance)	with effect from 31.07.2009
Shri A K Agarwal, Director (Project)	with effect from 13.07.2012
Subsidiary Companies	
Shri N D Tyagi, CEO of PFC Consulting Ltd.	from 25.03.2008 to 02.12.2013
Smt Nalini Vanjani CEO of PFC Capital Advisory Services Ltd.	with effect from 17.12.2012
Shri C Gangopadhyay, CEO of PFC Consulting Ltd.	With effect from 03.12.2013
Shri C Gangopadhyay, Director of Power Equity Capital Advisors Private Ltd.	With effect from 13.10.2009
Shri. A. Chakravarti CEO of PFC Green Energy ltd.	With effect from 14.09.2012
Joint Venture Entities	
Shri Jagdish R Bhandari, Chairman of National Power Exchange Ltd.	with effect from 11.12.2008
Shri Saurabh Kumar, Managing Director of Energy Efficiency Services Ltd.	with effect from 7.05.2013
Shri. Anil Kumar Agarwal, Chairman of Energy Efficiency Services Ltd.	up to - 09.12.2013
Shri. P Thakkar, Chairman of Energy Efficiency Services Ltd.	with effect from 10.12.2013
Shri. S N Ganguly, Director of Energy Efficiency Services Ltd.	with effect from 19.11.2013
Shri. Rama Rao Modali Kali Venkata Director of Energy Efficiency Services Ltd.	up to - 31.10.2013
Shri. Ashok Awasthi, Director of Energy Efficiency Services Ltd.	up to - 10.12.2013
Shri. Mahender Singh, Director of Energy Efficiency Services Ltd.	up to - 10.07.2013

(₹ in crore)

Particulars	Chairman & Managing Director		Other Directors and CEO	
	For FY ended 31.03.2014	For FY ended 31.03.2013	For FY ended 31.03.2014	For FY ended 31.03.2013
Salaries and allowances	0.49	0.51	1.79	1.42
Contribution to provident fund and other welfare fund	0.02	0.04	0.17	0.10
Other perquisites / payments	0.04	0.09	0.32	0.25
Total	0.55	0.64	2.28*	1.77

Managerial remuneration:

* Includes salary of Sh. M. K. Goel, Director (Commercial) holding additional charge of CMD.

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.



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 as on 31.03.2014	Amount as as on 31.03.2013	Maximum during the year ended 31.03.2014	Maximum during the year ended 31.03.2013
Coastal Maharashtra Mega Power Limited	7.88	7.00	7.88	7.00
Orissa Integrated Power Limited	92.97	90.31	106.62	90.31
Coastal Karnataka Power Limited	3.32	2.80	3.33	2.80
Coastal Tamil Nadu Power Ltd.	57.00	40.41	57.00	40.41
Chhattisgarh Surguja Power Limited	68.37	60.50	68.42	60.50
Sakhigopal Integrated Power Company Limited	4.50	3.26	4.50	3.26
Ghogarpalli Integrated Power Company Limited	3.89	2.89	3.89	2.89
Tatya Andhra Mega Power Limited	11.28	9.84	11.30	9.84
Deoghar Mega Power Ltd.	5.00	2.43	5.01	2.43
Cheyur Infra Limited	0.01	-	0.01	-
Odisha Infra Power Ltd.	0.01	-	0.01	-
Subsidiary of PFCCCL	2.79	2.28	2.79	2.28
Total	257.02	221.72	270.76	221.72

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 31.03.2014	Amount as on 31.03.2013	Maximum during the year ended 31.03.2014	Maximum during the year ended 31.03.2013
Coastal Maharashtra Mega Power Limited	56.47	52.97	56.47	52.97
Orissa Integrated Power Limited	67.57	62.57	67.57	62.57
Coastal Tamil Nadu Power Limited	63.72	58.92	63.72	58.92
Chhattisgarh Surguja Power Limited	61.16	56.17	61.16	56.17
Sakhigopal Integrated Power Company Limited	22.24	20.69	22.24	20.69
Ghogarpalli Integrated Power Company Limited	21.08	19.27	21.08	19.27
Tatya Andhra Mega Power Limited	27.02	25.02	27.02	25.02
Total	319.26	295.61	319.26	295.61

8.4

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

The Company has outstanding investment of ₹7.68 crore (as on 31.03.2013 ₹ 7.68 crore) in units of Small is Beautiful Fund. The face value of the Fund is ₹10 per unit. The NAV as on 31.03.2014 is ₹ 9.70 per unit (₹ 9.77 per unit as on 31.03.2013). 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 8 crore equity shares of ₹10/- each and 2 crore preference shares of ₹10/- each as on 31.03.2014. The paid up equity share capital of PXIL is ₹ 46.47 crore, as on 31.03.2014. The Company has subscribed ₹ 3.22 crore (₹ 2.80 crore as on 31.03.2013) 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 31.03.2014 is ₹ 54.63 crore (as on 31.03.2013 ₹ 54.73 crore), after transferring exchange difference of ₹16.56 crore (as on 31.03.2013 ₹ 15.21 crore).

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

Liabilities in Foreign Currencies	Foreign Currency (In millions)	
	31.03.2014	31.03.2013
USD	791.93	805.90
EURO	20.87	22.80
JPY	35,807.40	41,843.20

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:

Particulars	(₹ in crore)	
	As on 31.03.2014	As on 31.03.2013
Total of future minimum lease payments recoverable (Gross Investments)	433.52	500.33
Present value of lease payments recoverable	242.54	285.07
Unearned finance income	190.98	215.26
Maturity profile of total of future minimum lease payments recoverable (Gross Investment)		
Not later than one year	54.34	70.77
Later than one year and not later than 5 years	102.87	127.55
Later than five years	276.31	302.01
Total	433.52	500.33
Break up of present value of lease payments recoverable		
Not later than one year	33.15	45.93
Later than one year and not later than 5 years	33.11	53.44
Later than five years	176.28	185.70
Total	242.54	285.07

- (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 ₹ 4.21 crore as on 31.03.2014. 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 ₹ 22.53 crore as on 31.03.2014. 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 ₹ 1.96 crore as on 31.03.2014. 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 ₹ 404.82 crore as on 31.03.2014. 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 ₹ 4.47 crore (during year ended 31.03.2013 ₹ 3.95 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 18 – 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 ₹ 6.32 crore and ₹ 74.53 crore as at 31.03.2014 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 31.03.2014	As on 31.03.2013
Opening balance of Interest Subsidy Fund (As on 1st day of the Financial Year)	145.78	376.21
Add :- Received during the period	–	–
:- Interest credited during the period	10.70	18.99
:- Refund by the borrower due to non-commissioning of project in time	–	–
Less :- Interest subsidy passed on to borrowers	32.61	49.42
Refunded to MoP:		
(a) Estimated net excess against IX Plan	–	–
(b) Due to non-commissioning of Project in time	–	–
(c) Estimated net excess against X Plan	–	200.00
Closing balance of Interest subsidy fund	123.87	145.78

13. The Company had exercised the option under para 46A of the 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 31.03.2014 the balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 709.21 crore (as on 31.03.2013 ₹ 477.97 crore) and shown on the "Equity and Liabilities" side of the balance sheet under the head "Reserve and Surplus", as a separate line item.

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. Further, MoP vide order dated 08.07.2013 had agreed to continue R-APDRP in XII / XIII Plan, inter-alia including extension of Part-A projects completion period from 3 to 5 years.

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. Govt 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-along with interest thereon are convertible into grant as per R – APDRP guidelines. Similarly, up to 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 programme 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)

Particular	Amount recoverable from borrowers & Payable to GOI		R-APDRP Fund		Amount payable to GOI (Interest earned on Fixed Deposit)	
	FY	FY	FY	FY	FY	FY
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Opening balance as on 1st day of the Financial Year	6,694.63	5,502.88	0.00	0.00	0.25	11.09
Additions during the period	640.00	1,217.45	640.00	1,217.45	0.00	1.03
Recoveries / refunds / changes during the period	(18.78)	(25.7)	(640.00)	(1,217.45)	(0.25)	11.93
Closing balance (A)	7,315.85	6,694.63	0.00	0.00	0.00	0.19
Interest Accrued but not due (Int. earned on FD) (B)					0.00	0.06
Interest on loan under R-APDRP						
(I) Accrued but not due						
Opening Balance	1,327.94	775.24				
Additions during the period	627.24	552.70				
Transfer to Accumulated Moratorium Interest	(340.43)					
Transfer to Interest Accrued and Due	(9.66)					
Closing Balance	1,605.09	1,327.94				
(II) Accrued and due						
Opening Balance	0.00					
Additions During the period	9.66					
Recovered and refunded to GoI	(5.97)					
Closing Balance	3.69					
Interest on loan under R-APDRP (C) = (I + II)	1,608.78	1,327.94				
Accumulated Moratorium Interest						
Opening Balance	0.00					
Additions During the period	340.43					
Recovered and refunded to GoI	(1.51)					
Closing Balance (D)	338.92					
Interest on Accumulated Moratorium Interest						
(I) Accrued but not due						
Opening Balance	0.00					
Additions During the period	4.48					
Transfer to interest accrued and due	(3.06)					
Closing Balance	1.42					
(II) Accrued and due						
Opening Balance	0.00					
Additions During the period	3.06					
Recovered and refunded to GoI	(0.85)					
Closing Balance	2.21					
Interest on Accumulated Moratorium Int. (E) = (I + II)	3.63					
Closing Balance (A+B+C+D+E)	9,267.18	8,022.57	0.00	0.00	0.00	0.25



(ii) As on 31.03.2014, 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 31.03.2014	During the FY ended 31.03.2013	Cumulative up-to	
			31.03.2014	31.03.2013
Nodal agency fee *	18.50	16.52	163.79	145.29
Reimbursement of expenditure	(21.81)**	21.81	61.86	83.67
Total	(3.31)	38.33	225.65	228.96

* Exclusive of Service Tax

** Reversal for FY 2012-13

(iii) As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, Gol, 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.

(iv) In line with the R – APDRP scheme approved by MoP, Gol, vide Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010, till 31.03.2013, Nodal Agency Fees under R – APDRP had been 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). Further, actual expenditure, including expenditure allocable on account of PFC manpower, incurred for operationalising the R – APDRP were reimbursed / reimbursable by Ministry of Power, Government of India.

Ministry of Power (MoP) vide letter dated 15.07.2013 informed that as per Department of Expenditure (DoE), Nodal Agency Fee for R-APDRP scheme for 12th plan may be restricted to 0.5% of the sanctioned project cost or actual expenditure, whichever is less.

It was also indicated in the MoP letter dated 15.07.2013 that proposal for any higher nodal agency fee may be considered, if agreed by the DoE. Accordingly, the Company has submitted a proposal to MoP (vide our letter dated 22.08.2013) for consideration of Nodal Agency Fee @ 0.50% on R-APDRP sanctions and reimbursement of actual expenditure incurred under R – APDRP (excluding PFC manpower expenditure), from 12th plan onward. The proposal is under consideration by MoP, Gol.

Pending finalization, nodal agency fee / reimbursement of expenditure for 12th plan has been accounted for during the year (with effect from 01.04.2012) on provisional basis as indicated by DoE through MoP communication dated 15.07.2013. Accordingly, nodal agency fee income amounting to ₹ 18.50 crore (₹ 18.43 crore for FY 2013-14 and ₹ 0.07 crore for FY 2012-13) has been recognised during the year. Further, ₹ 42.59 crore on account of expenditure allocable to R-APDRP has been accounted for separately and appearing under Note Part-A-17-Consolidated other expenses (including ₹ 21.81 crore of FY 2012-13 earlier booked as recoverable from MoP, Gol).

15.1 The holding Company (PFC) has been creating provision for standard assets in phases with effect from FY 2012-13, in three years period @ of 0.0833% p.a, in order to bring it to 0.25% on 31st March 2015 in line with the accounting policy introduced during the financial year 2012-13. Further, RBI vide its letter dated 25-07-2013 has directed that provision may be made @ 0.25% ab-initio for all new assets. Accordingly, the Company has changed its accounting policy to create provision @ 0.25% for all new standard assets created in the current year, while finalisation of half yearly financial statements as at 30.09.2013. The Board of Directors' in its meeting dated 27.03.2014 decided to accelerate the provisioning for Standard Assets, so as to bring it to 0.25% as on 31.03.2014 instead of on 31.03.2015. Therefore, the accounting policy has again been changed, during the quarter ended as at 31.03.2014, with effect from 01.04.2013 to create provision for standard assets @ 0.25% of the outstanding as at the end of financial year. Due to this change in accounting policy, the profit for the year ended 31.03.2014 has decreased by ₹ 156.47 crore. As on 31.03.2014, the consolidated Standard Asset provision stands at ₹ 469.48 crore (₹ 132.79 crore as on 31.03.2013).

15.2 The Company being a Government owned Non-Banking Financial Company is exempt from the RBI directions relating to Prudential Norms. The Company, however, formulated its own set of Prudential Norms with effect from 01.04.2003, which are revised from time to time. Ministry of Power (MoP), Government of India (Gol) initially accorded its approval to the Prudential Norms of the Company vide letter dated 19-04-2007 and thereafter extended validity of the same for subsequent financial years. The prudential norms applicable for financial year 2013-14 are approved by MoP, Gol, vide its letter dated 23.05.2012 as per which the Prudential Norms as applicable to the Company upto 31.03.2012 will continue to be applicable up to 31.03.2013 or till further orders.

Further, RBI vide its notification dated 12.12.2006 proposed to bring all deposit taking and systemically important government owned NBFCs under the RBI's direction on Prudential Norms from a date to be decided later and advised Government companies to submit a roadmap for compliance with various elements of the NBFCs regulation in consultation with Government.

Accordingly, PFC has been submitting roadmaps as advised by RBI from time to time on the basis of which exemption was granted by RBI upto FY 2012-13.

In response to the Road Map and subsequent correspondence, RBI vide its letter dated 25.07.2013 advised on certain issues relating to Provisioning of Standard assets, etc. and informed that the matters relating to the Restructuring / Reschedulement / Renegotiation (R/R/R) of assets and the credit concentration norms are under its consideration and it will revert back in due course. RBI has also advised the Company to take steps to comply with RBI Prudential Norms by 31.03.2016. The Company has informed to RBI its implementation strategy for the above directions of RBI vide letter dated 07.10.2013 wherein for matter relating to the R/R/R of assets and the credit concentration norms, it has been informed that the Company shall continue to follow its extant norms for these matters till further directions from RBI.

Now, RBI vide letter dated 3rd April, 2014 has allowed the exemption from credit concentration norms in respect of exposure to Central / State Government entities till 31.03.2016 and for the matter relating to R/R/R, RBI has advised the Company to follow the instructions contained in RBI circular DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23.01.2014. In this regard the Company vide letter dated 25.04.2014.

has submitted an implementation strategy to comply with RBI directions on R/R/R of assets for the consideration of RBI and also stated that PFC will follow the restructuring provisions contained in its extant prudential norms till such time RBI may issue further instructions in this respect. MoP, Govt, vide its letter dated 15.05.2014 has also requested RBI to consider the implementation strategy as communicated by the Company. The response from RBI is awaited. Since the Company is following norms relating to R / R / R duly approved by MoP, Govt, the management is of the view that RBI norms on R / R / R are not applicable to the Company for the financial year 2013-14.

16. The net deferred tax liabilities of ₹ 273.00 crore (as on 31.03.2013 ₹ 218.63 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 31.03.2014	As on 31.03.2013
(a) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	24.11	8.48
(ii) Preliminary expenses	0.46	0.56
(b) Deferred Tax Liabilities (-)		
(i) Depreciation	(1.49)	(1.10)
(ii) Lease income	(79.95)	(95.00)
(iii) Amortization	(0.83)	(1.29)
(iv) Unamortized Exchange Loss (Net)	(215.30)	(130.28)
Net Deferred Tax Liabilities (-)/Assets (+)	(273.00)	(218.63)

17. 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	Year ended 31.03.2014	Year ended 31.03.2013
Net Profit after tax used as numerator (₹ in crore)	5,461.84	4,437.74
Weighted average number of equity shares used as denominator (basic)	132,00,31,803	131,99,82,855
Weighted average number of equity shares used as denominator (diluted)	132,00,39,328	131,99,90,939
Earning per share (basic & diluted) (₹)	41.38	33.62
Face value per share (₹)	10	10

18. The Company, its subsidiaries and Joint ventures (except one of the subsidiary, PFC Consulting Limited where principal amount due is ₹ 0.10 crore (As on 31.03.2013 Nil) have no outstanding liability towards Micro, Small and Medium enterprises.

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

20. 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	31.03.2014	31.03.2013
1	USD / INR	60.49	54.80
2	JPY / INR	0.5903	0.5847
3	EURO / INR	83.48	70.28

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.

- 21.1 The Company has made the public issue of 75,00,000 tax free bonds (secured) with an option to retain oversubscription upto 3,87,59,000 bonds at the face value of ₹ 1,000/- each during the current financial year and has mobilized ₹ 3875.90 crore. The security has been created on 14 - Nov - 2013 and bonds have been allotted on 16-Nov-2013. The bonds have been listed in the BSE on 19 - Nov - 2013. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

- 21.2 During the financial year 2013-14, Government of India (GoI) has set up a fund called Goldman Sachs CPSE Exchange Traded Scheme ("GS CPSE BeES") launched by Goldman Sachs Asset Management (India) Private Limited (AMC). Accordingly, in March 2014, Government of India, Ministry of Power, acting through Department of Disinvestment, has disinvested 1,21,06,076 equity shares of face value of ₹ 10/- each by selling it to the AMC. After disinvestment, the holding of Government of India in the paid up equity share capital of the Company has come down to 72.80% (As on 31.03.2013 73.72%).

- 22.1 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. The trust to ensure a minimum rate of return to the members as specified by GoI. However, 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 which is 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 benefit to the credit of the employees, which accrue on half yearly basis @ 15 days and 10 days, respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. Earned leave is en-cashable during the service, while half pay leave is not en-cashable during the service or on separation / superannuation before 10 years. On separation after 10 years of service or on superannuation, earned leave plus half pay leave together can be en-cashed subject to a maximum of 300 days.

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, Balance Sheet are as under (Figures in brackets () represents to as on 31.03.2013)

i) Expenses recognised in Statement of Profit and Loss

(₹ in crore)

	Gratuity	PRMS	Leave
Current service cost	1.35 (1.18)	0.45 (0.36)	1.89 (1.89)
Interest cost on benefit obligation	1.29 (1.12)	0.76 (0.67)	1.63 (1.42)
Expected return on plan assets	-1.28 (-1.22)	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	-0.50 (0.40)	1.54 (0.46)	2.65 (2.37)
Expenses recognised in Statement of Profit & Loss	*0.88 (1.48)	*2.75 (1.49)	*6.23 (5.68)

(* Includes ₹ 0.07 crore (as on 31.03.2013 ₹ 0.13 crore), ₹ 0.58 crore (as on 31.03.2013 ₹ 0.58 crore) and ₹ 0.11 crore (as on 31.03.2013 ₹ 0.04 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 31.03.2014 (i)	17.98 (16.16)	11.75 (9.50)	20.73 (20.39)
Fair value of plan assets at 31.03.2014 (ii)	17.10 (14.67)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-0.88 (-1.48)	-11.75 (-9.50)	-20.73 (-20.39)
Net asset / (liability) recognized in the Balance Sheet	-0.88 (-1.48)	-11.75 (-9.50)	-20.73 (-20.39)

iii) Changes in the present value of the defined benefit obligations

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2013	16.16 (14.03)	9.50 (8.33)	20.40 (17.74)
Interest cost	1.29 (1.12)	0.76 (0.67)	1.63 (1.42)
Current service cost	1.35 (1.18)	0.45 (0.36)	1.89 (1.89)
Benefits paid	-0.51 (-0.62)	-0.50 (-0.32)	-5.90 (-3.03)
Net actuarial (gain)/loss on obligation	-0.31 (0.45)	1.54 (0.46)	2.65 (2.37)
Present value of the defined benefit obligation as at 31.03.2014	17.96 (16.16)	11.75 (9.50)	20.73 (20.39)

iv) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2013	14.67 (14.03)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	1.28 (1.22)	0.00 (0.00)	0.00 (0.00)
Contributions by employer	1.48 (0.00)	0.00 (0.00)	0.00 (0.00)
Benefit paid	-0.51 (-0.62)	0.00 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	0.20 (0.04)	0.00 (0.00)	0.00 (0.00)
Fair value of plan assets as at 31.03.2014	17.12 (14.67)	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%	₹1.72 crore
Cost decrease by 1%	₹ -1.79 crore

vi) During the year, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 0.88 crore, to PRMS of ₹ 2.75 crore, to leave ₹ 6.23 crore and to pension ₹ Nil crore (during the year ended 31.03.2013 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). Above amount includes ₹ 0.07 crore (as on 31.03.2013 ₹ 0.13 crore), ₹ 0.58 crore (as on 31.03.2013 ₹ 0.58 crore) and ₹ 0.11 crore (as on 31.03.2013 ₹ 0.04 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

G. Other Employee Benefits:-

During the year, provision of ₹ -0.05 crore (during the FY ended 31.03.2013 ₹ 0.08 crore) has been made for Economic Rehabilitation Scheme for Employees and provision of ₹ 0.74 crore has been made for Long Service Award for Employees (during the year ended 31.03.2013 ₹ 0.37 crore) on the basis of actuarial valuation made at the end of the year by charging / crediting the Statement of Profit and Loss.

H. Details of the Plan Asset:- Gratuity

The details of the plan assets at cost, as on 31.03.2014 are as follows:-

(₹ in crore)

S.No.	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
i)	Government Securities	9.69	8.53
ii)	Corporate bonds / debentures	6.82	5.61
	Total	16.51	14.14



Actuarial assumptions

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.50%
Expected rate of return on assets – Gratuity	8.70%
Future salary increase	6.50%

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.

22.2 Details of provision as required in Accounting Standard – 29, (Figures in brackets () represents to as on 31.03.2013), are as under :

(₹ in crore)

Provision for	Opening Balance (as on 1st April of the FY (1))	Addition during the year (2)	Paid / adjusted during the year (3)	Closing Balance 4 = (1+2-3)
Post-Retirement Medical Scheme	9.50 (8.33)	2.75 (1.82)	0.50 (0.45)	11.75 (9.50)
Gratuity	1.48 (0.64)	0.88 (1.48)	1.48 (0.64)	0.88 (1.48)
Provision for super annuation benefit (Pension)	0.15 (6.60)	0.00 (0.69)	0.07 (7.14)	0.08 (0.15)
Leave Encashment	20.41 (17.74)	6.22 (6.06)	5.90 (3.39)	20.73 (20.41)
Economic Rehabilitation Scheme for employee	1.31 (1.24)	-0.05 (0.08)	0.02 (0.01)	1.24 (1.31)
Bonus / Incentives / Base Line Compensation	29.83 (28.17)	12.44 (23.12)	22.08 (21.46)	20.19 (29.83)
Baggage Allowances	0.08 (0.07)	0.01 (0.01)	0.00 (0.00)	0.09 (0.08)
Service Award	3.71 (3.33)	0.74 (0.38)	0.41 (0.00)	4.04 (3.71)
Income Tax	3,420.56 (2,003.24)	2,102.82 (1,556.04)	885.17 (138.72)	4,638.21 (3,420.56)
Proposed Final Dividend	132.00 (132.00)	26.40 (132.00)	132.00 (132.00)	26.40 (132.00)
Proposed Corporate Dividend Tax	22.43 (21.41)	4.49 (22.43)	22.43 (21.41)	4.49 (22.43)

23. The Company has formulated a Corporate Social Responsibility & Sustainable Development (CSR & SD) policy in line with the guidelines issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) from time to time. As per the CSR policy approved by the Company in October 2013, a minimum of 1% of the consolidated profit after tax of the previous period will be allocated every financial year for CSR & SD activities. Any unspent / unutilized CSR & SD allocation of a particular year, will be carried forward to the following years and will have to be spent within the next 2 financial years, failing which it would be transferred to Sustainable Development fund to be created separately.

As there is an obligation under the policy to spend the amount allocated for CSR & SD activities within a specified time, in line with AS 29, the allocation for CSR & SD activities for the current year has been provided for by charging to profits; the CSR and SD reserves as on 31.03.2013 amounting to ₹ 18.85 crore have also been reversed and provided for by charging to profits. As on 31.03.2014, the CSR and SD provision stands at ₹ 32.33 crore after adjusting for the amount spent.

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 31.03.2014 (previous period ₹Nil). However, an amount of ₹0.56 crore (previous year ₹0.56 crore) remaining unpaid pending completion of transfer formalities by the claimants.
25. 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, 2014.

26. 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 set off from assets and liabilities amounting to ₹ 7.33 crore (Previous year ₹4.40 crore) respectively.
 27. The Disclosure requirement in respect of subsidiary companies and joint venture has been disclosed to the extent available from their audited accounts.
 28. The Company, its subsidiaries and joint ventures have no exposure to real estate sector as on 31.03.2014.
 29. The Company, its subsidiaries and joint ventures does not have more than one reportable segment in terms of Accounting Standard 17 on Segment Reporting.
 30. Previous period's figures have been re-grouped / re-arranged, wherever practicable to make them comparable.
 31. 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

Sd/-
(MANOHAR BALWANI)
Company Secretary

Sd/-
R.NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N

Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 27.05.2014



POWER FINANCE CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in crore)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
I. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	7,624.42	5,993.52
ADD: Adjustments for		
Loss on Sale of Assets (net)	0.08	0.03
Depreciation / Amortisation	5.23	5.96
Amortization of Zero Coupon Bonds & Commercial Papers	102.74	135.98
Foreign Exchange Translation Loss	414.06	163.76
Diminution in value of investments	(0.15)	0.00
Provision for Contingencies	469.95	80.85
Dividend / Interest and profit on sale of investment	(2.14)	(11.67)
Provision for CSR Expenditure & Sustainable Expenditure	63.23	16.30
Provision for interest under IT Act	5.22	4.07
Provision for Retirement Benefits / Other Welfare Expenses / Wage revision	9.80	11.64
Interest Received	(13.21)	(9.32)
Interest Paid	0.01	0.02
Preliminary expenses written off	0.00	0.00
Operating profit before working Capital Changes:	8,679.24	6,391.14
Increase / Decrease :		
Loans Disbursed (Net)	(28,959.96)	(30,256.10)
Other Current Assets	(966.67)	(1,148.76)
Foreign Currency Monetary Item Translation Difference A/c	(231.24)	37.44
Liabilities and provisions	986.23	1,433.97
Cash flow before extraordinary items	(20,492.40)	(23,542.31)
Extraordinary items	0.00	0.00
Cash inflow / Outflow from operations before Tax	(20,492.40)	(23,542.31)
Income Tax paid	(2,038.83)	(1,564.97)
Income Tax Refund	57.97	5.56
Net Cash flow from Operating Activities	(22,473.26)	(25,101.72)
II. Cash Flow From Investing Activities :		
Sale / adjustment of Fixed Assets	0.17	0.05
Purchase of Fixed Assets	(2.81)	(4.38)
Increase / decrease in Capital Works in Progress	0.00	0.45
Investments in Subsidiaries	0.00	(0.25)
Interest Received	13.21	12.43
Dividend / Interest and profit on sale of investment	2.14	8.29
Other Investments	(3.51)	5.85
Net Cash Used in Investing Activities	9.20	22.44
III. Cash Flow From Financing Activities :		
Issue of Equity Shares	0.44	1.60
Issue of Bonds	28,575.45	31,142.02
Redemption of Bonds	(7,431.91)	(9,753.90)
Raising of Long Term Loans	14,464.00	1,700.00
Repayment of Long Term Loans	(8,999.00)	(1,239.50)
Foreign Currency Loans (Net)	67.27	2,653.46
Interest Paid	0.00	0.00
Commercial paper (Net)	(3,650.00)	5,000.00
Loan Against Fixed Deposits / Working Capital Demand Loan / OD / CC / Line of Credit (Net)	(3,819.77)	(251.43)



Interest Subsidy Fund	(21.91)	(230.43)
Unclaimed Bonds (Net)	(0.17)	(0.56)
Payment of Final Dividend (including Corporate Dividend Tax) of Previous year	(154.43)	(153.41)
Payment of Interim Dividend (including Corporate Dividend Tax) of Current year	(1,359.05)	(920.49)
Net Cash in-flow from Financing Activities	17,670.92	27,947.36
Net Increase / Decrease in Cash & Cash Equivalents	(4,793.14)	2,868.08
Add : Cash & Cash Equivalents at beginning of the financial year	4,855.97	1,987.89
Cash & Cash Equivalents at the end of the year #	62.83	4,855.97
Details of Cash & Cash Equivalents at the end of the year:		
Cheques in hand, Imprest with Postal authority & Balances with Banks	61.58	169.33
Fixed Deposits with Scheduled Banks	1.25	4,686.64
	<u>62.83</u>	<u>4,855.97</u>

Includes ₹ 2.87 crore (Previous year ₹ 0.45 crore) share of Jointly Controlled Entity.

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

Sd/-
R. NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N

For K.B. Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N

Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 27.05.2014



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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"), its subsidiaries and joint ventures, which comprise the consolidated Balance Sheet as at March 31, 2014, 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, its subsidiaries and its joint ventures in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

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, 2014;
- (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.

Emphasis of Matter

Without qualifying our opinion, attention is drawn to the note no. 15.2 of Note Part-C of consolidated other notes to accounts regarding application of Prudential Norms stipulated by Reserve Bank of India in respect of Restructuring / Reschedulement / Renegotiation (R/R/R) for the financial year 2013-14 for reasons indicated therein.

Other Matter

In respect of financial statements of the four subsidiaries and two joint ventures, we did not carry out the audit. The financial statements of four subsidiaries have been audited by other auditors whose reports have been furnished to us and unaudited financial statements of two joint ventures approved by their management, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the reports of the other auditors and in respect of joint ventures is based solely on the financial statements approved by their management. 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)	136.47	55.19	(0.56)
PFC Green Energy Limited (100% wholly owned subsidiary)	312.48	22.71	(105.80)
Power Equity Capital Advisors Private Limited (100% wholly owned subsidiary)	0.05	0.00	0.01
PFC Capital Advisory Services Limited (100% wholly owned subsidiary)	6.11	6.29	(0.01)
Total	455.11	84.19	(106.36)

We further report that financial statements of two joint ventures mentioned below are subject to audit. The financial statements of these joint venture have been certified by the management as furnished to us. Amounts included in respect of the said joint ventures are based solely on these financial statements. Any adjustments to its balances could have consequential effect on the attached consolidated financial statements. However, the size of these joint ventures, in consolidation is not significant in relative terms. The details of Total Assets, Total Revenues and Net Cash Flow of joint ventures to the extent to which they are reflected in consolidated financial statements are given below.

Certified by the Management

(₹ in crore)

Company	Total Assets	Total Revenues	Net Cash Flow
National Power Exchange Limited (Joint Venture)	1.15	0.11	(0.14)
Energy Efficiency Private Limited (Joint Venture)	31.62	8.39	2.40
Total	32.77	8.50	2.26

We report that the Consolidated Financial Statements 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 ventures" notified under sub section (3C) of section 211 of the Companies Act, 1956.

For N.K. Bhargava & Co.
Chartered Accountants
Firm's Regn. No.: 000429N
Sd/-
N.K. Bhargava
Partner
Membership No.: 080624

For K.B. Chandna & Co.
Chartered Accountants
Firm's Regn. No. 000862N
Sd/-
V.K. Gureja
Partner
Membership No.: 016521

Place : Delhi
Date : 27.05.2014



Annexure- IV to the Director's Report
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 of the Subsidiary ended on	Shares of the Subsidiary held by the Company as on 31st March, 2014		Net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company (₹ In crore)			
			Number and face value of shares	Extent of holding	Dealt with in the Holding Company's Accounts		Not Dealt with in the Holding Company's Accounts	
					For the financial year ended 31st March, 2014	For previous financial year(s) of the Subsidiary since it became the Holding Company's Subsidiary	For the financial year ended 31st March, 2014	For previous financial year(s) of the Subsidiary since it became the Holding Company's Subsidiary
PFC Consulting Limited	25th March, 2008	31st March, 2014	50000 equity shares of ₹10 each	100%	28.96	102.38	-	-
PFC Green Energy Limited	30th March, 2011	31st March, 2014	100000000 equity shares of ₹10 each and 200000000 preference shares of ₹10 each	100%	13.26	2.02	-	-
PFC Capital Advisory Services Ltd.	18th July, 2011	31st March, 2014	100000 equity shares of ₹10 each	100%	3.03	.90	-	-
Power Equity Capital Advisors Private Ltd.	11th October, 2011	31st March, 2014	50000 equity shares of ₹10 each					
Chhattisgarh Surguja Power Ltd.	10th February, 2006	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Coastal Karnataka Power Ltd.	10th February, 2006	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Coastal Maharashtra Mega Power Ltd.	1st March, 2006	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Orissa Integrated Power Ltd.	24th August, 2006	31st March, 2014	50000 equity shares of ₹10 each	100%				(0.22)
Coastal Tamil Nadu Power Ltd.	19th January, 2007	31st March, 2014	50000 equity shares of ₹10 each	100%				0.02
Sakhigopal Integrated Power Company Ltd.	21st May, 2008	31st March, 2014	50000 equity shares of ₹10 each	100%				(0.01)
Ghogarpalli Integrated Power Company Ltd.	22nd May, 2008	31st March, 2014	50000 equity shares of ₹10 each	100%				(0.01)
Taitya Andhra Mega Power Ltd.	17th April, 2009	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Deoghar Mega Power Ltd.	26th April, 2012	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Odisha Infrapower Ltd.	23rd January, 2014	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Cheyur Infra Ltd.	21st January, 2014	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
OGEN Transmission Company Ltd. *	15th November, 2011	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Balabgarh-GN Transmission Company Ltd. *	9th September, 2013	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Tanda Transmission Company Ltd. *	9th September, 2013	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-

*Subsidiaries of PFC Consulting Limited. Further, 50,000 equity shares of ₹ 10/- each in these Companies are held by PFC Consulting Limited along with its nominees Pursuant to the requirement of Section 212 of the Companies Act, 1956, Annual Account, Directors' Report and Auditors' Report of the subsidiary Company whose Financial Year ended on March 31, 2014 have been attached.

(Manohar Bajwan)
Company Secretary

(R. Nagarajan)
Director (Finance)
DIN: 00701892

(M.K. Goel)
Director (Commercial) and
Chairman & Managing Director
Din: 00239813

Place: New Delhi
Date: 14th August, 2014



POWERING THE ALLIANCE
OF A SUSTAINABLE FUTURE

Subsidiaries

PFC Consulting Limited	184
Chhattisgarh Surguja Power Ltd.	200
Coastal Karnataka Power Limited	210
Coastal Maharashtra Mega Power Limited	219
Sakhigopal Integrated Power Company Limited	229
Ghogarpalli Integrated Power Company Limited	239
Tatiya Andhra Mega Power Limited	248
Deoghar Mega Power Limited	258
Coastal Tamil Nadu Power Limited	267
Orissa Integrated Power Limited	278
Cheyur Infra Limited	289
Odisha Infrapower Limited	297
DGEN Transmission Company Limited	305
Tanda Transmission Company Limited	316
Ballabgarh-GN Transmission Company Limited	325
PFC Green Energy Limited	334
PFC Capital Advisory Services Private Limited	349
Power Equity Capital Advisors Private Limited	363



PFC CONSULTING LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
DIRECTORS' REPORT 2013-2014

To

The Members,

The Directors of your Company have pleasure in presenting the 6th Annual Report on the performance of your Company for the financial year 2013-14 together with Audited Statements of Accounts and Auditors Report thereon for the financial year ended 31st March, 2014.

FINANCIAL HIGHLIGHTS

(Figures in Rs. Lakh)

Sl.No.	Particulars	2013-14	2012-13	% Change
1.	Total Income	5,519.20	3,648.85	151.25
2.	Total Expenditure	1,433.70	1,310.28	↑ 9.42
3.	Profit Before Tax and Extraordinary Items	4,085.50	2,338.57	74.70
4.	Extraordinary Items	-	-	---
5.	Profit Before Tax	4,085.50	2,338.57	↑74.70
6.	Provision for Tax			
	- Current Tax	1,389.72	759.47	---
	- Deferred Tax	(0.17)	(59.24)	---
7.	Profit After Tax	2,695.95	1,638.34	↑64.55
8.	Profit brought forward from previous years	10,237.26	8,598.91	---
9.	Accumulated Profit carried to Balance Sheet	12,933.21	10,237.26	---

FINANCIAL PERFORMANCE

i) Revenue

During the financial year under review, the total income of the Company has increased from ₹ 3,648.85 Lakh to ₹ 5,519.20 Lakh showing an increase of 51.25%. During the year, the Company has earned other income of ₹ 1049.37 Lakh which includes interest on deposit of surplus funds with banks amounting to ₹ 993.25 Lakh and miscellaneous income of ₹ 56.12 Lakh.

ii) Expenses

During the financial year 2013-14, the Company has incurred total expenditure of ₹ 1,433.70 Lakh as against the total expenditure of ₹ 1,310.28 Lakh incurred last year showing an increase of 9.42%.

iii) Profit

During the financial year 2013-14, your company earned Profit Before Tax of ₹ 4,085.50 Lakh as compared to ₹ 2,338.57 Lakh for the financial year 2012-13 showing an increase of 74.70%. The Profit After Tax also increased from ₹ 1,638.34 Lakh in the previous financial year to ₹ 2,695.95 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 2013-14 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/- (Rs. 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:

- In-principle approval accorded for site near village Kakwara in Banka District in Bihar by Secretary (Energy Department), Government of Bihar on April 22, 2013 for a new UMPP, in Bihar.
- Award under Land Acquisition Act for the land for the power station was issued in August 2013. Cost of land has been deposited with IDCO and payment for land as per Award is under progress for the first UMPP in Odisha at Bhedabahal in Sundargarh District.
- Bidding process for the selection of developer for Cheyyur and Odisha UMPPs was initiated based on newly framed Model Bidding Documents (MBDs) in September 2013. The last date for submission of RFP is in September and October 2014 respectively.
- Environment Clearance for main Plant for Cheyyur UMPP accorded by MoEF in September 2013.
- PFCCCL received a new assignment for providing consultancy services for preparation of DPRs and Project Management for implementation of Japan International Cooperation Agency (JICA) funded scheme in the State of Haryana in November 2013.
- Patran Transmission Company Ltd., an ITP SPV was transferred to M/s Techno Electric and Engineering Company Limited, the Successful Bidder, after completion of bid process on 13th November, 2013.
- Purulia & Kharagpur Transmission Company Ltd., another ITP SPV was transferred to M/s Sterlite Grid Limited, the Successful Bidder after completion of bid process on 9th December, 2013.
- Darbhanga-Motihari Transmission Company Ltd., yet another ITP SPV was transferred to M/s Essel Infraprojects Limited, the Successful Bidder after completion of bid process on 10th December, 2013.
- PFCCCL received a new assignment for providing consultancy services for redrafting of existing PPA for 1040 MW TPP of APCPDCL with M/s Hinduja National Power Corporation Ltd. in January 2014.
- Cost of land for the project deposited with Government of Tamil Nadu (GoTN) and possession of about 45 acres of land taken in the name of District Collector (Kancheepuram).
- Transfer Scheme for unbundling of Jharkhand State Electricity Board (JSEB) was notified on 6th January, 2014. PFCCCL is providing consultancy services to the Government of Jharkhand in this regard.
- SPV namely 'Odisha Infrapower Ltd.' was incorporated on 23rd January, 2014 for holding the land and coal blocks for Odisha UMPP.
- SPV namely 'Cheyyur Infra Ltd.' was incorporated on 21st January, 2014 for holding the land for Cheyyur UMPP.
- Environment Clearance for Odisha UMPP was recommended by Expert Appraisal Committee (Thermal) of MoEF in February 2014.
- RAPP Transmission Company Ltd., yet another ITP SPV was transferred to M/s Sterlite Grid Limited, the successful bidder after completion of bid process on 12th March, 2014.
- PFCCCL received a new assignment for implementation of Reform and Restructuring in the State of Meghalaya in June 2014.

ULTRAMEGA POWER PROJECTS (UMPPs)

Government of India through Ministry of Power launched the initiative of Ultra Mega Power Projects (UMPPs) with a capacity of about 4,000 MW based on supercritical technology (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 being developed under "Guidelines for procurement of



Electricity from Thermal Power Stations set up on DBFOT basis", 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.

Till date, Fifteen (15) Special Purpose Vehicles (SPVs) have been incorporated for UMPPs. Out of these, 13 SPVs were incorporated 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. Further, the Government of Andhra Pradesh has decided not to proceed further with the 2nd UMPP in Andhra Pradesh and in view of the same, it was decided by the Ministry of Power for the closure of the Project. Action has been initiated to wind up the SPV / strike off name of SPV from the records of Registrar of Companies (ROC). The work of 11 UMPPs is in progress.

The remaining two SPVs (Odisha Inrapower Limited and Cheyyur Infra Limited) were incorporated during the financial year 2013-14 by PFC for holding the land for Cheyyur UMPP and for holding the land and coal blocks for Odisha UMPP. These SPVs would be transferred to the respective procurers of power from these projects. The incorporation of SPVs for holding the coal block land, coal block license, power plant land and land for corridors of UMPP in the State of Bihar and 2nd UMPP in the State of Jharkhand are under process.

During the year, the earlier bidding process for Odisha and Chhattisgarh UMPPs were withdrawn on the direction of Ministry of Power. The bidding process for Odisha UMPP was re-initiated during the year on the revised MBDs notified by MoP. The bidding process for Cheyyur UMPP was also initiated during the year on the revised MBDs. The last date for submission of bids are 22nd September, 2014 and 7th October, 2014 for Cheyyur and Odisha UMPPs respectively.

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 Company Ltd., Orissa Additional UMPP 1	Domestic Coal Based
4.	Ghogapalli Integrated Power Company 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.	Coastal Maharashtra Mega Power Ltd., Maharashtra UMPP	Imported Coal Based
9.	Coastal Karnataka Power Ltd., Karnataka UMPP	Imported Coal Based
10.	Gujarat 2nd UMPP	Imported Coal Based
11.	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.

Till March 2014, 12 Special Purpose Vehicles (SPVs), 2 by PFC and other 10 by PFC Consulting Limited were established as wholly owned subsidiaries for ITPs. Out of these 12 SPVs, Bokaro-Kodama Maithon Transmission Company Limited was liquidated in December 2010 and four (4) SPVs were transferred to the successful bidders till 31st March, 2013. During the year 2013-14, PFCCL has transferred four (4) more SPVs to successful bidders.

Out of the remaining three (3) SPVs for ITPs, the bidding process for the Independent Transmission Project viz. "Transmission Project Associated with DGEN TPS (1200MW) of Torrent Power Ltd. (SPV-DGEN Transmission Company Limited) was completed during the year and the Letter of Intent was issued to the successful bidder on 19th May, 2014.

During the year, Ministry of Power appointed PFC Consulting Limited as Bid Process Coordinator (BPC) for two new Independent Transmission Projects to be implemented through Tariff Based Competitive Bidding Process. PFC Consulting Limited incorporated following 2 SPVs as its wholly owned subsidiaries for these projects:

- Tanda Transmission Company Limited (TTCL) for the transmission project "ATS for Tanda Expansion TPS (2X660 MW)"
- Ballabgarh-GN Transmission Company Limited (BGNTCL), for the transmission project "Northern Region System Strengthening Scheme - XXXIII"

The bidding processes for the above two SPVs are kept in abeyance on the advise of CEA due to issues related to award of EPC contract and acquisition of land for Tanda Expansion TPS in case of TTCL and dispute in the PPA between NPCL and Essar Power (Jharkhand) in case of BGNTCL.

In July 2014, Ministry of Power allocated four (4) more Independent Transmission Schemes as detailed below to be implemented through Tariff Based Competitive Bidding Process:

- Northern Region System Strengthening Scheme, NRSS - XXXV
- Additional System Strengthening for Sipat STPS
- System Strengthening for IPPs in Chhattisgarh and other generation projects in Western Region
- Additional System Strengthening Scheme for Chhattisgarh IPPs (Part-B)

Incorporation of SPVs for the above four 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 to de-notify the scheme.

CLIENT BASE

Your company is on its path to become a premier consulting organisation in the Power Sector. 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:

Governments. The numbers of States where PFCCL has rendered its services including the profile of clients are as follows:

Clients	No.
States Utilities	22
Licensees/ IPPs	7
Public Sector Undertakings	6
State Governments	4
Regulatory Commissions	3
Central Govt. Departments/Ministries	1
Total	43

PFCCL has worked on over 81 assignments for 43 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 50,000 MW (including UMPPs) and handling significant consultancy assignments for Procurement of Power for Government of Rajasthan & Jharkhand as per the "Guidelines for procurement of Electricity from Thermal Power Stations set up on DBFOT basis", issued by MoP, GoI and the assignments for selection of Joint Venture Partner for setting up Thermal Power Plants through tariff based competitive bidding for NMDC and MCL.

PFCCL has also been undertaking assignments for Reform & Restructuring of the State Electricity Boards (SEBs) in the States of Jharkhand, Kerala, Bihar and Meghalaya.

SUBSIDIARIES

Incorporation of Subsidiary

Since the date of last Directors' Report, following two (02) new companies were incorporated as wholly owned subsidiaries of the Company:

1. Ballabgarh-GN Transmission Company Limited was incorporated on 9th September, 2013 for the transmission project for "Northern Region System Strengthening Scheme - XXXIII.
2. Tanda Transmission Company Limited was incorporated on 9th September, 2013 for the transmission project for "ATS for Tanda Expansion TPS (2X660 MW)"

Transfer of Subsidiaries

Since the date of last Directors' Report, the Company has transferred its four (04) wholly owned subsidiaries as per the details given below:

Sl. No.	Name of SPV	Successful Bidder	Date of Transfer
1.	Patran Transmission Company Ltd.	Techno Electric and Engineering Company Ltd.	13.11.2013
2.	Purulia & Kharagpur Transmission Company Ltd.	Sterlite Grid Ltd.	09.12.2013
3.	Darbhanga-Motihari Transmission Company Ltd	Essel Infra projects Ltd.	10.12.2013
4.	RAPP Transmission Company Ltd.	Sterlite Grid Ltd.	12.03.2014

As on date, Company is having three (3) wholly owned subsidiaries. Statement pursuant to Section 212 of the Companies Act, 1956 is placed at Annexure - I of this Report.

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, in line with the provisions of Section 135 of the Companies Act 2013 and rules made thereunder, your company has constituted the CSR Committee, comprising of the following:

1.	Shri M.K. Goel	Chairman
2.	Shri R. Nagarajan	Director
3.	Shri A.K. Agarwal	Director

The Committee is in the process of formulating CSR Policy of the Company in line with the applicable laws.

MEMORANDUM OF UNDERSTANDING (MoU)

In line with the Guidelines of Department of Public Enterprises (DPE) on Memorandum of Understanding (MoU) for FY 2014-15, your Company has signed a MoU with Power Finance Corporation Limited, the Holding Company for the financial year 2014-15 on 25th April, 2014.

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 ended 31st March, 2014 as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

HUMAN RESOURCE DEVELOPMENT

The management lays increasing emphasis on Human Resource 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 2013-2014 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.

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

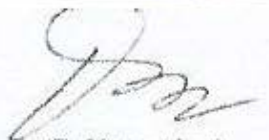
Since the date of last Directors' Report, pursuant to the Office Order issued by PFC, Shri M.K. Goel, Director (Commercial), PFC assumed the additional charge of Chairman & Managing Director, PFC w.e.f. 13.09.2013. Consequent upon assumption of additional Charge of CMD, PFC by Shri M.K. Goel, vice Shri Satnam Singh w.e.f. 13.09.2013, Shri

FORM A

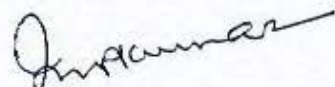
1.	Name of the Company	Power Finance Corporation Limited
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	<p>Matter of Emphasis</p> <p>The Statutory Auditors of the Company have audited the financial statements for the FY 2013-14 and have issued audit report without any qualification. However, they have drawn attention in their audit report as given below:-</p> <p>"Without qualifying our opinion, attention is drawn to the note no.13.2 of Note Part-C of other notes to accounts, regarding application of Prudential Norms stipulated by Reserve Bank of India in respect of Restructuring/Reschedulement/Renegotiation (R/R/R) for the financial year 2013-14 for reasons indicated therein."</p> <p>The note no. 13.2 of Note Part-C of other notes to accounts as being referred in the matter of emphasis is as given below:-</p> <p>"The Company being a Government owned Non-Banking Financial Company is exempt from the RBI directions relating to Prudential Norms. The Company, however, formulated its own set of Prudential Norms with effect from 01.04.2003, which are revised from time to time. Ministry of Power (MoP), Government of India (GoI) initially accorded its approval to the Prudential Norms of the Company vide letter dated 19-04-2007 and thereafter extended validity of the same for subsequent financial years. The prudential norms applicable for financial year 2013-14 are approved by MoP, GoI, vide its letter dated 23.05.2012 as per which the Prudential Norms as applicable to the Company upto 31/03/2012 will continue to be applicable up to 31.03.2013 or till further orders.</p> <p>Further, RBI vide its notification dated 12.12.2006 proposed to bring all deposit taking and systemically important government owned NBFCs under the RBI's direction on Prudential Norms from a date to be decided later and advised Government companies to submit a roadmap for compliance with various elements of the NBFCs regulation in consultation with Government. Accordingly, PFC has been submitting roadmaps as advised by RBI from time to time on the basis of which exemption was granted by RBI upto FY 12-13.</p> <p>In response to the Road Map and subsequent correspondence, RBI vide its letter dated 25.07.2013 advised on certain issues relating to Provisioning of Standard assets, etc. and informed that the matters relating to the Restructuring / Reschedulement / Renegotiation (R/R/R) of assets and the credit concentration norms are under its consideration and it will revert back in due course. RBI has also advised the Company to take steps to comply with RBI Prudential Norms by 31.03.2016. The Company has informed to RBI its implementation strategy for the above directions of RBI vide letter dated 07.10.2013 wherein for matter relating to the R/R/R of assets and the credit concentration norms, it has been informed that the Company shall continue to follow its extant norms for these matters till further directions from RBI.</p> <p>Now, RBI vide letter dated 3rd April 2014 has allowed the exemption from credit concentration norms in respect of exposure to Central / State Government entities till 31.03.2016 and for the matter relating to R/R/R, RBI has advised the Company to follow the instructions contained in RBI circular DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23.01.2014. In this regard the Company vide letter dated 25.04.2014 has submitted an implementation strategy to comply with RBI directions on R/R/R of assets for the consideration of RBI and also stated that PFC will follow the restructuring provisions contained in its extant prudential norms till such time RBI may issue</p>



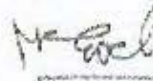
	<p>further instructions in this respect. MoP, GoI, vide its letter dated 15.05.2014 has also requested RBI to consider the implementation strategy as communicated by the Company. The response from RBI is awaited. Since the Company is following norms relating to R/R/R duly approved by MoP, GoI, the management is of the view that RBI norms on R/R/R are not applicable to the Company for the financial year 2013-14."</p>
4. Frequency of observation	Appeared first time in FY 2013-14



(R. Nagarajan)
Director (Finance)




(J. N. Prasanna Kumar)
Audit Committee Chairman



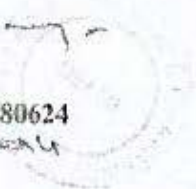
(M K Goel)
Director (Commercial) and Chairman & Managing Director

For N. K. Bhargava & Co., Chartered Accountants
Firm Regd. No. 000429N



(N. K. Bhargava)
Partner
Membership No. 080624

27-5-2014



For K. B. Chandna & Co., Chartered Accountants
Firm Regd. No. 000862N



(V. K. Gureja)
Partner
Membership No. 016521

