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

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

No:1:05:138:II:CS
Dated: 30.08.2021

National Stock Exchange of India Limited, Listing Department, Exchange Plaza, Bandra – Kurla Complex, Bandra (E) **MUMBAI – 400 051.** नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड लिस्टिंग विभाग, एक्सचेंज प्लाजा, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पू), मुंबई-400 051	**Bombay Stock Exchange Limited,** Department of Corporate Services, Floor – 25, PJ Towers, Dalal Street, **MUMBAI – 400 001.** बंबई स्टॉक एक्सचेंज लिमिटेड, कॉर्पोरेट सेवाएं विभाग, मंजिल-25, पी .जे .टावर्स, दलाल स्ट्रीट, मुंबई-400 001

Sub: Annual Report of Power Finance Corporation Limited for the FY 2020-21.

Madam/Sir,

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith soft copy of the Annual Report of the Company for the financial year 2020-21 along with the Notice of the 35th Annual General Meeting of the Company.

Thanking you,

Yours faithfully,

For **Power Finance Corporation Ltd.**

(Manohar Balwani)
CGM & Company Secretary
mb@pfcindia.com

35th Annual Report
2020-21

Power Finance Corporation Ltd.
(A Navratna PSU)

CATALYST OF A GREENER FUTURE

Catalyst of a Greener Future

The future is greener. India is at the forefront of ushering in a future that is significantly less reliant on fossil fuel, running the world's largest clean energy programme to achieve 175 GW of renewable capacity by 2022 and 450 GW by 2030. As human progress leapfrogs several years against the backdrop of a global pandemic, we at Power Finance Corporation (PFC) are catalysing the nation's green energy future. Our role is not limited to just financing power sector reforms and renewable energy projects as the government's strategic partner, but we are also exploring emerging opportunities in the e-mobility space, especially in energy storage and charging infrastructure.

We are also consolidating our leadership in India's power sector financing space. Our stellar financial performance in such a disruptive year reflects our inherent strengths and agility, and demonstrates our ability to absorb external shocks. Our focus on stressed asset resolution and further diversification of funding mix lend even more strength to our balance sheet. As a responsible corporate citizen, we also stood in solidarity with the nation and society to ride out the pandemic storm.

As India and the world builds back into the new normal, we remain committed to playing a pivotal role in powering the nation's aspirational journey into a greener and more sustainable future.

FY 2020-21 Highlights*

₹ 52,363 Cr Net worth ↑ 16%	₹ 12,951 Cr Net Interest Income ↑ 28%
2.09% NPA ↓ 171 bps	Resolved 25% of stressed loan book

Highest Ever

₹ 88,302 Cr Loans Disbursed ↑ 30%	₹ 8,444 Cr Net Profit ↑ 49%

* All comparisons on y-o-y basis

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Board of Directors

Shri Ravinder Singh Dhillon
Chairman and Managing Director

Shri Praveen Kumar Singh
Director (Commercial)

Smt. Parminder Chopra
Director (Finance)

Shri Tanmay Kumar
Government Nominee Director

Shri R. C. Mishra
Independent Director

Senior Management*

Smt. Simmi R Nakra
CVO

Shri Subir Saha
Executive Director

Shri Manoj Sharma
Executive Director

Shri Rajiv Ranjan Jha
Executive Director

Shri R. K. Bhardwaj
Executive Director

Shri P. K. Sinha
Executive Director

Shri Sandeep Kumar
Executive Director

Shri Ram Kishore Talluri
Executive Director

Shri Rizwanur Rahman
Executive Director

Shri Amar Jit Singh Nanda
Executive Director

Shri B. S. Bisht
Executive Director

Shri Saurav Kumar Shah
Executive Director

Shri Manohar Balwani
Company Secretary

*As on 30.08.2021

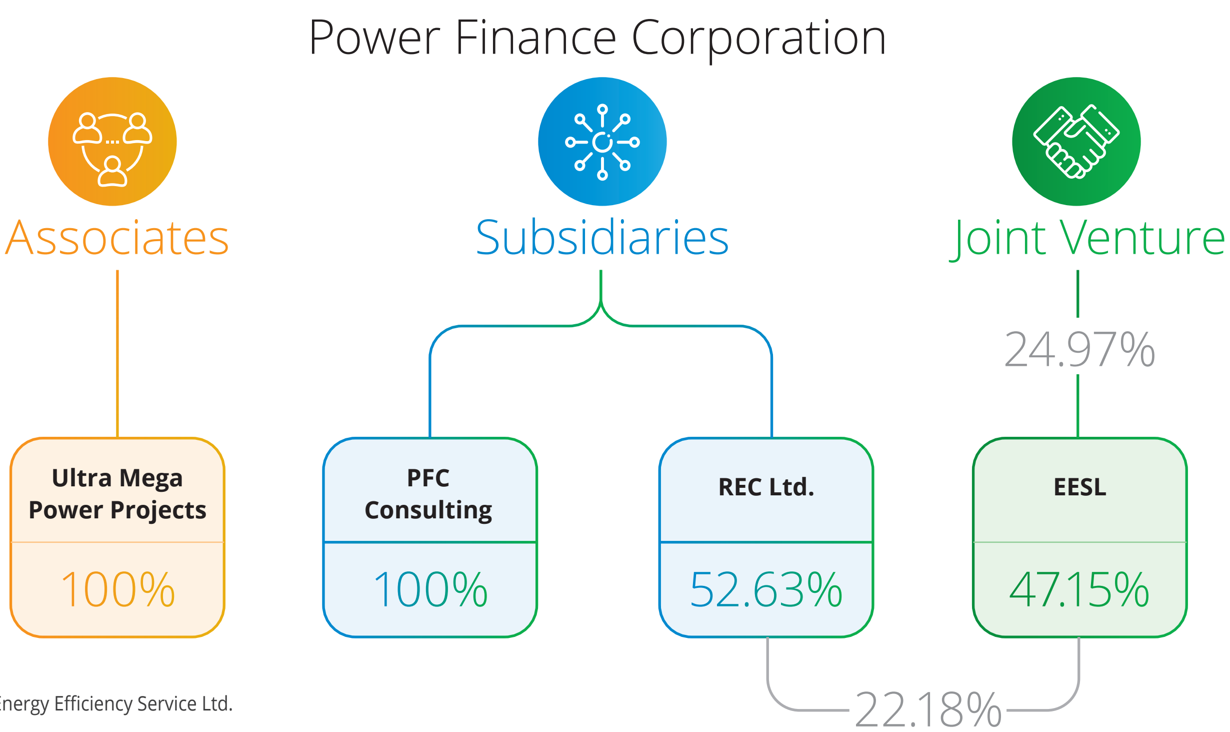
Corporate Overview

Power Finance Corporation Limited (PFC) is India's largest government-owned NBFC, funding to the Indian power sector. We are also the nodal agency for Revamped Distribution Sector Scheme, Ultra Mega Power Projects (UMPPs), Integrated Power Development Scheme (IPDS) and Bid Process Co-ordinator for Independent Transmission Projects (ITPs). We offer consultancy and advisory services in strategic, financial, regulatory and capacity building.

We are an ISO 9001:2015 certified, lean and professionally-managed NBFC with around 20% market share. To drive sustained growth, we explore and tap emerging opportunities in the field of e-mobility, energy storage and renewable energy equipment manufacturing.

We have setup a subsidiary – PFC Consulting Limited – and several other business units, such as power exchanges, to strengthen our preparedness for addressing future challenges.

PFC Group Structure



1.EESL-Energy Efficiency Service Ltd.

2. 47.15% stake in EESL is Consolidated stake of PFC (24.97%) & REC (22.18%)

Our Vision

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

Our Mission

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

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

Leading Financier to Power Sector

Power Finance Corporation

Largest Government-owned financing provider Group in the Indian power sector

Involving synergies of 2 "Navratna" Companies - PFC and REC

1. Majority owned by
   Government of India
2. Key financial partner for Government in
   Power Sector
3. Highest long-term domestic
   Rating of 'AAA' by CRISIL, ICRA and CARE
4. **#33**
   in Fortune 500 India 2020

Strategic Initiatives

As India's largest financial company in the power sector, we have undertaken a host of strategic initiatives to align our systems and processes to the current market scenario, with a focus on sustainability. The prime objective of these initiatives is to expand our market share in the renewables space and continue partnering with the Government in more socially desirable projects.

Our Products and Services

We have over 3.5 decades of experience in lending to the Indian power sector. Our offerings are customised, based on the financial profile of our customers, as well as the nation's fiscal health and government priorities.

Fund based products

- Project Term loans (Rupee and foreign currency)
- Grants/interest free loans for studies/ consultancies
- Buyer's Line of Credit
- Lease financing for purchase of equipment
- Corporate loan
- Lease financing for Wind Power projects
- Short/Medium Term loan to equipment manufacturers
- Line of Credit for import of Coal
- Debt refinancing
- Credit facility for purchase of power through Power Exchange

Non-fund based products

- Deferred payment guarantee
- Guarantee for performance of contract/ obligations w.r.t Fuel Supply Agreement (FSA)
- Letter of Comfort (LoC)
- Policy for guarantee of credit enhancement

The Power of Progress

50,000+ cr
Net worth

Ranked 365th
in the World in terms of
Assets Forbes Global 2021

Ranked 33rd
in Fortune India's 500
Companies 2020

Performance At A Glance

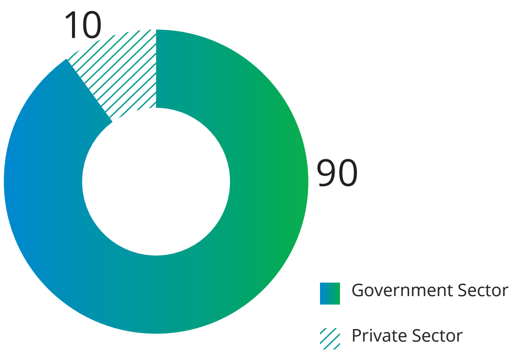
	Particulars	FY17	FY18	FY19	FY20	FY21
I.	**RESOURCES** (At the end of the Year) (₹ in Crore)					
	Equity Capital	2,640	2,640	2,640	2,640	2,640
	Reserves and Surplus	33,830	34,316	40,648	42,524	49,753
	Borrowings (Principal Outstanding)					
	(i) Domestic Borrowings	1,94,144	2,11,278	2,59,601	2,55,751	2,75,259
	(ii) Foreign Currency Borrowings	8,444	18,260	28,827	47,701	49,836
II.	**FINANCING OPERATIONS** (During the Year) (₹ in Crore)					
	Sanctions	1,00,603	1,16,233	95,230	1,11,089	1,66,370
	Disbursements	62,798	64,414	67,678	67,997	88,302
III.	**WORKING RESULTS** (For the Year) (₹ in Crore)					
	Total Income	27,019	25,980	28,766	33,371	37,767
	Total Expenses	21,909	20,135	18,951	25,179	27,559
	Profit Before Tax	5,110	5,845	9,816	8,193	10,207
	Tax Expense	2,983	1,458	2,863	2,537	1,763
	Profit After Tax	2,126	4,387	6,953	5,655	8,444
IV.	**NO. OF EMPLOYEES**	499	498	498	484	483

Notes: 1. Above details are as per Ind AS framework except for FY 2016-17 which is as per erstwhile Accounting framework.
2. Sanctions and Disbursements are excluding R-APDRP / IPDS

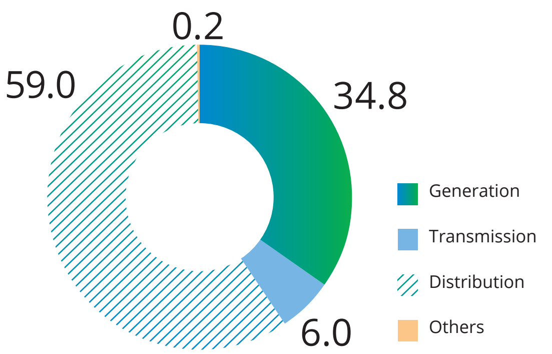
Delivering on Our Commitment

Disbursement

Sector-wise
(%)

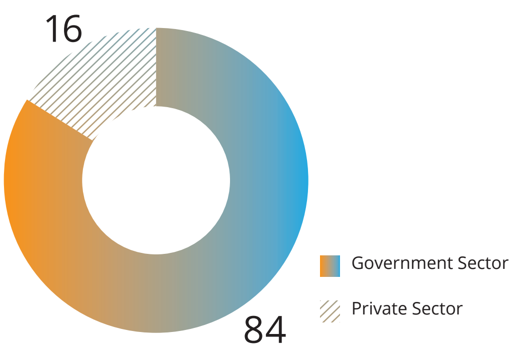


Scheme-wise
(%)

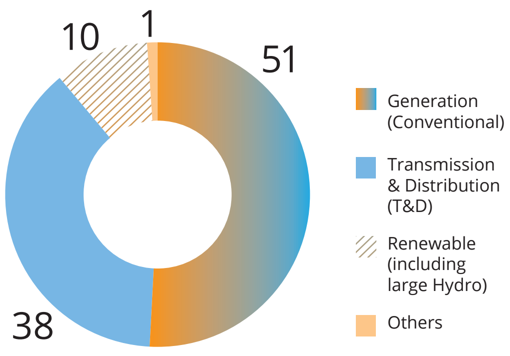


Loan assets

Sector-wise
(%)



Scheme-wise
(%)



Ratings

International Agency Rating

Agency	Rating
• Moody's	Baa3
• Fitch	BBB(-)

Domestic Agency Rating

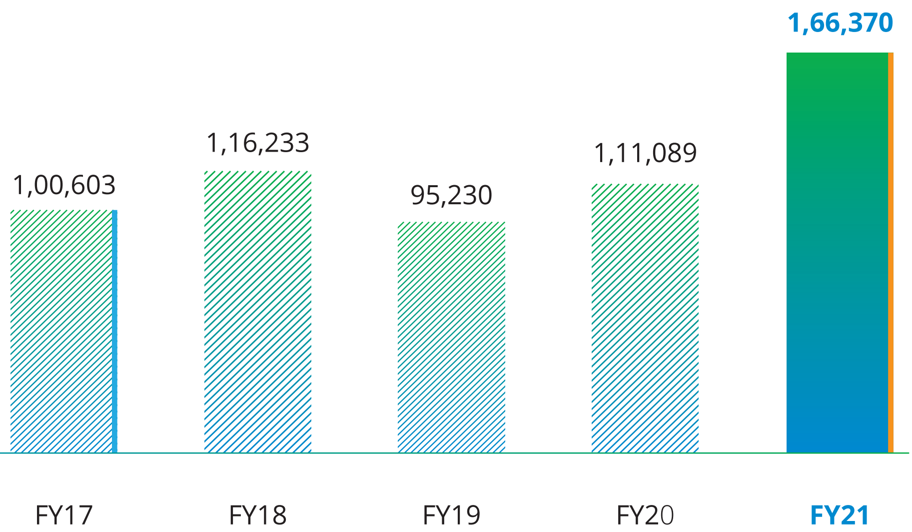
Agency	Rating
• CRISIL	AAA
• ICRA	AAA
• CARE	AAA

Key Performance Indicators

Operational Performance

Loans Sactioned
(₹ in Cr)

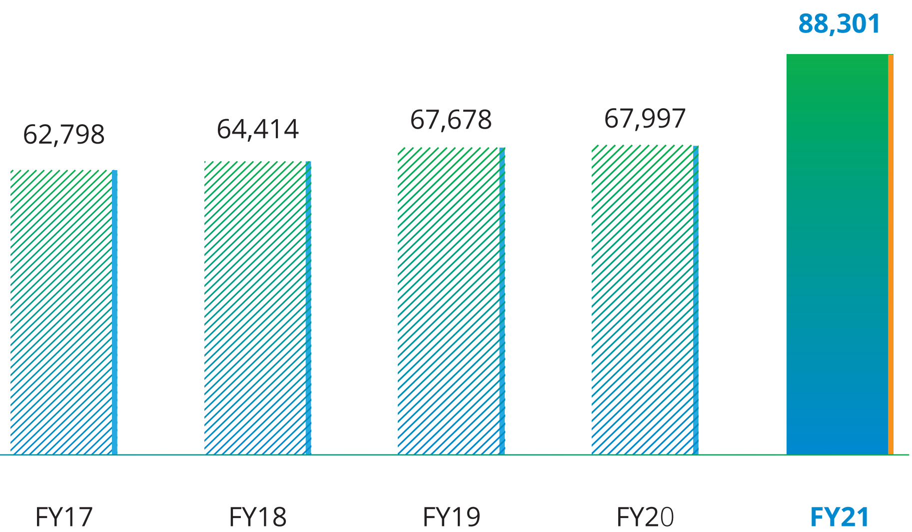
49.76% ↑
y-o-y



13.4% (CAGR)

Loans Disbursed
(₹ in Cr)

29.86%↑
y-o-y



8.89% (CAGR)

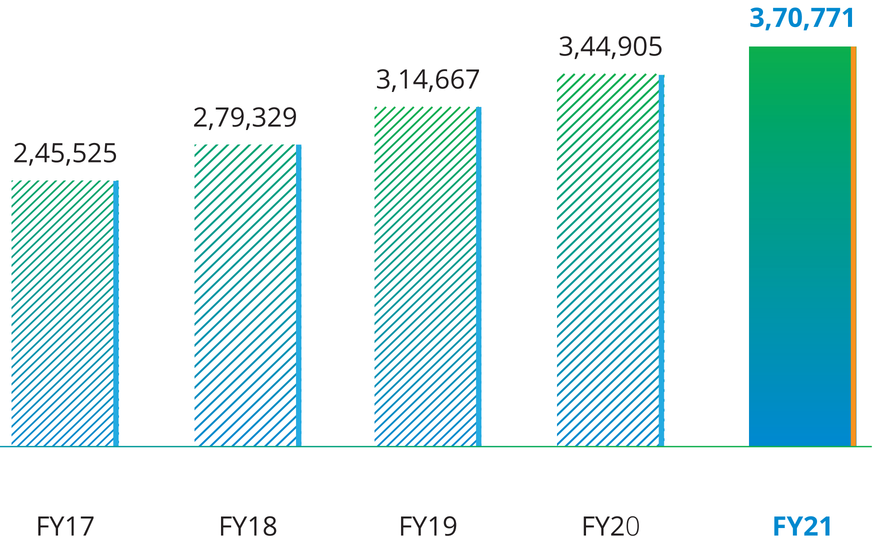
Key Performance Indicators

Operational Performance contd.

Loan Asset Book (as on March 31)
(₹ in Cr)

7.49% ↑
y-o-y

10.85% (CAGR)

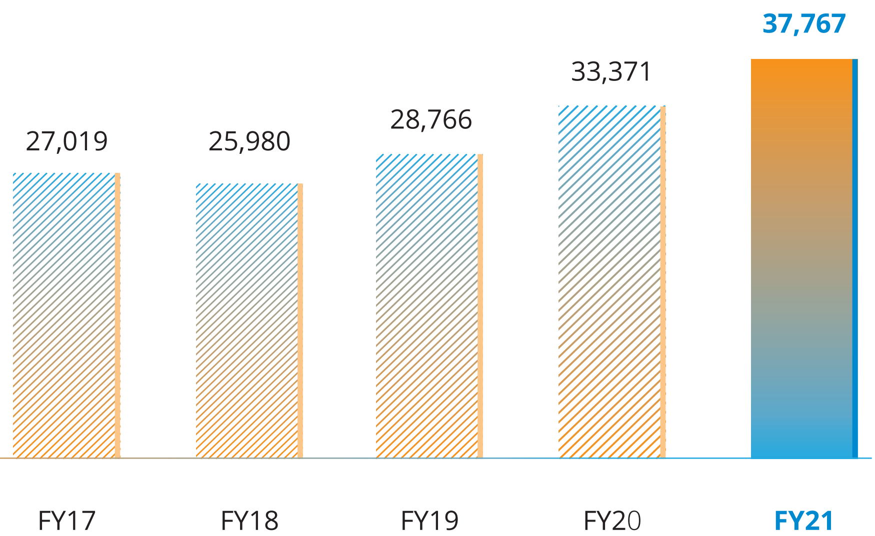


Financial Performance

Total Income
(₹ in Cr)

13.17% ↑
y-o-y

8.73% (CAGR)

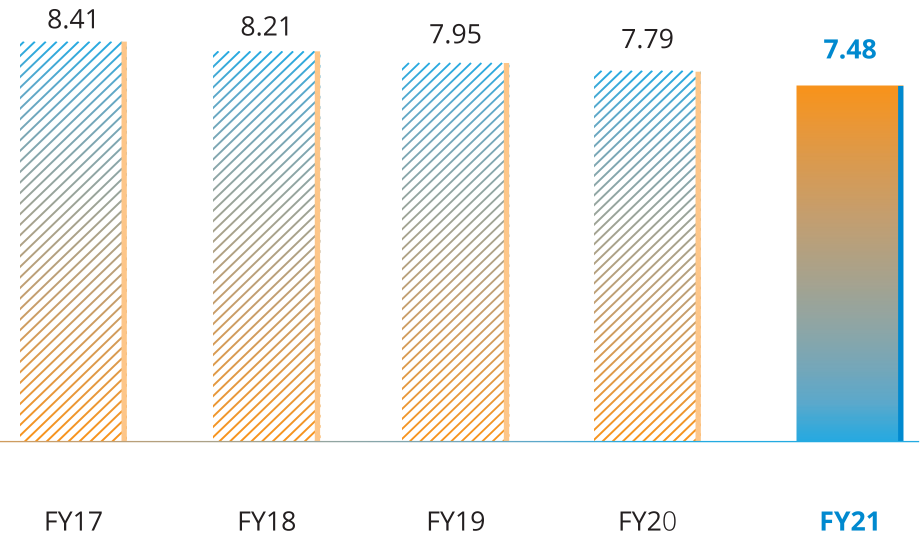


Key Performance Indicators

Financial Performance contd.

Cost of Funds
(%)

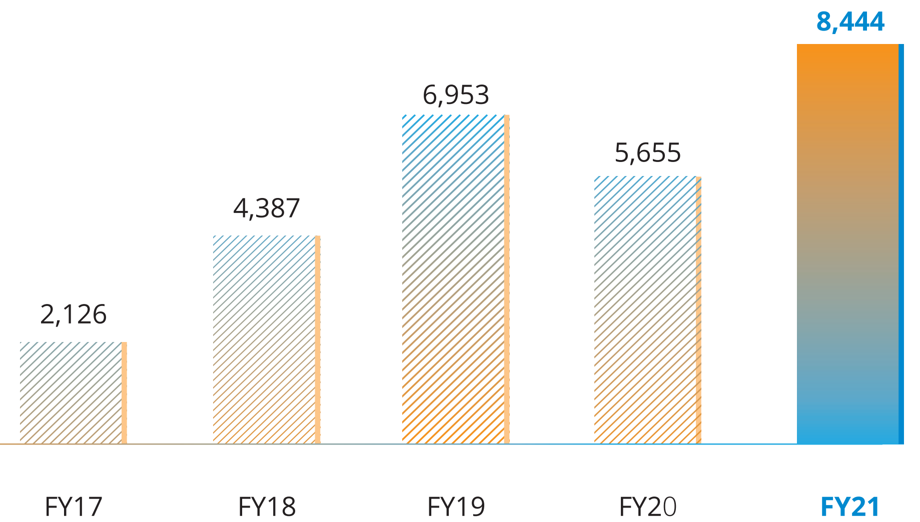
31bps ↓
y-o-y



Profit After Tax
(₹ in Cr)

49.32%↑
y-o-y

41.17% (CAGR)



Letter to shareholders

Ravinder Singh Dhillon

Chairman & Managing Director

Ladies and Gentlemen,

Welcome to the 35th Annual General Meeting of your Company. Last year, the entire world had come together to navigate through an unprecedented global public health and economic crisis. As our nation emerges from the debilitating impact of the second wave, there is now hope that India's large scale vaccination programme will help us effectively combat the impact of COVID. During these exceptional times, I would also like to wish you all and your loved ones the best of health and safe passage through this pandemic.

In the last fiscal year, the pandemic had caused large scale disruptions and impacted a large number of sectors and industries. The power sector was also not immune to its impact. During the initial phase of lockdown, power demand registered a drop of over 25%, which was unheard of. New capacity addition slowed down and implementation of under construction projects were affected. However, your Company was able to weather the challenges and posted excellent financial performance.

I am proud to share that in FY 2020-21, your Company has registered a profit of ₹ 8,444 Crore, its highest ever annual profit since inception. Also during the year, PFC's net worth crossed ₹ 50,000 Crore mark, consolidating its position as the largest lender in the Indian Power sector. According to Forbes 2021 rankings, your Company now ranks 365th in terms of assets and 730th overall among Global Public Companies.

On operational front also, your Company demonstrated remarkable performance, achieving highest ever annual loan sanctions of ₹ 1.66 Lakh Crore and disbursement of ₹ 88,300 Crore. PFC's loan assets stand at ₹ 3.71 Lakh Crore at the end of FY 2020-21. The stellar performance during this difficult period reflects the inherent strength of PFC's human capital, systems and processes, and its resilience in absorbing severe economic shocks. Your Company acknowledges the role shareholders play in its growth and is happy to share its success with you. Thus, in FY 2020-21, PFC has declared a total dividend of 100% i.e. ₹ 10 per share.

Asset quality improved significantly during the year, with stressed assets worth ₹ 6,844 Crore being resolved, which is about 25% of our stressed asset book. Major assets which have been resolved include RKM Powergen, Essar Transmission, Suzlon Energy and Jal Power. This has resulted in the lowest NPA levels in the last 5 years, with Gross NPA ratio at 5.70% and Net NPA ratio at 2.09%. Two other large projects are in advanced stages of resolution and are expected to conclude soon.

During the year, PFC's net worth crossed ₹ 50,000 Crore mark, consolidating its position as the largest lender in the Indian Power sector.

Shri Ravinder Singh Dhillon, CMD presenting bank advice of an interim dividend of ₹1,182.63 Crore to Shri R.K. Singh, Hon'ble Cabinet Minister of Power and New & Renewable Energy in the presence of Shri Alok Kumar, Secretary (Power) and other senior officers from Ministry of Power and PFC.

Your Company is steadfastly committed to a greener future and is at the forefront of India's energy transition. In its Nationally Determined Contributions as part of the Paris Agreement on Climate Change, India has agreed to reduce the emission intensity of its GDP by 33-35% by the year 2030 from 2005 levels and to make 40% of its installed power generation capacity non-fossil fuel based. Our country is well on its way to achieve these targets and your Company is playing a significant role in this effort. During the first edition of RE-Invest, a global investors' meet on renewable energy organised by the Union Ministry of New and Renewable Energy in 2015, PFC had committed to support renewable capacity addition of 3,000 MW by 2019. Your Company had surpassed this target, supporting renewable capacity addition of close to 9,000 MW during this period. During the last 5 years, PFC's renewable energy loan book has grown at a remarkable pace, registering a CAGR of 46%.

Effectively addressing climate change will require much more effort from all the stakeholders. Recognising this, the Government of India has gone beyond the requirement under Paris Agreement and has set an ambitious target of 450 GW of renewable energy capacity by 2030, almost fivefold increase from the present level. Integrating variable generation of such a large scale into the grid poses its own set of challenges. To address this, the government has introduced various initiatives like development of large solar parks with dedicated green evacuation corridors, solarisation of agricultural feeders, promoting wind-solar hybrid projects and projects with round-the-clock or assured peak time supply commitment. In order to boost domestic manufacturing, production linked incentives for renewable energy generating equipment, storage batteries etc. have also been introduced.

Your Company is fully aligned with the government's vision for de-carbonisation of the energy sector. During the last fiscal, various policy measures were introduced to boost renewable projects, including higher lending limits for solar and wind projects, introduction of Letter of Undertaking, a non-fund based product that can be used in lieu of Bank Guarantee by renewable developers during tariff based bidding, project specific funding to renewable energy equipment manufacturers and special rebate for solar projects with higher domestic content. Going forward, your Company will continue its focus on funding renewables and will play a key role in realising the country's renewable energy capacity addition targets.

During the last 5 years, PFC's renewable energy loan book has grown at a remarkable pace, registering a CAGR of 46%.

The ongoing sustainable energy transition has opened up new and emerging avenues for funding like e-mobility, utility scale energy storage etc. For tapping business from these sectors, PFC has amended its Memorandum and Articles of Association, enabling funding of energy storage projects, electric vehicles, charging infrastructure and large infrastructure projects with power sector linkages. Your Company has recently sanctioned financial assistance for deployment of 700 electric buses in various Districts of Uttar Pradesh under Fame II scheme. PFC has also funded a solar-wind hybrid pumped storage project in Andhra Pradesh, which will be one of the largest such integrated projects in the world. Your Company is also diversifying its asset base geographically and has recently sanctioned financial assistance for 600 MW Kholongchu Hydro Electric Project in Bhutan, which would be jointly implemented by SJVN & Druk Green Power Corporation of Bhutan.

In a bid to re-ignite growth in the economy, the Reserve Bank of India provided ample liquidity in the market in FY 2020-21 and brought down its benchmark interest rates. Capitalising on the low interest rate regime and aiming to diversify its borrowing base, your Company launched its maiden public issue of taxable bonds, mobilising ₹ 4,429 Crore. This was the first public issue of taxable bonds by a CPSU in the last decade and first ever public issuance of taxable bonds by a PSU in the Power Sector. A testament to investors' trust in brand PFC, the issue received overwhelming response, getting subscribed nearly nine times and had to be closed for subscription 11 days ahead of schedule. As part of its diversification strategy, your Company also mobilised US$ 900 million from the foreign market. Your company is also allowed to raise funds through capital gain bonds under section 54EC of IT Act, which is an important source of funds for PFC owing to its low cost. As a result of these efforts, our cost of funds reduced by 31 bps to 7.48% in FY 2020-21 as compared to FY 2019-20. We have passed on the benefit to our borrowers, reducing lending interest rates across the board by around 65 bps to 200 bps.

The fact that your Company faced no challenge in raising funds from either domestic or international markets shows the confidence of the market in PFC's business model and its credit profile. On the back of our robust financial performance, both Domestic and International Credit Rating agencies have re-affirmed our credit ratings, reflecting PFC's strong business fundamentals.

Your company is a strategic partner of the Government of India for the overall development of the Indian power sector. PFC has been instrumental in ensuring liquidity in the power sector during the pandemic period. Along with its subsidiary REC, your Company has sanctioned ₹ 1.34 Lakh Crore and disbursed over ₹ 79,000 Crore to DISCOMs under the Liquidity Infusion Scheme as part of Aatmanirbhar Bharat Abhiyaan. PFC has been publishing performance report on state power utilities on an annual basis and is also involved in publishing the annual integrated rating of power distribution companies. These

Shri R.K. Singh, Hon'ble Cabinet Minister of Power and New & Renewable Energy along with Shri Krishan Pal, Minister of State for Power, Shri Alok Kumar, Secretary (Power) and Shri Ravinder Singh Dhillon, CMD releasing PFC's report on "Ranking & Ninth Integrated Ratings for State-owned Power Distribution Utilities" on the occasion of PFC's 36th Foundation Day on 16th July 2021.

Shri S N Sahai, Former Secretary (Power), Govt. of India and Shri R.S. Dhillon, CMD signing a performance based 'Memorandum of Understanding' (MoU) for the FY 2020-21 in the presence of senior MoP & PFC officials.

reports are widely used by stakeholders including policy makers, developers, lenders, equity analysts, regulators, public at large etc. and helps in decision making.

Weak financial position of power distribution companies has been one of the persistent stress points of the Indian power sector. To strengthen the distribution sector, the Government of India has recently launched a major reform initiative, a reforms-based and results-linked Revamped Distribution Sector Scheme. The scheme aims to improve operational efficiencies and financial sustainability of DISCOMs by providing reform-linked financial assistance for strengthening of supply infrastructure. The Scheme, with a total outlay of ₹ 3.04 Lakh Crore, will be available till the year 2025-26. I am happy to inform you that your Company and its subsidiary REC are the two organisations designated as the nodal agencies for facilitating implementation of this vital scheme.

Your Company views corporate governance as a key element in improving economic efficiency and growth, as well as for building confidence of its stakeholders. Being a Listed Company, PFC complies with all applicable provisions within its ambit, relating to corporate governance as stipulated under the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, DPE Guidelines etc. Your Company maintains the highest standards of transparency, accountability and adequate disclosures.

Being a socially responsible entity, your Company has supported the national fightback against the pandemic through the first and the second wave. Out of ₹ 217 Crore

Out of ₹ 217 Crore disbursed for CSR activities during FY 2020-21, ₹ 210 Crore was spent on COVID relief measures, including contribution to PMCARES fund. PFC has procured and distributed cold chain equipment to various states and UTs to support the national vaccination programme.

disbursed for CSR activities during FY 2020-21, ₹ 210 Crore was spent on COVID relief measures, including contribution to PMCARES fund. PFC has procured and distributed cold chain equipment to various states and UTs to support the national vaccination programme. PFC has also undertaken distribution of ambulances, medical equipment and consumables in various parts of the country and has distributed packed lunch for healthcare professionals. Multiple vaccination camps were organised at PFC premises for our employees and officials of other CPSUs under the Ministry of Power. PFC was the first CPSU to vaccinate all its eligible employees with the first dose of vaccine. The fight against the pandemic is far from over and your Company stands firmly with the society in this fight.

I am grateful to all our shareholders who have reposed faith in us. My sincere and heartfelt thanks go out to the

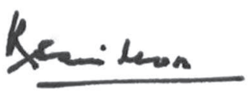
Shri Ravinder Singh Dhillon, CMD receiving "Governance Now" Award for "Strategic Performance" during the 8th PSU Awards by Shri Kailashnath Adhikari, MD, Governance Now in presence of Shri P.K. Singh, Director (Commercial) & Projects (Addl. Charge) and Smt. Parminder Chopra, Director, (Finance).

Hon'ble Union Minister of Power, New and Renewable Energy, Hon'ble Minister of State for Power and officials of the Ministry of Power for their continued support and guidance. I am also thankful to the Board of Directors, investors and our valued clients for their support.

I also convey my gratitude to Ministry of Finance, Reserve Bank of India, Department of Public Enterprises, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Ltd., NITI Aayog, Central Electricity Authority, Comptroller & Auditor General of India, Central Vigilance Commission, Statutory Auditors, Internal Auditors, Registrars, various Commercial Banks, Financial Institutions, Credit Rating Agencies and other concerned Government Departments/ Agencies at the Central and State level for their continued support. I also appreciate the continuous and unwavering support by our partners in the Print and Electronic Media.

I also thank all our employees, without whose hard work and zeal the success your company has witnessed and the feats that it has achieved over the years would not have been possible.

I look forward to your continued support in the years to come and hope that with continued commitment of all stakeholders, PFC will continue to scale greater heights.



Ravinder Singh Dhillon
Chairman & Managing Director

POWER FINANCE CORPORATION LIMITED

CIN: L65910DL1986GOI024862
Urjanidhi, 1, Barakhamba Lane, Connaught Place, New Delhi – 110 001, India
Tel. No.: +91 11 23556000, **Fax:** +91 11 23512545,
E-mail ID: investorsgrievance@pfcindia.com
Website: www.pfcindia.com

Notice

Notice is hereby given that the Thirty Fifth Annual General Meeting of the members of Power Finance Corporation Limited will be held on Tuesday, the September 21, 2021 at 12:30 p.m. through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements including consolidated financial statements of the Company for the financial year ended March 31, 2021, the Reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of Interim Dividend and declare Final Dividend on Equity Shares for the financial year 2020-21.

3. To appoint a Director in place of Smt. Parminder Chopra (DIN: 08530587), who retires by rotation and being eligible, offers herself for re-appointment.

4. To fix the remuneration of the Statutory Auditors.

By order of the Board of Directors

Manohar Balwani
CGM & Company Secretary

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

Date: 26th August, 2021

NOTES:-

1. In view of the outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs has, vide its circular dated January 13, 2021 read together with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as 'MCA Circulars'), permitted convening the Annual General Meeting ('AGM' / 'Meeting') through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM'), without physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.

2. The Company has enabled the Members to participate at the 35th AGM through the VC facility provided by KFin Technologies Private Limited (KFintech), Registrar and Share Transfer Agents (RTA). The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC shall be allowed on a first-come-first-served basis.

3. As per the provisions under the MCA Circulars, Members attending the 35th AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. The Company is providing the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The remote e-voting period shall commence at 10.00 a.m. on September 17, 2021 and will end at 5.00 p.m. on September 20, 2021. The e-voting module shall be disabled by KFintech at 5.00 p.m. on September 20, 2021. The process of remote e-voting is given in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 35th AGM being held through VC.

5. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.

   Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

6. The Company has fixed Wednesday, September 15, 2021 as the Cut-off date for determining the eligibility to vote in respect of items of business to be transacted at the 35th AGM.

   A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM. The voting rights shall be as per the number of equity share held by the Member(s) as on cut-off date. Members are eligible to cast vote only if they are holding shares as on that date. Kindly note that a person who is not a member of the Company as on the Cut-off date should treat this Notice for Information Purposes Only.

7. The Company has appointed Shri Amit Agarwal, Proprietor, M/s. Amit Agarwal & Associates, Company Secretaries (FCS No.: 5311, C. P. No.: 3647) to act as the Scrutiniser, to scrutinise the e-voting process in a fair and transparent manner.

8. As per the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 35th AGM is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 35th AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

9. Corporate Members are required to send a certified copy of the Board resolution authorising their representative to attend the AGM through VC and vote on their behalf. The said Resolution/Authorisation shall be sent to the Scrutiniser by e-mail through its registered e-mail address to scrut.amitagcs@gmail.com with a copy marked to evoting@kfintech.com.

10. 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.

11. The Register of Members and Share Transfer books will remain closed from Thursday, September 2, 2021 to Tuesday, September 21, 2021 (both days inclusive).

12. In line with the MCA Circulars, the notice of the 35th AGM along with the Annual Report 2020-21 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. Members may please note that this Notice and Annual Report 2020-21 will also be available on the Company's website at https://www.pfcindia.com/investors/annual-reports/,

websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFintech, RTA at https://evoting.kfintech.com/

13. During June, 2021, PFC provided an opportunity to shareholders for updation of E-mail IDs to its shareholders through National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). During July 2021, NSDL reported that 114 e-mail IDs of shareholders were updated at their end and CDSL reported that 427 e-mail IDs of shareholders were updated at their end.

    Members who have still not registered their e-mail address with the Company/Depository Participants, as the case may be, are requested to visit the website of KFintech https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx for temporary registration of e-mail ID of shareholders for 35th AGM and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions.

14. As required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of the 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.

15. The Board of Directors in its meeting held on March 12, 2021 had declared an interim dividend for the FY 2020-21 @ 80% (₹8 per share (subject to deduction of TDS)) on the paid-up equity share capital of the Company, which was paid on March 31, 2021.

    The final dividend @ 20% (₹2 per share)(subject to deduction of TDS) on the face value of the paid-up equity shares of ₹10/- per share for the FY 2020-21 as recommended by the Board of Directors in its meeting held on June 15, 2021, if approved by the members at the Annual General Meeting, will be paid on or after October 20, 2021 to the Members or their mandates whose names appear on the Company's Register of Members on July 2, 2021 in respect of physical shares. In respect of dematerialised 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 July 2, 2021.

    Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. April 1, 2020 and the Company will be required to deduct tax at source ('TDS') from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In order to enable compliance with TDS requirements in respect of dividends declared by the Company in future, members are requested to submit Form 15G/15H on annual basis and update details about their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case of shares held in physical form, with the Company/ RTA, so that tax at source, if any as per applicable rates and residential status, may be deducted in respect of dividend payments made by the Company in future.

16. Pursuant to Section 139 of the Companies Act, 2013, the Auditors of a Government Company are to be appointed or reappointed by the Comptroller and Auditor General of India (C&AG) and in pursuant to Section 142 of the Companies Act, 2013, their remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Comptroller and Auditor General of India shall appoint the Statutory Auditors of the Company for the FY 2021-22 under Section 139 of the Companies Act, 2013. The members may authorise the Board of Directors to fix an appropriate remuneration of Auditors for the FY 2021-22 as may be deemed fit by the Board.

17. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialised form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialised so as to be able to freely transfer them and participate in corporate actions.

18. Pursuant to Section 124 read with Section 125 of the Companies Act, 2013, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. The shares in respect of which the dividends have not been paid or claimed for a period of seven consecutive years or more, are also liable to be transferred to the demat account of the IEPF Authority. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. The details of investors' (whose payment is due) are available on company's website so as to enable the investors to claim the same.

19. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS Mandate Form to KFintech, RTA of the Company. Those holding shares in

Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ RTA/ DP with complete details need not send it again.

20. The shareholders holding shares in physical form and do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number with IFSC and MICR code to KFintech, RTA of the Company.

21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. It has also made mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical form can submit their PAN to the Company/KFintech, RTA of the Company.

22. Members holding shares in multiple folios in physical mode are requested to apply for consolidation of their holdings in one folio to the Company or KFintech, RTA of the Company along with relevant Share Certificates. A consolidated share certificate will be issued to such Members after making requisite changes.

23. Members who hold shares in physical form are requested to send all correspondence concerning transmission, transposition, sub-division, consolidation of shares or any other related matter and/or change in name, address, e-mail address, telephone/mobile numbers, nominations, power of attorney, or bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to RTA of the Company and in case of shares held in electronic mode, to their respective Depository Participants.

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

25. Members desirous of getting any information on financial statements and any other item(s) of business of this Meeting are requested to address their queries to Company Secretary of the Company through e-mail on agm2021@pfcindia.com at least fifteen days prior to the date of the meeting.The same will be replied by the Company suitably.

26. All documents referred to in the accompanying Notice and the Explanatory Statement and Statutory Registers shall be available electronically on Company's website at www.pfcindia.com from the date of circulation of this Notice, up to the date of AGM i.e. September 21, 2021.

27. The Results on resolutions shall be declared after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions. The Results declared along with the Scrutiniser's Report(s) will be available on the website of the Company (www.pfcindia.com) and on KFintech's website (https://evoting.kfintech.com) and shall also be communicated to BSE Limited and National Stock Exchange of India Limited.

VOTING THROUGH ELECTRONIC MEANS

In compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering Remote E-voting facility to all the Shareholders of the Company in respect of items to be transacted at this Meeting. The Company has engaged the services of KFintech for facilitating remote e-voting for AGM.

The remote e-voting period shall commence at 10.00 a.m. on September 17, 2021 and will end at 5.00 p.m. on September 20, 2021. The e-voting module shall be disabled by KFintech at 5.00 p.m. on the same day.

Procedure and Instructions for Remote e-voting are given hereunder. All members are requested to read those instructions carefully before casting their e-vote.

Procedure and Instructions for remote e-voting

I. Instructions for remote e-voting by Individual shareholders holding shares of the Company in Demat mode.

As per SEBI circular on e-voting Facility, dated December 9, 2020, all individual shareholders holding shares of the Company in the demat mode can cast their vote, by way of single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Accordingly, the procedure to login and access remote e-voting, as devised by the Depositories/ Depository Participant(s), is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	**1. User already registered for IDeAS facility:** I. Visit URL: https://eservices.nsdl.com II. Click on the 'Beneficial Owner' icon under 'Login' under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on 'Access to e-Voting'. IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. **2. User not registered for IDeAS e-Services:** I. To register click on link: https://eservices.nsdl.com II. Select 'Register Online for IDeAS' or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp III. Proceed with completing the required fields. IV. Follow steps given in points 1. **3. Alternatively by directly accessing the e-Voting website of NSDL:** I. Open URL: https://www.evoting.nsdl.com/ II. Click on the icon 'Login' which is available under 'Shareholder/Member' section. III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will requested to select the name of the Company and the e-Voting Service Provider name, i.e. KFintech. V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	**1. Existing user who have opted for Easi/Easiest:** I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi. III. Login with your registered User ID and password. IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal. V. Click on e-Voting service provider name to cast your vote. **2. User not registered for Easi/Easiest:** I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. Proceed with completing the required fields. III. Follow the steps given in point 1 **3. Alternatively, by directly accessing the e-Voting website of CDSL:** I. Visit URL: www.cdslindia.com II. Provide your demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & E-mail as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP, i.e. KFintech where the e-Voting is in progress.
Individual Shareholder login through their demat accounts/ Website of Depository Participant	I. You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-Voting facility. II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. III. Click on options available against company name or e-Voting service provider – **Kfintech** and you will be redirected to e-Voting website of **KFintech** for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Individual members who are voting through the facilities provided by their Depository Participants, contact their respective DP on their helpline/contact detail.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free number **1800 1020 990** and **1800 22 44 30**
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at **022- 23058738** or **022-23058542-43**

II. Login method for e-voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

i. Launch an internet browser and open https://emeetings.kfintech.com/

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering the above details Click on – Login.

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

v. On successful login, the system will prompt you to select the EVEN of Power Finance Corporation Limited and click on 'Submit'.

vi. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date i.e. September 15, 2021 under 'FOR / AGAINST' or alternatively, you may partially enter any number in 'FOR' and partially 'AGAINST' but the total number in 'FOR / AGAINST' taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either 'FOR' or 'AGAINST' it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.

vii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

viii. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

ix. You may then cast your vote by selecting an appropriate option and click on 'Submit'.

x. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xi. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail ID: scrut.amitagcs@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format 'Corporate Name Event No.'

(B) In case of Members who have not registered their e-mail address, please follow the steps for registration of e-mail address and obtaining User ID and Password for e-voting.

i. Members who have not registered their e-mail address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their e-mail address and mobile number provided with KFintech, by accessing the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx. Members are requested to follow the process as guided to capture the e-mail address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.

ii Alternatively, member may send an e-mail request at the e-mail ID: einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report & Notice of AGM.

iii. Please follow all steps above to cast your vote by electronic means.

III. In case of any queries, you may refer to the Help & Frequently Asked Questions (FAQs) and e-voting user manual available in the downloads section of KFintech's website https://evoting.kfintech.com or contact Mr. B. Srinivas (Unit: POWER FINANCE CORPORATION LIMITED), at einward.ris@kfintech.com and evoting@kfintech.com or call KFintech's toll free number 1-800-309-4001 for any further clarifications.

IV. Members who have acquired shares after the dispatch of the Annual Report and on or before the cut-off date i.e. September 15, 2021, may obtain the User ID and Password for exercising their right to vote by electronic means as follows:

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

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

Example for NSDL : MYEPWD <SPACE> IN12345612345678

Example for CDSL : MYEPWD <SPACE> 1402345612345678

Example for Physical : MYEPWD <SPACE> XXX1234567890

OR

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

b) Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll free number 1-800-309-4001 or write to them at einward.ris@kfintech.com.

INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC:

1. Members may access the platform to attend the AGM through VC at https://emeetings.kfintech.com/ by clicking 'Video Conference tab' and login through the User ID and password provided in the mail received from KFintech. The link for the AGM will be available in the shareholder/members login where the 'Event' and the 'Name of the Company' can be selected. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the Members who have not registered their e-mail address or do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice.

2. The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.

3. Members are encouraged to join the Meeting using Google Chrome (preferred browser) for better experience.

4. Members will be required to grant access to the web-cam to enable two-way video conferencing.

5. Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC in a smooth manner. Participants may experience audio/video loss due to fluctuation in their respective networks.

6. Members who may want to express their views or ask questions may visit https://emeetings.kfintech.com/ and click on the tab 'Post Your Questions' to post their queries in the window provided, by mentioning their name, demat account number/folio number, e-mail ID and mobile number. The window shall remain active from September 17, 2021 to September 19, 2021.

7. In addition to the above-mentioned step, the Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. Accordingly, the Members may visit https://emeetings.kfintech.com/ and click on 'Speaker Registration' from September 17, 2021 to September 19, 2021. Members shall be provided a 'queue number' before the AGM. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.

8. Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform. Members may click on the voting icon ('Thumb sign') on the left side of the screen to cast their votes.

9. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech Private Limited at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.

DETAILS OF THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT 35TH AGM UNDER ITEM NO. 3

Name	Smt. Parminder Chopra
Date of Birth and Age	30.04.1967/54
Qualification	Bachelor's degree in Commerce and is a qualified Cost Accountant and MBA
Date of Appointment	01.07.2020
Terms and Conditions of Appointment	Appointed as Director (Finance) by President of India through Ministry of Power for a period of 5 years w.e.f. 01.07.2020 or till the date of her superannuation or until further orders, whichever is the earlier.
Remuneration	As per standard terms of appointment issued by President of India through Ministry of Power.
Expertise in Functional Areas	She has more than 33 years of experience in power sector, serving in key power sector organisations like National Hydroelectric Power Corporation of India (NHPC) and Power Grid Corporation of India (PGCIL). She joined PFC in 2005 and was working as an Executive Director (Finance) before assuming charge as Director (Finance), PFC. She has handled a gamut of finance portfolios such as resource mobilisation from domestic as well as international markets, banking & treasury, asset liability management, stressed assets resolution etc.
Number of Meetings of the Board held during the year and number of Board Meetings attended	10/10
Relationship with any other Director, Manager and other KMP of the Company	Nil
Number of shares held in the Company	2,000
Directorship in other companies	• Coastal Tamil Nadu Power Limited • Cheyyur Infra Limited • PFC Consulting Limited • Bihar Mega Power Limited • Deoghar Mega Power Limited • Chhattisgarh Surguja Power Limited • PTC India Limited • Energy Efficiency Services Limited
Chairman/Membership of committees* across all public companies	**Power Finance Corporation Limited** • Member, Stakeholders Relationship and Shareholder'/Investor' Grievance Committee **Energy Efficiency Services Limited** • Chairman, Audit Committee

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

Directors' Profile

Shri Ravinder Singh Dhillon
Chairman and Managing Director
DIN: 00278074

Shri Ravinder Singh Dhillon, 58 years, is the Chairman and Managing Director (CMD) of PFC. As CMD, PFC he is spearheading entire operations of PFC and also playing a critical role in implementation of key power sector initiatives of Govt. of India, namely Revamped Distribution Sector Scheme, Liquidity Package to Power Sector under Atmanirbhar Bharat Scheme, Privatisation of Discoms, Integrated Power Development Scheme, 24X7 Power for All, Ultra Mega Power Projects and Independent Transmission Projects.

He has over 36 years of varied experience spread across the entire value chain of power sector. His diverse work experience covers 3 years in Bharat Heavy Electricals Ltd. designing power generating equipment, 6 years in Central Electricity Authority with macro level planning of power systems, and 27 years in PFC, playing a key role in project appraisal, financial modeling, project monitoring & stressed asset resolution.

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

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

Shri Ravinder Singh Dhillon, was holding 27050 equity shares in the Company as on March 31, 2021.

Shri Praveen Kumar Singh
Director (Commercial) & Additional Charge of Directors (Project)
DIN: 03548218

Shri Praveen Kumar Singh, 59 years, holds B.Tech. (Electrical) from IIT-BHU and M.Tech. in Energy & Environment Management from IIT, Delhi. He has also completed 'Global Energy MBA Programme' from Bayer College of Business, University of Houston, USA. Prior to taking over as Director (Commercial), Shri Singh, has served as Executive Director (Projects) in PFC. He worked in various units of Projects Division in PFC for over 24 years. Earlier he had also worked for BHEL & CII for over 9 years. He has been representing PFC in various committees of Govt. of India. Shri Singh is also Nominee Director of PFC on the Board of REC Limited since June 18, 2019. Shri Singh has been given additional charge of Director (Projects), PFC in addition to his current portfolio w.e.f. June 1, 2020. He also holds Directorships on Board of PFC Consulting Limited and SPVs created for implementation of UMPP. He also served as appellate authority for RTI purposes in PFC.

Shri Praveen Kumar Singh was holding 32,194 equity shares in the Company as on March 31, 2021.

Smt. Parminder Chopra
Director (Finance)
DIN: 08530587

Smt. Parminder Chopra, 54 years, holds a Bachelor's degree in Commerce and is a qualified Cost Accountant and MBA. She took over the charge of Director (Finance), Power Finance Corporation Ltd. on July 1, 2020. She has more than 32 years of experience in power sector, serving in key power sector organisations like National Hydroelectric Power Corporation of India (NHPC) and Power Grid Corporation of India (PGCIL). She joined PFC in 2005 and was working as an Executive Director (Finance) before assuming charge as Director (Finance), PFC. She has handled a gamut of finance portfolios such as resource mobilisation from domestic as well as international markets, banking & treasury, asset liability management, stressed assets resolution etc.

Smt. Parminder Chopra, was holding 2,000 equity shares in the Company as on March 31, 2021.

Shri Tanmay Kumar
Government Nominee Director
DIN: 02574098

Shri Tanmay Kumar an Indian Administrative Service (IAS) officer of 1993 Batch, holds B.Tech. in Civil Engineering from IIT, Delhi and M.Tech. in Soil Mechanics & Foundation Engineering from IIT, Delhi. He is presently working as Joint Secretary in Ministry of Power, Government of India.

He has served in various capacities in Government of Rajasthan for almost 27 years – as Collector and District-Magistrate of Bharatpur, Alwar and Kota continuously for more than 6 years, in the Chief Minister's Office for 3 years in the first instance as Deputy Secretary, Special Secretary and then as Secretary to Hon'ble Chief Minister and then later for 5 years (2013-2018) in the second instance as Principal Secretary to Hon'ble Chief Minister. He has worked as Chairman of Rajasthan Renewable Energy Corporation (RREC) for 5 years. He was appointed as a Government Nominee Director on the Board w.e.f. November 4, 2020.

Shri Tanmay Kumar, was holding Nil equity shares in the Company as on March 31, 2021.

Shri R. C. Mishra
Independent Director
DIN: 02469982

Shri R.C. Mishra started his career as a Management Trainee in The Punjab National Bank in 1977. Subsequently he joined the Indian Administrative Service (IAS) in 1978. He holds Masters degree (M.Sc.) in Physics and in Business Administration (M.B.A). During his Long career spanning over4 decades, he held several important positions in Public Enterprises/Institutions, State Government of Manipur and the Government of India including Central Provident Fund Commissioner, Additional Secretary, Ministry of Urban Development, Govt. of India, Executive Director, Broadcasting Corporation of India (Prasar Bharati), Joint Secretary Ministry of Information and Broadcasting, Govt. of India, Secretary Finance, Govt. of Manipur, Secretary Power Govt. of Manipur, Secretary/Director Industries, Govt. of Manipur, Secretary Education, Government of Manipur, Secretary Tourism, Govt. of Manipur etc.

After retirement from IAS, he worked as Member and Acting Chairman, Appellate Authority for Industrial and Financial Reconstruction (AAIFR) under the Department of Financial Services, Ministry of Finance, Govt. of India.

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

Shri R. C. Mishra, was holding Nil equity shares in the Company as on March 31, 2021.

Report of the Board of Directors

FY 2020-21

To,
The Members,
Power Finance Corporation Limited

Your Directors are pleased to present their 35th Annual Report on the performance of your Company for the financial year ended March 31, 2021 along with Audited Financial Statements, Auditor's Report, Secretarial Auditor's Report & report by the Comptroller and Auditor General of India.

1.0 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Total income achieved during the FY 2020-21 was up by 13% to ₹37,767 Crore.
- Net Interest Income during the FY 2020-21 increased by 28% to ₹12,951 Crore.
- Delivered highest ever Net profit of ₹8,444 Crore during FY 2020-21.
- Board recommended a final dividend of ₹2 per equity share in addition to an interim dividend of ₹8 per equity share, which was paid in March 2021. The total dividend for the FY 2020-21 thus aggregates to ₹10 per equity share as against ₹9.50 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 2020-21 will thus amount to ₹2,640 Crore (inclusive of TDS) representing 31.27% of the profit after tax.
- Total expenditure for the FY 2020-21 amounted to ₹27,559.26 Crore. Out of it, finance cost amounted to ₹23,194.49 Crore. This constituted 84.16% of total expenses in FY 2020-21. During FY 2020-21, employee benefit expenses and other expenses, which includes administrative and office expenses were ₹265.42 Crore (0.96 % of total expenses and 1.14% of finance cost) against ₹282.73 Crore (1.12% of total expenses and 1.29% of finance cost) in the previous year.
- Highest ever loans sanctioned amounting to ₹1,66,370 Crore during the FY 2020-21 to State, Central, Private and Joint Sector entities. Highest ever disbursements amounting to ₹88,302 Crore during the same period.
- Gross Loan Asset book as on FY 2020-21 stood at ₹3,70,771 Crore. The outstanding borrowing as on FY 2020-21 stood at ₹3,25,095 Crore.
- Total provision of ₹13,416 Crore towards Stage-III Loan Assets as at the end of FY 2020-21. The Net Stage-III Assets stands at ₹7,734 Crore as on March 31, 2021, which is 2.09% to the Total Gross Loan Assets. In addition to above, provision of ₹1,236 Crore and ₹1,945 Crore made on Stage-I Loan Assets and Stage-II Loan Assets respectively as on March 31, 2021
- As on March 31, 2021, the Government of India's shareholding is 55.99%.
- PFC's robust financials inspire higher levels of confidence amongst investors, regulators and other stakeholders in your Company.

1.1 FINANCIAL PERFORMANCE OVERVIEW

1.1.1 PROFITABILITY

(₹ in Crore)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Total Income	**37,766.57**	**33,371.06**	**71,700.51**	**62,275.36**
Profit Before Tax	10,207.31	8,192.54	19,890.73	14,092.67
Tax expenses	1,763.30	2,537.40	4,174.53	4,615.42
Profit After Tax	**8,444.01**	**5,655.14**	**15,716.20**	**9,477.25**
Owners of the Company	-	-	11,747.83	7,122.13
Non-Controlling Interests	-	-	3,968.37	2,355.12
Total Comprehensive Income	**8,534.21**	**5,320.51**	**16,264.09**	**8,588.64**
Owners of the Company	-	-	12,078.90	6,495.85
Non-Controlling Interests	-	-	4,185.19	2,092.79

1.1.2 RESERVE & SURPLUS

(₹ in Crore)

Particulars	Standalone		Consolidated*	
	2020-21	2019-20	2020-21	2019-20
Opening balance of Surplus	**6,042.40**	**6,202.53**	**8,080.18**	**9,029.56**
Profit After Tax for the year	8,444.01	5,655.14	11,747.83	7,122.13
Re-measurement of Defined Benefit Plans	(3.13)	(5.01)	(8.75)	(6.14)
Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1) (viia) (c) of Income Tax Act, 1961	(609.83)	(304.81)	(761.49)	(481.94)
Transfer to Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	(2,534.77)	(1,350.13)	(3,883.87)	(2,151.40)
Transfer to Special Reserve created u/s 45-IC (1) of Reserve Bank of India Act, 1934	(1,688.80)	(1,131.02)	(2,569.38)	(1,645.79)
Transfer to Debenture Redemption Reserve	-	-	-	(25.87)
Transfer to General Reserve	-	-	(516.40)	-
Transfer to Interest Differential Reserve-KFW Loan (net)	(1.25)	(1.40)	(1.25)	(1.40)
Dividends	(2,112.07)	(2,508.08)	(2,112.07)	(2,508.08)
Dividend Distribution Tax	-	(264.79)	-	(514.99)
Transfer from Debenture Redemption Reserve on account of utilisation	-	-	-	-
Transfer from OCI – Equity Instruments	6.98	(249.96)	134.73	(295.33)
Other Comprehensive Income/(Expense)	-	-		(0.20)
Reclassification of gain/loss on sale of equity instrument measured at OCI	-	-	-	-
Pooling of interest accounting for common control business combination	-	-	-	-
Impairment Reserve	-	-	-	(417.55)
Adjustments	(339.68)	(0.07)	(349.01)	(22.82)
Closing Balance of Surplus	**7,203.86**	**6,042.40**	**9,760.52**	**8,080.18**

* Attributable to owners of the Company (PFC).

1.2 OPERATIONAL PERFORMANCE OVERVIEW

1.2.1 ASSET QUALITY

(₹ in Crore)

Particulars	2020-21	2019-20
Gross Loan Assets	3,70,771	3,44,905
Stage III Assets	21,150	27,872
Provision on Stage III Assets	13,416	14,749
Gross Stage III as % of Gross Loan Assets	5.70%	8.08%
Net Stage III as % of Gross Loan Assets	2.09%	3.80%

1.2.2 SANCTION / DISBURSEMENT (EXCLUDING R-APDRP / IPDS)

(₹ in Crore)

Category	2020-21		2019-20	
	Sanctions	Disbursements	Sanctions	Disbursements
State Sector	1,15,170	73,016	84,395	55,848
Central Sector	9,172	3,912	6,550	1,006
Joint Sector	8,907	2,123	1,873	2,326
Private Sector	33,121	9,251	18,270	8,817
Total	**1,66,370**	**88,302**	**1,11,089**	**67,997**

1.2.3 BORROWINGS

1.2.3.1 DEPOSITS

Your Company is a non-deposit taking NBFC, and thus has not accepted any public deposits during the FY 2020-21. Further, no Perpetual Debt Instruments (PDI) was issued by your Company during FY 2020-21.

1.2.3.2 BORROWINGS FROM DOMESTIC MARKET

The major borrowings from Domestic market during the FY 2020-21 are given as follows:

(₹ in Crore)

Sr. No.	Source	Amount
1.	Bonds	40,965.60
2.	Rupee Term Loans	20,400.00
3.	Commercial Paper (Maturity Value)	3,120.00
	TOTAL	**64,485.60***

*In addition to above funds amounting to ₹4,775 Crore were raised and repaid during the FY 2020-21 through Commercial Paper.

Further, for maintaining adequate liquidity, credit lines to the tune of ₹10,930 Crore were sanctioned as on March 31, 2021 by various scheduled commercial banks to the Company for short-term funding generally without any commitment charges.

Public Issue of NCDs

During the FY 2020-21, your Company launched first tranche of public issue of secured, redeemable, taxable Non-Convertible Debentures (NCDs) for base issue size of ₹500 Crore with an option to retain oversubscription up to ₹4,500 Crore, aggregating up to ₹5,000 Crore. This was the first ever public issue of taxable NCDs by PFC and also by a Central PSU in the Indian power sector. Object of the said public issue was to raise funds for onward lending, financing/refinancing existing indebtedness and/or debt servicing (payment of interest and/or repayment/prepayment of interest and principal of existing borrowings) and general corporate purposes.

In order to address varied requirements of investors, PFC offered a bouquet of options with tenure of NCDs ranging from 3 years to 15 years. The 3-year tenure NCD in Series I offered a fixed coupon rate of 4.65% p.a. to 4.80% p.a. depending on the category of investor, while the 5 year tenure NCD in Series II offered fixed coupon rate of 5.65% p.a. to 5.80% p.a. depending on the category of investor. The 10-year tenure NCDs offered options of both fixed and floating rates of interest. The fixed coupon rate was 6.63% p.a. (quarterly) to 7.00% p.a. and the floating coupon rate, on the other hand, was based on Benchmark FIMMDA 10-year G-Sec (Annualised) + spread of 55 basis points to 80 basis points (subject to floor and cap rates) depending on the category of investors. The 15-year tenure NCD offered a range of fixed coupon rates with maximum rate of 7.15% p.a.

The said public issue of NCDs (Tranche I) was opened for subscription on January 15, 2021 and was pre-closed on January 18, 2021. The issue was a resounding success with the base issue of ₹500 Crore being oversubscribed about 9 times, raising ₹4,428.99 Crore. Date of allotment of the NCDs issued under the said Tranche I of public issue is January 22, 2021 and the same have also been listed on the BSE Ltd. The principal amount of the said NCDs issued along with interest accrued thereon, is secured by way of first *pari passu* charge through hypothecation of the book debts/receivables of PFC (excluding book debts/receivables on which a specific charge has already been created). Further, M/s Beacon Trusteeship Ltd. has been appointed as the Debenture Trustee of the said NCDs.

As on March 31, 2021, PFC has utilised the entire net proceeds of the said Tranche I of public issue of the NCDs as per the objects specified in the Tranche I prospectus dated January 11, 2021.

1.2.3.3 EXTERNAL BORROWINGS

The foreign currency denominated borrowings during FY 2020-21 are as follows:

(₹ in Crore)

Sr. No.	Source	Amount
1.	Bonds under GMTN programme	3,641.08
2.	Syndicated Loans	2,962.30
	TOTAL	**6,603.38**

Green Bonds

PFC established its Green Bond Framework in October, 2017 as approved by Climate Bonds Initiative (CBI), London, UK. In this context, an agreement was executed between PFC & Climate Bonds Initiative.

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

The funds raised under Green bonds have been utilised to finance renewable energy projects as per the "Eligible Projects" under PFC's Green Bond Framework. As at March 31, 2021, outstanding loan balances of Solar & Wind energy projects funded by PFC are ₹10,945 Crore & ₹8,696 Crore respectively. Accordingly, PFC green bond portfolio is more than the loan outstanding under the green bond.

1.3 CREDIT RATING

- During the FY 2020-21, Company's both long-term & short-term domestic borrowing programme (including bank loans) continued to be the highest rating.
- **Domestic Rating assigned by CRISIL, ICRA and CARE**
  - Long-term domestic borrowing programme Rating – CRISIL AAA, ICRA AAA and CARE AAA
  - Short-term domestic borrowing programme Rating – CRISIL A1+, ICRA A1+ and CARE A1+
- **International Rating**

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

1.4 MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Your Company has been consistently accorded 'Excellent' Rating by Government of India since FY 1993-94 except for FY 2004-05. For the FY 2018-19, your Company was accorded 'Excellent rating'. The rating for FY 2019-20 and FY 2020-21 is still awaited.

1.5 SUBSIDIARIES

1.5.1 REC LIMITED

Consequent upon acquisition of majority stake in REC (Formerly Rural Electrification Corporation Limited) from Government of India on March 28, 2019, Your Company is the promoter and holding Company of REC. Accordingly, the following subsidiaries of REC as on March 31, 2021 are also subsidiaries of PFC:

i) REC Power Distribution Company Limited#
ii) Koderma Transmission Limited
iii) Mandar Transmission Limited
iv) Dinchang Transmission Limited
v) Chandil Transmission Limited
vi) Dumka Transmission Limited
vii) Kallam Transmission Limited
viii) Sikar New Transmission Limited
ix) Bidar Transmission Limited
x) Gadag Transmission Limited
xi) Rajgarh Transmission Limited
xii) Fatehgarh Bhadla Transco Limited
xiii) MP Power Transmission Package-I Limited
xiv) MP Power Transmission Package-II Limited

renamed as REC Power Development & Consultancy Ltd. w.e.f. July 16, 2021.

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

During the FY 2020-21, the total income of REC was ₹35,410 Crore and the net profit was ₹8,362 Crore.

The detailed operational and financial performance of REC is available on its website i.e. www.recindia.nic.in.

1.5.2 PFC CONSULTING LIMITED

Your Company had been offering consultancy support to the Power Sector through PFC Consulting Limited, its wholly-owned subsidiary.

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

Transaction Advisory

- Selection of Sellers/Developers Through 'Case-1' and 'Case-2';
- Guidelines & SBDs: Short-Term, Medium-Term, Long-Term (Case '1', Case '2' and UMPPs), Hydro, Solar, Wind, Pilot Scheme 1 & 2
- Reform & Restructuring
- Independent Transmission Projects
- Privatisation of Electricity Distribution in UTs

Project Development

- Ultra Mega Power Projects (UMPPs)
- Ultra Mega Renewable Energy Power Parks (UMREPPs)
- Smart Metering
- Owner's Engineer, Lender's Independent Engineer, Lender's Insurance Advisor

PMA / PMC In Distribution Sector

- IPDS
- DDUGJY
- Smart Metering
- Smart Grid
- NSGM
- R-APDRP

Smart Solutions

- GIS & Smart Metering
- Smart Grid
- Energy Portfolio Management
- Procurement of Power: DEEP Portal
- Coal Linkage Auction under SHAKTI Scheme
- Pilot Scheme I & II
- PRAAPTI Portal

Other Services

- Tariff & Regulatory
- Selection of EPC Contractor
- Resource Mobilisation
- Project advisory for new power plant
- Strategy
- Contracts, commercial and legal
- Trading
- Project Appraisal
- Computerisation of Operations
- Accounting Systems
- Policy
- Energy Audit

Till date, consultancy services have been rendered to 74 clients spread across 25 States/UTs by PFCCL. The total number of assignments undertaken as on date is 150.

Further, during the FY 2020-21, the total income of PFCCL was ₹74.90 Crore and the net profit earned was ₹28.11 Crore. The net worth of PFCCL as on March 31, 2021 was ₹88.18 Crore.

The Statutory Auditor of PFCCL during the course of audit for FY 2019-20, highlighted certain suspected irregularities in some of the transactions of PFCCL related to business promotions, official hospitality and related allocation of expenses to subsidiaries/ fellow subsidiary companies. Statutory Auditor of PFCCL vide its letter dated 25.06.2020 reported the matter to Board of Directors of PFCCL and MCA. Based on this letter of Statutory Auditor of PFCCL, investigation was initiated against some of the employees as per the applicable rules and regulations. As per the investigation, one of the employees of PFCCL has been awarded major penalty and further investigation is under way.

- Your Company is designated by Ministry of Power, Government of India as the 'nodal agency' for facilitating development of Ultra Mega Power Projects and its wholly-owned subsidiary i.e. PFC Consulting Limited is the 'Bid Process Coordinator' for Independent transmission projects.

As on March 31, 2021, for the said purpose, the following Special Purpose Vehicles (SPVs) have been incorporated as subsidiaries/deemed subsidiaries of the Company:

i) Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Ltd.)
ii) Coastal Karnataka Power Limited
iii) Coastal Maharashtra Mega Power Limited
iv) Coastal Tamil Nadu Power Limited
v) Orissa Integrated Power Limited
vi) Sakhigopal Integrated Power Company Limited
vii) Ghogarpalli Integrated Power Company Limited
viii) Tatiya Andhra Mega Power Limited
ix) Deoghar Mega Power Limited
x) Cheyyur Infra Limited
xi) Odisha Infrapower Limited
xii) Deoghar Infra Limited
xiii) Bihar Infrapower Limited
xiv) Bihar Mega Power Limited
xv) Jharkhand Infrapower Limited
xvi) Tanda Transmission Company Limited *
xvii) Bijawar-Vidarbha Transmission Limited*
xviii) Shongtong Karcham-Wangtoo Transmission Limited*
xix) Koppal-Narendra Transmission Limited*
xx) Karur Transmission Limited*
xxi) Ananthapuram Kurnool Transmission Limited*
xxii) Sikar-II Aligarh Transmission Limited*#
xxiii) Bhadla Sikar Transmission Limited*
xxiv) Khetri Narela Transmission Limited*
xxv) Kishtwar Transmission Limited**
xxvi) Khavda-Bhuj Transmission Limited**
xxvii) Nangalbibra-Bongaigaon Transmission Limited**
xxviii) Mohanlalganj Transmission Limited**

* wholly-owned subsidiaries of PFC Consulting Limited.
**wholly-owned by PFC Consulting Limited and incorporated in FY 2021-22.
Transferred on June 8, 2021.

2.0 RISK MANAGEMENT

2.1 ASSET LIABILITY MANAGEMENT

Your Company has put in place an effective Asset Liability Management System as per Asset Liability Management Policy formulated in line with the RBI's guidelines on Liquidity Risk Management Framework to manage the liquidity and interest rate risks. Measurement and monitoring of Liquidity risk is done through cash flow approach; and for Interest rate risk, it is done through traditional gap analysis technique as detailed in RBI guidelines. Such analysis is made on periodical basis in various time buckets and is used for critical decisions regarding the time, volume and maturity profile of the borrowings and creation of mix of assets and liabilities in terms of time period (short, medium and long-term) and in terms of fixed and floating interest rates. The details of the asset liability management maturity pattern are given at Note No. 53 of the Notes to Accounts of the Standalone Financial statements forming part of this Annual Report.

2.2 FOREIGN CURRENCY RISK MANAGEMENT

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

As on March 31, 2021, the total o/s foreign currency liabilities are USD 6,309 mn, JPY 50,892 mn & EUR 11 mn; out of which USD 2,800 mn & JPY 459 mn are hedged. Further, 86% of the FC portfolio with residual maturity up to 5 years has been hedged.

2.3 INTEGRATED ENTERPRISE WIDE RISK MANAGEMENT

In order to manage risks faced by your Company, it has put in place an Integrated Enterprise Wide Risk Management Policy (IRM policy). For implementation of the policy, your Company has constituted a Risk Management Committee of Directors. Under the IRM policy, the Company has to identify the principal risks which may have an impact on its profitability/revenues. In this regard, the Company has identified 11 significant risk parameters which arise from the Company's business model and from its use of financial instruments. These risk parameters cover the major operational risks, financial risks, market risks, regulatory risks etc. faced by the Company and are regularly assessed as per the Risk Assessment Criteria.

3.0 PFC & GOVERNMENT PARTNERSHIP

3.1 INDEPENDENT TRANSMISSION PROJECTS (ITPs)

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

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

As on March 31, 2021, 36 Special Purpose Vehicles (SPVs), 2 by PFC and other 34 by PFC Consulting Limited (wholly-owned subsidiary), have been established for ITPs. Further in the month of April & May, 2021 PFCCL has incorporated 3 new SPVs for development of transmission schemes. Out of 39 SPVs, 26 SPVs were transferred to the successful bidders and bidding process for 9 SPVs are under progress. Further, due to de-notification of schemes by MoP, 2 SPVs were closed and other 3 SPVs are under process of closure.

3.2 ULTRA MEGA POWER PROJECTS (UMPPs)

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

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

Your Company incorporated a total of 19 wholly-owned Special Purpose Vehicles (SPVs) for the UMPPs. Out of these, 4 UMPPs have been transferred to successful bidders and as per the direction of MoP and respective State Governments, PFC / PFCCL is in the process of closure of 4 UMPPs.

Further, MoP is in the process of revision of Standard Bidding Documents (SBDs). The developmental work for UMPPs is under progress.

3.3 INTEGRATED POWER DEVELOPMENT SCHEME (WITH RESTRUCTURED ACCELERATED POWER DEVELOPMENT AND REFORM PROGRAMME (R-APDRP) SUBSUMED IN IT)

a) In order to provide impetus to strengthening of power distribution sector in urban areas and extend financial assistance against capital expenditure for addressing the gaps in sub transmission & distribution network and metering in urban areas to supplement the resources of DISCOMs/ Power Departments, Ministry of Power, Government of India launched ' Integrated Power Development Scheme ' (IPDS) on December 3, 2014. The scheme has been sanctioned under 3 main heads –

i. Strengthening of sub-transmission and distribution networks in the urban areas covering new substations, new lines, replacement of old lines/cables, Aerial Bunched and Underground cabling, metering etc.

ii. IT based technologies like IT enablement of smaller towns and ERP and smart Metering.

iii. New Technologies like Gas Insulated Sub-stations (GIS) and Real Time-Data Acquisition System (RT-DAS) projects.

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

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

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

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

(₹ in Crore)

Scheme	2020-21		Cumulative up to March'2021	
	Approved Project Cost	Disbursements	Approved Project Cost	Disbursements
R-APDRP	(2,749) *	300	31,965	13,194
IPDS	(745) #	3,210	31,314	15,661

Note: * Negative sanction for R-APDRP in 2020-21 indicates reduction in cost upon final closure of R-APDRP Projects.
Reduction in sanctioned project cost for IPDS Projects is due to cancellation of Projects by 16th Monitoring Committee Meeting held on August 3, 2020 considering delay in award of Projects by Utilities and less availability of time for project implementation up to present Sunset date of Mar, 2022 for IPDS/R-APDRP. 18th Monitoring Committee Meeting held on March 18, 2021 decided to revoke cancellation of few Projects based on the request of Utilities.

c) Other developments

- IT and Technical interventions undertaken under the scheme is helping in improvement of Billing/Collection efficiency which will ultimately result in reduction in Aggregate Technical and Commercial (AT&C) losses. The reduction in AT&C loss is already visible in many R-APDRP towns because of establishment of IT system and Part-B completion coupled with administrative and other measures.
- There has been an increased in transparency by way of capturing of data from ≈ 36,000 urban feeders (11 kV) in IT enabled towns on Urban Distribution Monitoring System under National Power Portal.
- The initiatives have helped in giving an impetus to Digital Economy which is evident from the fact that collection of over 50% revenue across IT enabled towns was through Digital means as per data captured on IPDS website.
- Gas Insulated Substations (GIS) have been commissioned for first time in Bihar, Karnataka, UP and NER States.
- More than 3.5 lakh Smart Meters have been installed in the country.
- '1912' – Short-code for 'Complaints on Electricity' is now operational in all Discoms.
- Capacity building/training of Utility personnel has also been carried out using Digital means under IPDS / R-APDRP to enhance their skill through workshops/webinars on AT & C loss reduction, smart metering, project management, guidelines, best practices etc.

Revamped Distribution Sector Scheme

The Central Government has approved a 'Revamped Distribution Sector Scheme – A Reforms based and Results linked Scheme ' with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector. The Scheme aims to reduce the AT & C losses to pan-India levels of 12-15% and Average Cost of Supply (ACS) – Average Revenue Realised (ARR) gap to zero by 2024-25. The Scheme has an outlay of ₹3,03,758 Crore. Under the scheme, eligible DISCOMs would be provided financial support for upgradation of the Distribution Infrastructure and Smart Metering Systems for the network as well as prepaid smart metering systems for consumers. The funding against the works other than prepaid Smart Metering and System Metering would be contingent upon DISCOMs meeting the pre-qualifying criteria and achieving at least 60% marks on the result evaluation matrix formulated on the basis of action plans for loss reduction and work plans of DISCOMs agreed upon by the Government of India.

Your Company has been designated as the Nodal Agency for the said scheme along with its subsidiary REC Limited. Thus, your Company is contributing towards improving operational efficiency and financial health of Distribution Utilities.

4.0 JOINT VENTURES, ASSOCIATE COMPANIES AND OTHER MAJOR INVESTMENTS (AS ON MARCH 31, 2021)

4.1 ENERGY EFFICIENCY SERVICES LIMITED

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

As on March 31, 2021, the Company along with its subsidiary REC holds 47.15% stake in equity share capital of EESL (24.97% directly and 22.18% through its subsidiary REC).

Based on the provisional financials of EESL for FY 2020-21, its turnover for the year was ₹1,471.85 Crore (on standalone basis). Further, the Profit Before Tax and Profit After Tax for the FY 2020-21 were ₹43.96 Crore and ₹32.87 Crore respectively.

4.2 PTC INDIA LIMITED

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

4.3 PFC had invested in Power Exchange India Limited (PXIL). PFC's investment in equity shares of PXIL as on March 31, 2021 is ₹3.22 Crore. Due to erosion of Net Worth of PXIL, the investment has been fair valued at nil as no material amount is expected to be realised.

5.0 INITIATIVES TOWARDS REFORMS AND RESTRUCTURING

5.1 CATEGORISATION OF UTILITIES

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

With respect to State Power Distribution entities (including SEBs/entities with integrated operations), your Company's categorisation policy provides for adoption of MoP's Integrated Ratings by aligning such ratings/gradings with PFC's standard categories of A+, A, B and C. The categorisation enables PFC to determine credit exposure limits, pricing of loans and stipulation of security to the state power entities.

5.2 ANNUAL PERFORMANCE RESEARCH REPORT OF STATE POWER UTILITIES

PFC brought out the Report on the Performance of State Power Utilities (SPUs) for the period of 3 years i.e. 2016-17 to 2018-19 covering 104 utilities for the year 2018-19. The Report is a part of PFC's effort to provide a reliable database which can help to determine the results associated with the reforms in the sector. The Report is recognised by various stakeholders as a useful source of information regarding the state power sector. The Report analyses financial and operational performance e.g. profitability, gap between average cost of supply and average revenue, net worth, capital employed; receivables, payables, AT&C losses etc. and consumption pattern of the sector at utility, state and national level.

The Report for the 3 year period i.e. 2017-18 to 2019-20 is under finalisation and a draft report has been submitted to MoP in March 2021.

5.3 ANNUAL INTEGRATED RATING OF STATE DISTRIBUTION UTILITIES

Ministry of Power has taken various reform initiatives, to bring about improvements in the State Distribution Sector and has put in place an Integrated Rating Methodology for an objective evaluation of performance of State Distribution Utilities. A range of financial, operational & reform-related parameters identified as part of the Integrated Rating Methodology, besides covering the power sector reform initiatives of the State Governments/ DISCOMs and also including parameters relating to actual performance of the Utilities. These ratings are carried out by reputed independent agencies and co-ordinated by your Company.

These ratings are immensely beneficial as a diagnostic tool in the hands of the State Governments as well as Utilities to build on their strengths and work on areas requiring improvements so as to improve their operational efficiency and financial self-sustainability.

Ninth Integrated Ratings for FY 2019-20, covering 41 Utilities in 22 States and *inter-se* ranking of the Utilities was released by the Hon'ble Minister of Power, New & Renewable Energy on July 16, 2021.

6.0 PRESIDENTIAL DIRECTIVES

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

7.0 CORPORATE SOCIAL RESPONSIBILITY

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

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

PFC implemented wide range of CSR & SD activities in the field of Environment Sustainability, Healthcare, Sanitation & Drinking water and Skill development. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. Health & Nutrition with preference given to Aspirational Districts.

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

8.0 HR INITIATIVES

DEVELOPMENT & TRAINING

During the FY 2020-21, the focus of conducting in house programmes was maintained in order to ensure specific skill development in line with the corporate goals. Customised need-based virtual in-house programmes were organised besides sponsoring employees to other programmes conducted by external agencies. A total of 254 employees were sponsored for virtual programmes.

WELFARE MEASURES

Your Company endeavours to follow the best management practices of the industry.

Commitment of the workforce is ensured through an effective package of welfare measures which include comprehensive insurance, medical facilities and other amenities which lead to a healthy workforce. During the period, several new initiatives were taken for employees' welfare such as amendments in Medical Attendance Rules, EPF Trust Rules and Preventive Measures for Covid, etc.

Your Company has undertaken various measures to contain the spread of COVID-19 pandemic. Working through e-office has been implemented to ensure smooth and paperless work in all conditions. Necessary provisions such as remote working and video conferencing were enabled to facilitate work from home during lock-down conditions. The physical meetings in office were minimised to contain the spread of infection. Several camps were organised in the office premises during the period for testing and vaccination of employees. Health talks were also organised to take care of various concerns among employees including stress management during the pandemic.

RECREATIONAL ACTIVITIES

Your Company being a founding member of Power Sports Control Board (PSCB), PFC employees participated with full vigor and enthusiasm in various Inter-CPSU sports tournaments organised by the PSCB member organisations during the period, in addition to organising an Inter-Division T-20 Cricket Tournament for its employees on February, 2021 to encourage team spirit in the Company. The Tournament also witnessed participation of women teams.

HUMAN RESOURCE MANAGEMENT

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

The Industrial Relations within the Company have been very cordial and harmonious with the employees committing themselves entirely to the objectives of the Company. There were no man-days lost during the year under review. The attrition during the period from April 1, 2020 to March 31, 2021 was 0.42%.

RESERVATION OF POSTS

The status of implementation of reservation policy of Government of India is as under:

Group	Total Employees as on March 31, 2021	SC	SC %	ST	ST %	OBC	OBC %	EWS	EWS %
A	461	84	18.22	29	6.29	85	18.44	1	0.22
B	5	1	20.00	1	20.00	0	0.00	0	0.00
C	17	2	11.76	1	5.88	3	17.65	0	0.00
D	0	0	0.00	0	0.00	0	0.00	0	0.00
Total	**483**	**87**	**18.01**	**31**	**6.42**	**88**	**18.22**	**1**	**0.21**

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

REPRESENTATION OF WOMEN EMPLOYEES

Your Company has women in important and critical functional areas. Women representations have gone across hierarchical levels. The Company provides equal growth opportunities for the women in line with Government of India philosophy on the subject. The women are well represented, with 20.29% of the total work force.

Group	Total Employees as on March 31, 2021	Number of Women Employees	Percentage of overall staff strength
A	461	95	20.61%
B	5	0	0.00%
C	17	3	17.65%
D	0	0	0.00%
Total	**483**	**98**	**20.29%**

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

INTERNAL COMPLAINTS COMMITTEE

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

a) Number of complaints pending as on April 1, 2020:01

b) Number of complaints filed during FY 2020-21: Nil

c) Number of complaints disposed of during FY 2020-21: 01

d) Number of complaints pending as on March 31, 2021: Nil

9.0 VIGILANCE

The Vigilance Unit proactively functioned as an effective tool of management. During the FY 2020-21 Vigilance Unit has done Preventive vigilance. This aspect was constantly emphasised by conducting periodic & surprise inspections of various units. During the period, the Vigilance Unit has also issued directions/ effective guidelines to rationalise systems and procedures in order to eliminate gaps and confirming transparency in day to day operations. Information technology was used as an effective tool for providing on-line services to all the stakeholders and to enhance organisational efficiency. The Vigilance Unit carried out detailed investigation in respect of complaints registered during this period.

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

10.0 OFFICIAL LANGUAGE

It is a matter of great pride that your Company has been awarded the First Prize in Public Sector Category in Region 'A' of ' Rajbhasha Kirti Puraskar' for the year 2019-20 by Rajbhasha Vibhag, Ministry of Home Affairs for its concerted efforts made in implementation of Official Language Policy. The Prize has been received by PFC for consecutively 7th time.

Hindi Day on September 14, 2020 and Hindi Month from September 14, 2020 to October 13, 2020 were celebrated to create a Hindi oriented environment. Due to COVID-19, five online competitions like 'Rajbhasha Hindi Prashnottari', 'Likhe Kahani-Apni Zubani', 'Nibandh Lekhan' etc. were organised during the Hindi Month. On the closing ceremony of 'Hindi Month', a cultural programme was organised on October 13, 2020 in which employees of PFC presented cultural programme comprising of PFC song and Poem recitation.

During the year, 9 Hindi workshops and 1 Sangoshthi were organised in which 297 executives participated. Under the joint aegis of Department of Official Language and PFC, a Technical Workshop/Conference on 'Kanthastha' was organised in which more than 50 Officials from various Central Government Offices, Undertakings, Banks and Para Military Forces located in Delhi participated. A Hindi competition namely 'Rajbhasha Samanya Gyan Pratiyogita' was also organised in which more than 75 employees participated. The Head Office (Delhi) and the Regional Office (West), Mumbai of your Company were inspected by the Parliamentary Committee of Official Language respectively and Honourable Committee appreciated the work being done in Hindi in PFC.

Four Issues including 'Rajbhasha Visheshank' of House Journal 'Urja Deepti' were also published and made available on website of Department of Official Language, Ministry of Home Affairs.

11.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) such accounting policies have been selected, applied consistently and judgements & estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the accounts have been prepared on a going concern basis;

(e) the Company has laid down internal financial controls to be followed and that such internal financial controls are adequate and are operating effectively;

(f) the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

12.0 AUDITORS

STATUTORY AUDITORS

Gandhi Minocha & Co., Chartered Accountants and Dass Gupta & Associates, Chartered Accountants were appointed as Joint Statutory Auditors of the Company for FY 2020-21 by the Office of the Comptroller & Auditor General of India.

The Joint Statutory Auditors have audited the accounts of the Company for the FY 2020-21 and have given their report without any qualification, reservation, adverse remark or disclaimer. The copy of the audit report is annexed herewith.

SECRETARIAL AUDITOR

Amit Agarwal & Associates, Company Secretaries was appointed as the Secretarial Auditor of the Company for the FY 2020-21 by the Board of Directors of the Company.

The observations of the Secretarial Auditor and reply of the management on the observations, for the FY 2020-21 along with copy of the audit report is annexed herewith.

COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

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

13.0 STATUTORY DISCLOSURES

13.1 CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION

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

13.2 FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign exchange outgo for the FY 2020-21 aggregating ₹5,096.27 Crore was made on account of debt servicing, financial & other charges.

The Foreign exchange earnings for the FY 2020-21 were nil.

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

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

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

13.4 DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Our outsourced Internal Auditor M/s ASA & Associates LLP, Chartered Accountants, has certified that the Company maintains an adequate system of internal financial controls, evaluates and makes an assessment of its adequacy and effectiveness in a satisfactory manner which takes care of requirements under Companies Act, 2013.

The Statutory Auditors of the Company i.e. Gandhi Minocha & Co., Chartered Accountants and Dass Gupta & Associates, Chartered Accountants and have also given their Report on the Internal Financial Controls stating that the Company has, in all material respects, an internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

13.5 COMPLIANCE OF SECRETARIAL STANDARDS

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

13.6 PARTICULARS OF REMUNERATION U/S 197(12) OF THE COMPANIES ACT, 2013

The provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder related to Managerial Remuneration are not applicable to your Company being a Government Company.

13.7 ANNUAL RETURN LINK

The Annual Return of PFC for FY 2019-20 is available on the link https://pfcindia.com/Home/VS/10256 and for FY 2020-21 it shall be made available on your Company’s website www.pfcindia.com.

13.8 REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against PFC by its officers or employees.

13.9 DEBENTURE TRUSTEES

The details of Debenture Trustees appointed by the Company for the different series of Bonds issued by your Company are annexed herewith.

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

No significant and material orders were passed by any regulator or court or tribunal impacting the going concern status and company's operations during the FY 2020-21.

13.11 DETAILS OF THE APPLICATION MADE OR ANY PROCEEDINGS PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR AND DETAILS OF THE DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

During the year no application has been made or any proceedings pending against PFC under the Insolvency and Bankruptcy Code, 2016. Further, details of the difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions, are not applicable.

13.12 DETAILS OF PROCUREMENT FROM MSES

The details of the procurements made from Micro, Small and Medium Enterprises (MSEs) during the FY 2020-21 and the targets for FY 2021-22 as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 along with Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 is as under:

Sr. No.	Particulars	2020-21 (₹ in Crore)	Target for 2021-22 (₹ in Crore)
I.	Total annual procurement (in value)	42.30	141.86*
II.	Total value of goods and services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	21.63	35.47
III.	Total value of goods and services procured from only MSEs owned by SC / ST entrepreneurs	0.04	5.67
IV.	% age of procurement from MSE (including MSEs owned by SC / ST entrepreneurs) out of total procurement	51%	25%
V.	% age of procurement from only MSEs owned by SC / ST entrepreneurs out of total procurement	0.1%	4%
VI.	Total number of vendor development programmes for MSEs	2	2
VII.	Confirmation of uploading annual MSE procurement profile on your website by hyperlink of same	https://pfcindia.com/DocumentRepository/ckfinder/files/Statutory_Requirements/Codes_and_Policies/Public_Procurement_Policy_for_MSME/Procurement_Target_2021_22.pdf	

* Including ₹ 95.34 Crore as one time requirement of MS unit in PFC (related to IT infrastructure refresh – planned for FY 2021-22).

14.0 RIGHT TO INFORMATION ACT

The Right to Information is a fundamental right under the Constitution of India. RTI Act is a progressive legislation based on citizen's right to know which is a fundamental right enshrined in the Constitution of India. The purpose of the Act is to make the executive accountable and ensure transparency in the implementation of schemes and policies. Under the act, information may be sought from a public authority as defined under the act. Right to information includes right to inspect documents. Under the Act, it is believed that an informed citizen is better equipped to keep necessary vigil on the instruments of governance and make the government more accountable. 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.

An elaborate mechanism has been set up in PFC to deal with requests received under the RTI Act, 2005. Your Company has implemented the Right to Information Act, 2005 to provide information to the citizens of India and also to maintain accountability and transparency in the working of the Company.

The Company has designated a Public Information Officer (PIO) and a First Appellate Authority (RTI) at its registered office for effective implementation of the RTI Act. The relevant information/ disclosures are also made available on the official website (www.pfcindia.com) of the Company. During the period from April 1, 2020 to March 31, 2021, all 136 applications received under the RTI Act, were duly processed and replied to. PFC has also complied with the requirement of filing of online RTI Quarterly Returns on the portal of Central Information Commission (CIC) during the said period.

Further, 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) Suo moto 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 suo-moto disclosure (proactive disclosure) under RTI Act, 2005.

In compliance of the aforesaid Guidelines, PFC has placed the requisite information on the website of the Company. Further, the above guidelines lay down one of the most important mechanisms in terms of getting its proactive disclosures audited by the third party every year to ensure effective compliance of the guidelines. Accordingly, National Power Training Institute (NPTI) (the only Training Institute under the Ministry of Power) has been nominated for carrying out third party audit of RTI Disclosures of power companies including PFC. For FY 2020-21, NPTI will be conducting third party audit of RTI Disclosures of PFC and the said report will be posted on our website.

Besides the above, PFC is also linked with the online RTI Portal of Govt. of India, Department of Personnel & Training (https://rtionline.gov.in), which enables citizens of India, to file RTI applications/first appeals online along with payment gateway. Payment can be made through internet banking of SBI & its associate banks, debit/ credit cards of Master/ Visa and RuPay cards.

15.0 GRIEVANCE REDRESSAL

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

16.0 STATUTORY AND OTHER INFORMATION

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

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

17.0 ACKNOWLEDGEMENT

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

The Board also conveys its gratitude to the shareholders, investors, various International and Indian Banks/Multilateral agencies/ financial Institutions/ credit rating agencies for the continued trust and for the confidence reposed by them in PFC. Your Directors would also like to convey their gratitude to the clients and customers for their unwavering trust and support.

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

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

For and on behalf of the Board of Directors

(R. S. Dhillon)

Place: New Delhi
Chairman & Managing Director

Dated: 26th August, 2021
DIN: 00278074

Management Discussion & Analysis Report

The Management of the Company (PFC) is pleased to present its Report on Industry scenario including the Company's performance during FY 2020-21.

(A) INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian economy encountered a 'once in a century' crisis due to the COVID-19 pandemic that affected economic activities and consequently impacted the livelihood of billions of people. FY 2020-21 began amidst a global pandemic, the management of which led to countries adopting unprecedented measures that brought the economy to a grinding halt. The lockdown and the corresponding restrictions on local and global movement of people and goods, except for essential goods and services, was an exogenous shock that posed considerable challenges to the economy, created uncertainty and was responsible for extensive loss of livelihoods and led to the displacement of people.

₹36,439 Cr

DISBURSED UPTO MARCH 31, 2021 TO STATE POWER DISCOMS UNDER THE PACKAGE ANNOUNCED BY GOI

However, the economic activity has started recovering as the unlocking process has begun. The rebuilding of the Indian economy is hinged on various reform measures aimed at addressing concerns of businesses and support to livelihoods. The revival of the industrial activity accelerated from remedial measures, reforms, and the sizable stimulus package announced by the Government of India (GoI) under the Atmanirbhar Bharat package has helped the economy to get back on its feet.

The performance of the power sector has critical given its deep backward and forward linkages with the other sectors of the economy. Electricity is essential for powering economic activity and is also required in leisure time. In the absence of adequate power, the economy operates at a sub-optimal level and remains distant from its potential and frontier growth trajectory. Therefore, investment an in the power sector is quintessential for more rapid and inclusive economic growth.

The sustained growth with continuous transformation according to new challenges has been characteristic of the Indian power sector. It has witnessed substantial transformation from both the demand (universal electrification) and supply-side (the advent of green energy). Commendable progress has been made in the generation and transmission of electricity in India.

Impact of COVID-19 on PFC

The Company in accordance with RBI guidelines relating to COVID-19 Regulatory package dated **27.03.2020**, **17.04.2020** and **23.05.2020**, has offered moratorium on payment of instalments failing due between **01.03.2020** and **31.08.2020** to eligible borrowers.

The Government of India, as a part of its COVID-19 package announcement, has also announced special economic package on **13.05.2020**, which included liquidity injection for distribution companies in the power sector. The liquidity injection package envisaged funding by PFC and REC to the tune of ₹90,000 Crore in aggregate to provide much needed support to the power sector. The purpose of the liquidity scheme under Atmanirbhar Bharat Package was for clearance of outstanding dues of CPSU GENCOs and TRANSCOs, IPPs and RE Generators as on June 30, 2020.

PFC has sanctioned ₹64,585 Crore and disbursed ₹36,439 Crore to various State Power Discoms under the liquidity package announced by GoI till March 31, 2021.

Moreover, your Company's robust IT infrastructure and digital communication technology enables its workforce to work securely through remote technology ensuring business continuity. The Company has not experienced any significant impact on its liquidity position due to the access to diversified sources of borrowings.

Considering PFC's high credit worthiness and well-established relationship with lenders, PFC would be able to adequately manage its funding need from domestic and international markets.

Generation

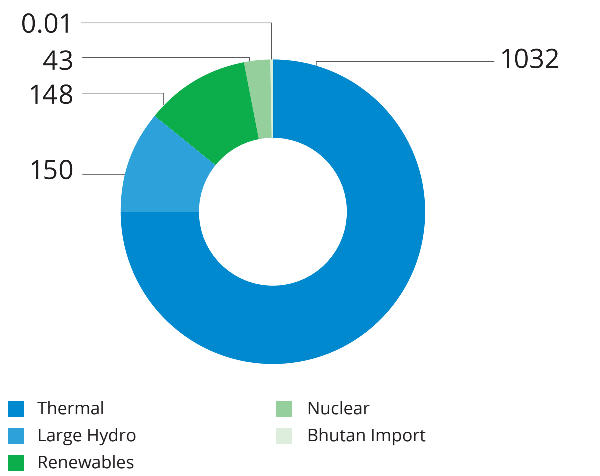
Installed Capacity

As on March 31, 2021, India's total installed capacity was 3,82,151 MW. Thermal sources continued to have a dominant share at around 61% (2,34,728 MW), Hydro around 12% (46,209 MW), Renewable around 25% (94,434 MW) and Nuclear around 2% (6780 MW). The installed capacity stood at around 27% (1,03,869 MW) in state sector, around 47% (1,80,775 MW) in private sector and around 26% (97,507 MW) in central sector.

The overall generation (Including generation from grid connected renewable sources) in the country has increased from 1110 BU during FY 2014-15 to 1174 BU during the FY 2015-16, 1242 BU during FY 2016-17, 1308 BU during FY 2017-18, 1376 BU during FY 2018-19, 1389 BU during FY 2019-20 and 1382 BU during FY 2020-21. The category-wise generation during the year FY 2020-21 was as follows:

Category-wise generation

(BU)



Transmission

The natural resources for electricity generation in India are unevenly dispersed and concentrated in a few pockets. Transmission, an important element in the power delivery value chain, facilitates evacuation of power from generating stations and its delivery to the load centres. For efficient dispersal of power to deficit regions, strengthening the transmission system network, enhancing the Inter-state power transmission system and augmentation the National Grid and enhancement of the transmission system network are required. An extensive network of transmission lines has been developed over the years for evacuating power produced by different electricity generating stations and distributing the same to the consumers.

At the end of February 2021, our country had an extensive transmission network spanning 4,41,821 Ckms (at the 220 kV and above voltage levels). Further against a target of adding 15,791 Ckms of transmission lines for FY 2020-21, 1,64,642 Ckms have been achieved.

Distribution

Distribution is the most important link in the entire power sector value chain. As the only interface between utilities and consumers, it is the cash register for the entire sector. Government of India is supporting states for strengthening distribution system necessary for providing 24x7 power supply to all households through various schemes like Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS) for development of rural and urban distribution sector. Also, Government of India has launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme which aims to ensure electrification of households in the country.

The SAUBHAGYA scheme aims at providing last mile connectivity and electricity connection to all un-electrified households in rural areas and to all remaining economically poor un-electrified households in urban areas though non-poor urban households are excluded from this scheme and Solar Photo-Voltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/habitations, where grid extension is not feasible or cost effective.

Besides the reforms to make the sector more efficient, the distribution sector has also witnessed unprecedented increase in the reach and penetration of electricity in the far corners of the country. With successful village electrification of all inhabited villages in the country, followed by the ambitious SAUBHAGYA scheme for household electrification, distribution sector has indeed come ahead a long way.

(B) OPPORTUNITIES AND THREATS

Opportunities

Your Company is a leading financial institution in India focused on the power sector. It plays a strategic role in the GoI's initiatives for the development of the power sector in India. PFC works closely with GoI, State Governments, power sector utilities, other power sector intermediaries and private sector clients for the development and implementation of policies and structural and procedural reforms for the power sector in India. In addition, it is involved in various GoI programmes for the power sector, including acting as the nodal agency for the UMPP programme and the IPDS/(R-APDRP subsumed in it) and as a bid process coordinator through its wholly-owned subsidiary PFC Consulting Limited for the ITP scheme.

PFC provides a comprehensive range of financial products and related advisory and other services from project conceptualisation to the post-commissioning stage to our clients in the power sector, including for generation (conventional and renewable), transmission and distribution projects as well as for related renovation and modernisation projects. PFC provides various fund based financial assistance, including long-term project finance, short-term loans, buyer's line of credit, underwriting of debt and debt refinancing schemes as well as non-fund based assistance including credit enhancement guarantees and letters of comfort. Your Company also provide various fee-based technical advisory and consultancy services for power sector projects through our wholly-owned subsidiary.

Revamped Reforms-based and Results-linked, Distribution Sector Scheme

The Revamped Reforms-based and Results-linked Distribution Sector Scheme has been formulated by Ministry of Power for supporting DISCOMs to undertake reforms and improve performance in a time bound manner. It seeks to improve the operational efficiencies and financial sustainability, by providing financial assistance to DISCOMs for strengthening of supply infrastructure based on meeting pre-qualifying criteria and achieving basic minimum benchmarks in reforms. PFC and REC are appointed as Nodal Agencies for implementation of this scheme.

The objectives of the scheme are to improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector, reduce the AT&C losses to pan-India levels of 12-15% by FY 2024-25 and reduce ACS-ARR gap to zero by FY 2024-25.

The Revamped Reforms-based and Results-linked Distribution Sector Scheme will have an outlay of ₹3,03,758 Crore with an estimated GBS from Central Government of ₹97,631 Crore. It is envisaged that about ₹200 Crore will be spent by the State Governments towards reforms support in the form of consultancy.

Business opportunities for PFC as nodal agency in the scheme:

- Enhancing brand value and business promotion/development
- Assistance for Counterpart loans and own funds for distribution infrastructure works and other part of scheme from PFC for the scheme
- Consultancy in the form of Project Management Agency (PMA) to utilities through PFCCL

Threats, Risks and Concerns

Inspite of the fact that PFC is a very sound financial player in the power sector, its business is not free from risks. The Company actively identifies evolving risks keeping in view its nature of operations and takes timely action to address and manage them.

The following are some of the risks and concerns faced by your Company:

1.

Economic slowdown

A slowdown in economic growth in India could adversely impact the business of PFC as it's performance and business growth depends on the performance of the overall Indian economy.

2.

Credit risk

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

3.

Liquidity risk

Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the Company. Liquidity risk involves the inability of the Company to fund increase in assets, manage unplanned changes in funding sources and to meet obligations when required.

4.

Legal risk

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

5.

Interest rate risk

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

6.

Changes in legislation

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

(C) SEGMENT–WISE OR PRODUCT-WISE PERFORMANCE

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

(D) OUTLOOK

India's economic activity has been gathering strength with demand and supply sides staging an appreciable recovery, improved mobility and optimism due to a sustained vaccination rollout programme, growth-enhancing proposals in the Union Budget and reasonably favorable monetary conditions. However, India's growth outlook could also depend on the trajectory of global economic recovery, in view of external trade linkages, hardening crude oil prices and competition in the export markets.

Amid the COVID-19 crisis, Government of India has announced special economic package on May 13, 2020, which included liquidity injection for distribution companies in power sector. The liquidity injection package envisaged funding by PFC and REC to the tune of ₹90,000 Crore in aggregate to provide much needed support to power sector. The purpose of the liquidity scheme under Atmanirbhar Bharat Package was for clearance of outstanding dues of CPSU GENCOs & TRANSCOs, IPPs and RE Generators as on June 30, 2020.

PFC has till date sanctioned ₹64,585 Crore and disbursed ₹36,439 Crore to various State Power Discoms under the liquidity package announced by GoI till March 31, 2021.

The new norms of 'social distancing' and 'work-from-home' brought into force by COVID-19, have put an increased focus on the centrality of electricity in powering our current and future needs.

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

(E) INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

Our outsourced Internal Auditor M/s. ASA & Associates LLP, Chartered Accountants, has certified that the Company maintains an adequate system of internal financial controls, evaluates and makes an assessment of its adequacy and effectiveness in a satisfactory manner which takes care of requirements under Companies Act, 2013. The Statutory Auditors of the Company i.e. Gandhi Minocha & Co., Chartered Accountants and Dass Gupta & Associates, Chartered Accountants and have also given their Report on the Internal Financial Controls stating that the Company has, in all material respects, an internal financial controls system over financial reporting were operating effectively as on March 31, 2021 based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Your Company continued to accomplish a healthy growth during the FY 2020-21. The total income stood at ₹37,767 Crore as compared to ₹33,371.06 Crore in FY 2019-20. During the FY 2020-21, your Company earned a net profit of ₹8,444 Crore.

Further, Net Worth (share capital plus all reserves) of the Company grew by 16% in FY 2020-21 to ₹52,393 Crore as compared to ₹45,164 Crore in FY 2019-20 and the loan assets as at March 31, 2021 grew by 7.5% to ₹3,70,771 Crore from ₹3,44,905 Crore as at March 31, 2020.

The Interest Spread on Earning Assets was 3.10% in FY 2020-21 as compared to 2.83% in FY 2019-20. The Net Interest Margin on Earning Assets has increased from 3.54% in FY 2020-21 as compared to 3.17% in FY 2019-20. The Debt Equity Ratio has slightly gone down from 6.72 times in FY 2019-20 to 6.20 time in FY 2020-21.

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

(G) MATERIAL DEVELOPMENTS IN HUMAN

₹52,393 Cr

NET WORTH AS ON MARCH 31, 2021

RESOURCES/INDUSTRIAL RELATIONS FRONT

Your Company has put in place effective human resource acquisition and maintenance function, which is benchmarked with best corporate practices designed to meet the organisational needs. This apart from other strategic interventions leads to an effective management of Human Resources thereby ensuring high level of productivity. Commitment of the workforce is ensured through an effective package of welfare measures which include comprehensive insurance, medical facilities and other amenities which lead to a healthy workforce. Your Company considers its employees as most valuable resources and lays great emphasis on their continuous development including their skill enhancement. As part of the overall human resource development plan, the Company has an annual training plan system to assess the training needs of its employees. Requisite skills are also imparted across all level of employees through customised training intervention.

Your Company undertook various measures to contain the spread of COVID-19 pandemic. Working through e-office was implemented to ensure smooth and paperless work in all conditions. Necessary provisions such as remote working and video conferencing were enabled to facilitate work from home during lockdown conditions. The physical meetings in office were minimised to contain the spread of infection. Several camps were organised in the office premises during the period for testing and vaccination of employees. Health talks were also organised to take care of various concerns among employees including stress management during the pandemic.

The Company has very cordial and harmonious relationship with its employees. There were no man-days lost during the period under review. Total Number of employees on the rolls of the Company as on March 31, 2021 was 483.

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

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

PFC implemented wide range of CSR & SD activities in the field of Environment Sustainability, Healthcare, Sanitation and Drinking water, and Skill development. For the FY 2020-21, the Board of Directors had approved the CSR budget of ₹148.45 Crore.

(I) RENEWABLE AND CLEAN DEVELOPMENT MECHANISM

The world is in a transition phase and energy is central to it. There is a large latent demand for energy services that needs to be fulfilled in order for people to have reasonable incomes and a decent quality of life. Consequently, Ministry of Power has initiated a number of energy efficiency initiatives in the areas of household lighting, commercial buildings, standards and labeling of appliances, demand side management in agriculture/municipalities, SME's and large industries including the initiation of the process for development of energy consumption norms for industrial sub sectors, capacity building of SDA's etc.

Improving the energy efficiency meets the dual objectives of promoting sustainable development and of making the economy competitive. Recognising the formidable challenges of meeting the energy needs and providing adequate and varied energy of desired quality in a sustainable manner and at reasonable costs, improving efficiency have become important components of energy policy. In addition, the environmental and health burdens arising out of the use of hydrocarbons may also force mankind towards energy efficiency and clean energy systems. Energy conservation has also assumed enhanced importance with a view to conserve depleting energy resources.

Keeping in view the Government thrust in clean energy sources, PFC is also focusing more and more on finance to clean/ renewable energy projects. During FY 2020-21, PFC issued sanctions of ₹29,261 Crore to Hydro Generation (>25MW) and disbursed ₹161 Crore. Further, PFC sanctioned ₹14,159 Crore to renewable energy projects and disbursed an amount of ₹4,330 Crore during the same period.

Cautionary Note:

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

Integrated Reporting

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

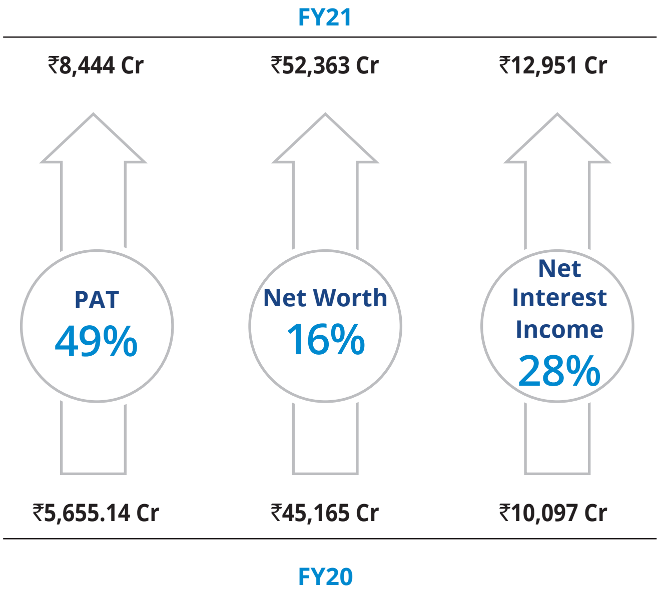
Integrated reporting framework enables your Company to not only highlight its non-financial performance but also the connections between the financial and the non-financial performance. This disclosure is structured using the capitals model of value creation, adopted by the International Integrated Reporting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

The capitals are categorised in the above said framework as financial, manufactured, intellectual, human, social and relationship, and natural.

Financial Capital

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

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



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

Manufactured Capital

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

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

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

Existing manufactured capital enables PFC to be able to be responsive to market needs, enabling the employees to work remotely, efficiently and seamlessly to ensure business continuity.

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

₹342 Cr

PROPERTY, PLANT AND EQUIPMENT AND OTHER NON-FINANCIAL ASSETS (UP 114% Y-O-Y)

Intellectual Capital

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

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

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

Since Intellectual capital mainly relates to human resource, PFC has put in place effective human resource acquisition and maintenance system, which is benchmarked with best corporate practices designed to meet the organisational needs.

Through these organisational systems, procedures and protocols i.e. Intellectual capital, PFC has acquired the knowledge and intellect necessary for its operation and processes. In order to sustain in this dynamic business environment, PFC continues to prepare its talent pool and create Intellectual capital to embrace disruptions, to innovate, to be able to adapt to the changes brought by transformed business models.

₹36 Cr

INTANGIBLE AND RIGHT-TO-USE ASSETS (NO CHANGE Y-O-Y)

Human Capital

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

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

PFC is having highly skilled, professionally qualified and experienced workforce. PFC follows best management practices. PFC believes that employees become empowered only when they are aware of the policies and processes that impact them, therefore, PFC has institutionalised key policies relating to human resource, which ensures commitment of the workforce through an effective package of welfare measures which include comprehensive insurance, medical facilities and other amenities which lead to a healthy workforce.

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

Further, towards ensuring safety of employees and promoting their better health during the COVID-19 pandemic, wokring through e-office has been implemented to ensure smooth and paperless work in all conditions. Necessary provisions such as remote working and video conferencing were enabled to facilitate work from home during lockdown conditions. The physical meetings in office were minimised to contain the spread of infection, vaccination drives were conducted in office premises and employees are being encouraged to use masks, sanitisers and other safety essentials. Health talks were also organised to take care of various concerns among employees including stress management during the pandemic.

By doing so, PFC has been able to create a strong Human capital and as a result of this highly motivated workforce, PFC could achieve the outstanding growth year by year. The growth of PFC is contributing in the growth of the country and creating value to its stakeholders. This highly-motivated workforce is bringing change in the society at large.

483

TOTAL NUMBER OF EMPLOYEES

Social and Relationship Capital

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

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

PFC has a CSR and Sustainability policy in place. The aim of the policy is to ensure that the Company becomes a socially responsible corporate entity committed to improving the quality of life of society. For FY 2020-21, the Board approved the CSR budget of ₹148.45 Crore. PFC implemented wide range of CSR and SD activities in the field of Environment Sustainability, Healthcare, Sanitation and Drinking water, and Skill development. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. Health & Nutrition with preference given to Aspirational Districts.

As part of preventive initiatives against COVID-19, PFC contributed to PM CARES fund setup by the Central Government, procured and distributed medical facilities/equipment's like health masks, sanitisers, thermometres, gloves, mechanical ventilators, Personal Protection Equipment's (PPE) etc, and other relief items including ration etc., provided packed lunch facility to Doctors and healthcare staff of dedicated COVID-19 hospitals, procured and distributed Cold Chain Equipment (CCE) as part of COVID-19 vaccination programme.

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

₹217 Cr

CSR EXPENDITURE DURING FY 2020-21

Natural Capital

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

PFC always endeavours to protect the environment by minimising consumption of natural resources and also by minimising wastage of the same. PFC endeavours to reduce its paper consumption through IT solutions by digitalising processes, wherever possible. PFC, being a Financial Institution, has limited applicability of mechanism to recycle products and waste, however, the Company has installed an Organic Composting machine in the office premises for recycling organic waste generated on routine basis in the office building kitchen/pantry.

PFC has gone paperless, thereby empowering its employees to work with lesser carbon footprint. PFC continues to encourage its employees to use remote working methods, following the COVID-19 pandemic.

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

During FY 2020-21, PFC issued sanctions of ₹29,261 Crore to Hydro Generation (>25MW) and disbursed ₹161 Crore . Further, PFC sanctioned ₹14,159 Crore to renewable energy projects and disbursed an amount of ₹4,330 during the same period.

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

₹4,491 Cr

DISBURSED FOR RENEWABLE AND HYDRO POWER GENERATION PROJECTS

Report on Corporate Governance

Corporate governance is about maximising shareholder value legally, ethically and sustainably. The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. PFC's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising employees, investors and the society at large.

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

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

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

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

i. Management must have the executive freedom to drive the enterprise forward for sustainable growth without undue restraints; and

ii. This freedom of management should be exercised within the framework of regulatory environment and effective accountability.

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

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

2. BOARD OF DIRECTORS

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

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

Composition

PFC is a Government Company within the meaning of Section 2 (45) of the Companies Act, 2013 as the President of India as on March 31, 2021 holds 55.99% of the total paid-up share capital of the Company and as per Articles of Association of the Company, the power to appoint Directors vests in the President of India. Further, in terms of Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen.

As on March 31, 2021 the Company's Board comprised of five Directors which includes three whole-time functional Directors, one part time Government Nominee Director and one non-official part-time (Independent) Director. A brief profile of all the Directors is provided in this Annual report.

During the FY 2020-21, the following changes took place in the composition of the Board of Directors of the Company: -

(i) Consequent upon reaching the age of superannuation, Shri Rajeev Sharma, Chairman and Managing Director, ceased to be a Member of the Board w.e.f. June 1, 2020.

(ii) Shri Ravinder Singh Dhillon, Director (Projects) was appointed by Ministry of Power, Government of India as the Chairman and Managing Director w.e.f. June 1, 2020.

(iii) Shri P. K. Singh, Director (Commercial) was given the additional charge of Director (Projects) by Ministry of Power, Government of India w.e.f. June 1, 2020

(iv) Consequent upon reaching the age of superannuation, Shri N. B. Gupta, Director (Finance), ceased to be Members of the Board w.e.f. July 1, 2020.

(v) Consequent upon appointment by Ministry of Power, Government of India, Smt. Parminder Chopra assumed the charge of Director (Finance) w.e.f. July 1, 2020.

(vi) Consequent upon completion of tenure, Smt. Gouri Chaudhury, Independent Director, ceased to be a Member of the Board w.e.f. November 3, 2020.

(vii) Shri Tanmay Kumar, Joint Secretary, Ministry of Power was nominated by Ministry of Power, Government of India as Government Nominee Director on the board w.e.f. November 4, 2020 vice Shri Mritunjay Kumar Narayan, Joint Secretary, who was earlier nominated on the Board of PFC.

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

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

The composition of Board of Directors as on March 31, 2021 was as follows:

Whole-Time Directors		
i)	Shri Ravinder Singh Dhillon	Chairman and Managing Director, Chief Executive Officer and Key Managerial Personnel
ii)	Shri Praveen Kumar Singh	Director (Commercial) & Addl. Charge of Director (Projects) and Key Managerial Personnel
iii)	Smt. Parminder Chopra	Director (Finance), Chief Finance Officer and Key Managerial Personnel
Government Nominee Director		
iv)	Shri Tanmay Kumar	Director (Government Nominee)
Non-Official Part Time (Independent) Director		
v)	Shri R. C. Mishra	Independent Director

Your Company has under the RBI's Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, formulated a Fit and Proper Policy for ascertaining the fit and proper status of the directors of the Company. The Nomination and Remuneration Committee of the Company has in terms of the said policy ascertained all the Members on the Board of the Company as fit and proper for the FY 2020-21.

Further, pursuant to the requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has obtained a certificate from a Practicing Company Secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of company by the Board/Ministry of Corporate Affairs or any such statutory authority.

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

Board Meetings

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

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

(i) May 11, 2020 (ii) May 29, 2020 (iii) June 24, 2020 (iv) July 14, 2020 (v) August 13, 2020 (vi) September 14, 2020 (vii) October 08, 2020 (viii) November 12, 2020 (ix) December 30, 2020 (x) February 11, 2021 (xi) February 26, 2021 (xii) March 12, 2021 and (xiii) March 30, 2021.

Annual General Meeting

The last Annual General Meeting of the Company was held on September 29, 2020.

Directors' attendance (physical presence/through video conferencing) at the Board Meetings held during the FY 2020-21 and at the last Annual General Meeting, number of directorships in other companies and Membership/Chairmanship in the committees of other companies, core skills, expertise, and competencies of the Members of the Board etc. are as follows:

Name and Designation	Board Meetings		No of other Directorships as on March 31, 2021*	Chairmanship/ Membership in the committees of other companies as on March 31, 2021**		Attendance at the last AGM held on September 29, 2020	Core skills, expertise, and competencies
	Held during the tenure	Attended		Member	Chairman		
Shri R. S. Dhillon Chairman & Managing Director (w.e.f. June 1, 2020)	11	11	1	Nil	Nil	Present	• B.E. (Electrical) – Thapar Institute of Engineering & Technology, Patiala • M.Tech. (Power Systems) – Indian Institute of Technology (IIT), Delhi • More than 36 years of experience in Power Sector
Director (Projects) (up to May 31, 2020)	2	2					
Shri Rajeev Sharma Chairman and Managing Director	2	2	Term of office expired on June 1, 2020				
Shri Praveen Kumar Singh Director (Commercial)	13	13	7#a	1	1	Present	• B.Tech. (Electrical) from IIT-BHU • M.Tech. (Energy and Environment Management), IIT New Delhi. • Global Energy MBA Programme, Bayer College of Business, University of Houston, USA. • More than 34 years of experience in Power Sector.
Smt. Parminder Chopra Director (Finance) (w.e.f. July 1, 2020)	10	10	9#b	0	1	Present	• Bachelor's degree in Commerce and is a qualified Cost Accountant and MBA • More than 33 years of experience in power sector.
Shri N. B. Gupta Director (Finance)	3	2	Term of office expired on July 1, 2020				
Shri Tanmay Kumar Director (Government Nominee) (w.e.f. November 4, 2020)	6	6	3#c	0	1	NA	• Indian Administrative Service (IAS) officer of 1993 RJ Cadre and Joint Secretary in Ministry of Power. • B.Tech. in Civil Engineering from IIT, Delhi and M.Tech. in Soil Mechanics & Foundation Engineering from IIT, Delhi.
Shri Mritunajy Kumar Narayan Director (Government Nominee)	7	6	Term of office expired on November 4, 2020			Present	NA
Shri R. C. Mishra Independent Director	13	13	Nil	Nil	Nil	Present	• Indian Administrative Service (IAS) in 1978. • Master degree in Science (M.Sc.) from University of Allahabad and Master degree in Business Administration (M.B.A.) from University of Ljubljana, Slovenia.
Smt. Gouri Chaudhury Independent Director	7	7	Term of office expired on November 3, 2020			Present	NA

* Does not include Directorship in Private Companies, Section 8 Companies under the Companies Act, 2013 and Foreign Companies.
** Does not include Chairmanship/ Membership in Board Committees other than Audit Committee and Shareholders'/ Investors' Grievance Committee.

Details of Directorship in Listed Entities

#a Nominee Director of PFC in REC Limited
#b Nominee Director of PFC in PTC India Limited
#c Government Nominee Director in REC Limited, NHPC Limited and SJVN Limited.

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

Separate Meeting of Independent Directors

As on March 31, 2021, there was only one Independent Director on the Board of the Company. So therefore, no Separate Meeting of Independent Directors was held in FY 2020-21.

Declaration by Independent Director

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

Further, all the Independent Directors in the first meeting of the Board of the FY 2021-22 held on May 21, 2021 gave a declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE's Guidelines on Corporate Governance for CPSEs. The Board of Directors in the said meeting confirmed that the Independent Directors of the Company fulfill the conditions specified in Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE's Guidelines on Corporate Governance for CPSEs and are independent of the management. No Independent Director has resigned during the FY 2020-21.

Familiarisation programme for Independent Directors

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

http://www.pfcindia.com/DocumentRepository/ckfinder/files/Investors/Equities/Disclosure/12042019/Disclosure_SEBI_46_2.pdf

3. COMMITTEES OF THE BOARD OF DIRECTORS

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

i) Audit Committee of Directors

ii) Nomination and Remuneration Committee

iii) Stakeholder Relationship and Shareholders'/Investors' Grievance Committee

iv) Risk Management Committee

v) CSR & Sustainable Development Committee of Directors

vi) Loans Committee of Functional Directors

vii) Investment Committee of Directors

viii) HR Committee

ix) ALM Committee of Functional Directors

3.1 Audit Committee of Directors

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

After completion of tenure of Smt. Gouri Chaudhury, Independent Director on November 3, 2020, there was an absence of requisite number of Independent Directors on the Board of PFC, to re-constitute the Audit Committee in conformity with the applicable statutory provisions. Due to non-availability of Independent Directors, the Company has presently constituted its Audit Committee comprising of one independent director, one Government Nominee Director and one functional Director. The Audit Committee would be re-constituted upon appointment of requisite number of Independent Directors on the Board of PFC.

As on March 31, 2021, the Audit Committee comprised of the following:

Name of Member	Designation
Shri R. C. Mishra	Chairman
Shri Tanmay Kumar	Member
Shri P. K. Singh	Member

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

During the FY 2020-21, seven meetings of the Audit Committee were held i.e. (i) June 24, 2020 (ii) July 10, 2020 (iii) August 13, 2020 (iv) September 14, 2020 (v) November 12, 2020 (vi) February 11, 2021 and (vii) March 30, 2021.

The details of the meetings attended by members during the FY 2020-21 are as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. C. Mishra	Independent Director	7	7
Shri Tanmay Kumar (w.e.f. November 9, 2020)	Government Nominee Director	3	3
Shri P. K. Singh (w.e.f. June 1, 2020)	Director (Commercial) and Addl. charge of Director (Projects)	7	6
Smt. Gouri Chaudhury (up to November 2, 2020)	Independent Director	4	4

Director (Finance) is permanent invitee to the meetings of the said committee.

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

3.2 Nomination and Remuneration Committee

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

After completion of tenure of Smt. Gouri Chaudhury, Independent Director on November 3, 2020, there was an absence of requisite number of Independent Directors on the Board of PFC, to re-constitute the Nomination and Remuneration Committee in conformity with the applicable statutory provisions. Due to non-availability of Independent Directors, the Company has presently constituted its Nomination and Remuneration Committee comprising of one independent director, one Government Nominee Director and one functional Director. The Nomination and Remuneration Committee would be re-constituted upon appointment of requisite number of Independent Directors on the Board of PFC.

As on March 31, 2021 the Nomination and Remuneration Committee comprised of the following:

Name of Member	Designation
Shri R. C. Mishra	Chairman
Shri Tanmay Kumar	Member
Shri P. K. Singh	Member

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

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

During the FY 2020-21, two meetings of the Nomination and Remuneration Committee were held i.e. (i) July 14, 2020 and (ii) November 12, 2020.

The detail of the meeting attended by members during the FY 2020-21 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. C. Mishra	Independent Director	2	2
Shri Tanmay Kumar (w.e.f. November 9, 2020)	Govt. Nominee Director	1	0
Shri P. K. Singh (w.e.f. November 9, 2020)	Director (Commercial)	1	1
Shri Mritunjay Kumar Narayan (up to November 3, 2020)	Govt. Nominee Director	1	1
Smt. Gouri Chaudhury (up to November 2, 2020)	Independent Director	1	1

Remuneration Policy

Your Company is a Central Public Sector Undertaking in which all members of the Board are appointed by the President of India through the administrative ministry i.e. Ministry of Power, Government of India, which, *inter alia*, fixes the remuneration of such Whole-Time Directors through their respective appointment orders/pay fixation orders. The appointment and remuneration of other employees of the Company is done as per the DPE guidelines. The members of the Board, apart from receiving Directors' remuneration, in case of CMD and Whole-Time Directors, do not have any material pecuniary relationship or transaction with the company, its promoters or its subsidiary, which in the judgement of Board may affect independence of judgement of Directors. PFC being a government company, the evaluation of performance of all the members of the Board including Independent Directors is undertaken by administrative ministry i.e. Ministry of Power, Government of India.

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

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

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 2020-21 are given below:

Name of the Director	Salary (₹)	Benefits (₹)	Bonus/Commission ex-gratia (₹)	Performance linked incentives (₹)	Stock options (₹)	Total (₹)	Number of shares held as on March 31, 2021
Shri R. S. Dhillon	42,31,845	11,90,313	0	22,91,072	0	77,13,230	27,050
Shri P. K. Singh	39,50,653	13,87,292	0	25,88,884	0	79,26,829	32,194
Smt. Parminder Chopra (w.e.f. July 1, 2020)	27,56,340	10,71,350	0	0	0	38,27,690	2,000
Shri Rajeev Sharma (up to May 31, 2020)	26,59,609	13,27,481	0	36,52,131	0	76,39,221	NA
Shri N. B. Gupta (up to June 30, 2020)	28,73,279	7,14,186	0	27,13,349	0	63,00,814	NA

Notes:
1. Salary & Allowances have been considered on paid basis for the period working in capacity of Director.
2. Above information does not include Lease Rent, Non-Taxable Allowances, Non-Taxable Medical Reimbursement, Other Non-Taxable Perquisites Contribution to Superannuation Benefits, Service Award and Reimbursement towards Conveyance, Uniform, Electricity, Water and Attendant Charges.
3. The performance linked incentives are paid as per the Performance Related Pay (PRP) System of the Company.
4. The appointment of Directors and terms of appointment including remuneration, notice period, severance fees, if any etc. are decided by President of India.

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

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

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

As on March 31, 2021, Shri R. C. Mishra, Independent Director and Shri Tanmay Kumar, Government Nominee Director hold nil shares in the Company.

3.3 Stakeholder Relationship and Shareholders'/ Investors' Grievance Committee

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

As on March 31, 2021 the Stakeholders Relationship and Shareholders'/Investors' Grievance Committee comprised of the following:

Name of Member	Designation
Shri R. C. Mishra	Chairman
Shri P. K. Singh	Member
Smt. Parminder Chopra	Member

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

During the FY 2020-21, four meetings of the Stakeholder Relationship and Shareholders'/Investors' Grievance Committee were held i.e. (i) June 24, 2020 (ii) August 13, 2020 (iii) November 12, 2020 and (iv) February 11, 2021.

The detail of the meeting attended by members during the FY 2020-21 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. C. Mishra (w.e.f. November 9, 2020)	Independent Director	2	2
Shri P. K. Singh (w.e.f. June 1, 2020)	Director (Commercial) and Addl. charge of Director (Projects)	4	4

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Smt. Parminder Chopra (w.e.f. July 1, 2020)	Director (Finance)	3	3
Smt. Gouri Chaudhury (up to November 2, 2020)	Independent Director	2	2
Shri N. B. Gupta (up to June 30, 2020)	Director (Finance)	1	1

Information on investor complaints for the year ended March 31, 2021 is as follows:

Particulars	Equity	Bonds
Pending at the beginning of the year	0	0
Received during the year	1,541	5,458
Disposed of during the year	1,525	5,458
Lying unresolved at the end of the year	16*	0

* The complaints received at the end of quarter, were subsequently resolved in the 1st week of April, 2021

3.4 Risk Management Committee

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

As on March 31, 2021 the Risk Management Committee comprised of the following:

Name of Members	Designation
Shri P. K. Singh	Chairman
Smt. Parminder Chopra	Member

During the FY 2020-21, two meetings of the Risk Management Committee were held on (i) September 30, 2020 and (ii) March 25, 2021

The detail of the meetings attended by members during the FY 2020-21 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri P. K. Singh (w.e.f. June 1, 2020)	Director (Commercial) and Addl. charge of Director (Projects)	2	2
Smt. Parminder Chopra (w.e.f. July 1, 2020)	Director (Finance)	2	2

3.5 CSR & Sustainable Development Committee of Directors

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

As on March 31, 2021 the CSR & Sustainable Development Committee comprised of the following:

Name of Members	Designation
Shri R. C. Mishra	Chairman
Shri P. K. Singh	Member
Smt. Parminder Chopra	Member

During the FY 2020-21, six meetings of the CSR & Sustainable Development Committee of Directors were held on (i) May 29, 2020 (ii) August 13, 2020 (iii) September 14, 2020 (iv) November 12, 2020 (v) December 30, 2020 and (vi) March 8, 2021.

The detail of the meetings attended by members during the FY 2020-21 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. C. Mishra	Independent Director	6	6
Shri P. K. Singh	Director (Commercial)	6	6
Smt. Parminder Chopra (w.e.f. November 9, 2020)	Director (Finance)	3	3
Smt. Gouri Chaudhury (up to November 2, 2020)	Independent Director	3	3

3.6 Loans Committee of Functional Directors

Loans Committee of Functional Directors is constituted for:

1. Sanction of financial assistance including enhancement up to ₹500 Crore for individual scheme or project.

2. Relaxation of eligibility and other conditions of sanction in respect of financial assistance up to ₹500 Crore for individual scheme/project including the loans already sanctioned.

3. Sanction of lease assistance above ₹50 Crore but up to ₹500 Crore.

4. Sanction of medium-term loan above ₹50 Crore but up to ₹500 Crore, with a tenor not exceeding 10 years including relaxation of eligibility and other conditions of sanction.

5. Term Loans under the 'Special Long-Term Transition Loan to DISCOMs for COVID-19' above ₹500 Crore (since subsumed in 'Scheme for Special Long-Term Transition Loan to DISCOMs in exemption of UDAY Limit').

6. Term Loans under the UDAY scheme up to ₹500 Crore (valid only up to March 31, 2021).

7. Loan under 'Policy for financing Medium-Term Loan (MTL) to Govt. Sector Borrowers for meeting

operational/non-capex requirements' above ₹500 Crore (valid only up to March 31, 2021).

8. 'Scheme for Special Long-Term Transition Loan to DISCOMs in exemption of UDAY Limit' above ₹500 Crore.

As on March 31, 2021 the Loans Committee of Functional Directors comprised of the following:

Name of Members	Designation
Shri R. S. Dhillon	Chairman
Shri P. K. Singh	Member
Smt. Parminder Chopra	Member

During the FY 2020-21, fourteen meetings of the Loans Committee of Functional Directors were held on (i) June 29, 2020 (ii) July 3, 2020 (iii) July 10, 2020 (iv) July 15, 2020 (v) August 1, 2020 (vi) September 17, 2020 (vii) September 30, 2020 (viii) October 14, 2020 (ix) October 28, 2020 (x) December 28, 2020 (xi) February 01, 2021 (xii) February 09, 2021 (xiii) March 25, 2021 and (xiv) March 28, 2021.

The detail of the meetings attended by members during the FY 2020-21 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R.S. Dhillon (w.e.f. June 1, 2020)	Chairman and Managing Director	14	14
Shri P. K. Singh	Director (Commercial)	14	14
Smt. Parminder Chopra (w.e.f. July 1, 2020)	Director (Finance)	13	13
Shri N. B. Gupta (up to June 30, 2020)	Director (Finance)	1	1

3.7 Investment Committee of Directors

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

As on March 31, 2021 the Investment Committee of Directors comprised of the following:

Name of Members	Designation
Shri R. S. Dhillon	Chairman
Shri R. C. Mishra	Member
Shri P. K. Singh	Member
Smt. Parminder Chopra	Member

During the FY 2020-21 one meeting of the Investment Committee of Directors was held on July 10, 2020.

The detail of the meetings attended by members during the FY 2020-21 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. S. Dhillon (w.e.f. June 1, 2020)	Chairman and Managing Director	1	1
Shri R. C. Mishra	Independent Director	1	1
Shri P. K. Singh	Director (Commercial)	1	0
Smt. Parminder Chopra (w.e.f. July 1, 2020)	Director (Finance)	1	1

3.8 HR Committee

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

As on March 31, 2021 the HR Committee comprised of the following:

Name of Members	Designation
Shri P. K. Singh	Chairman
Smt. Parminder Chopra	Member

During the FY 2020-21, no meeting of the HR Committee was held.

3.9 ALM Committee of Functional Directors

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

As on March 31, 2021 the ALM Committee of Functional Directors comprised of the following:

Name of Members	Designation
Smt. Parminder Chopra	Chairman
Shri P. K. Singh	Member

During the FY 2020-21, two meetings of the ALM Committee of Functional Directors were held on May 27, 2020 and March 31, 2021 respectively.

The detail of the meeting attended by members during the FY 2020-21 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri N. B. Gupta (upto June 30, 2020)	Director (Finance)	1	1
Shri R. S. Dhillon	Director (Projects)	1	1
Smt. Parminder Chopra (w.e.f July 1, 2020)	Director (Finance)	1	1
Shri P. K. Singh	Director (Commercial) & Addl. Charge of Director (Projects)	1	1

4. OTHER COMMITTEES

IT Strategy Committee

Pursuant to RBI's Master Directions for Information Technology Framework for NBFCs, the Board of Directors of the Company constituted the IT Strategy Committee comprising of Shri R. C. Mishra, Independent Director, Chief Information Officer/Chief Technology Officer and Chief Information Security Officer of the Company. The terms of reference and roles and responsibilities of the said IT Strategy Committee include approving IT strategy and policy documents, monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; Ensuring proper balance of IT investments for sustaining PFC's growth and becoming aware about exposure towards IT risks and controls etc.

5. GENERAL BODY MEETING

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

AGM	Date	Day	Time	Location	Special Resolution
32nd	September 11, 2018	Tuesday	10:30 a.m.	Talkatora Indoor Stadium, Talkatora Garden, New Delhi – 04.	• Appoint Smt. Gouri Chaudhury, 76 years, as an Independent Director of the Company. • For Raising funds up to ₹65,000 Crore through issue of Bonds/ Debentures/ notes/ debt securities on Private Placement basis in India and/or outside India. Approve scheme of arrangement for Amalgamation of PFC Green Energy Limited with PFC and their respective shareholders and creditors under Sections 230-232 of Companies Act, 2013.
33rd	August 27, 2019	Tuesday	11.00 a.m.	Talkatora Indoor Stadium, Talkatora Garden, New Delhi – 04.	• For Raising funds up to ₹70,000 Crore through issue of Bonds/ Debentures/ notes/ debt securities on Private Placement basis in India and/or outside India.
34th	September 29, 2020	Tuesday	12:30 p.m.	At the Registered Office of the Corporation through Video Conferencing	• Enhancement of borrowing limit approved under Section 180(1)(c) of the Companies Act, 2013 & modification under Section 180 (1)(a) of the Companies Act, 2013 • To Change Object Clause of the Memorandum of Association of the Company

POSTAL BALLOT

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

6. DISCLOSURES

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

https://www.pfcindia.com/Default/ViewFile/?id=1561552784406_Final%20Policy%20on%20RPT%2017052019.pdf&path=Page

Neither any penalty nor any stricture has been imposed by SEBI, Stock Exchanges or any other Statutory Authority on any matter relating to capital market during the last three years. However, during FY 2020-21, the Company was in receipt of notices of penalty from National Stock Exchange and Bombay Stock Exchange for non- compliance of the requirement of composition of the Board and its Committees. It is pertinent to mention that BSE has waived off the penalty for the first three quarters. The Company is following up with the stock exchanges for waiver of the balance fine(s) as well.

The Company has in place an Internal Complaints committee to examine the cases related to sexual harassment under the 'Sexual Harassment of Women at Work Place' (Prevention, Prohibition and Redressal) Act, 2013. During the FY 2020-21, no complaint has been filed under the said Act.

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

http://www.pfcindia.com/Default/ViewFile/?id=1490188785276_WBP.pdf&path=Page.

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

https://www.pfcindia.com/Default/ViewFile/?id=1561552854274_Final%20Policy%20for%20Material%20Subsidiary17052019.pdf&path=Page

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

The Company has not issued any Stock Options/ESOPs during the financial year 2020-21.

Your Company has broadly complied with all requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India, as amended from time to time, except for the compliances related to appointment of requisite number of Independent Directors including Woman Independent Director. The status of adoption of non-mandatory requirements is as under:

1. **The Board:** The Company is headed by an executive Chairman.

2. **Shareholder Rights:** The quarterly/ half yearly/ annual financial results of the Company are published in leading newspapers as mentioned under the heading 'Means and Communication' of the Corporate Governance report and also displayed on the website of the Company.

3. **Modified opinion(s) in audit report:** It is always Company's endeavour to move towards a regime of financial statements with unmodified audit opinion.

4. **Reporting of Internal Auditor:** The Internal auditors of the Company are invited to the Meetings of the Audit Committee and regularly interact with the members of the Audit committee.

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

The total fee paid by your Company to the Statutory Auditors is ₹1.19 Crore.

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

7. MEANS OF COMMUNICATION

The Company recognises communication as a key element of the overall Corporate Governance framework and therefore emphasises continuous, efficient and relevant communication to public at large. The Company communicates with its shareholders through its annual report, general meeting, newspapers and disclosures through website. The Company also communicates with its institutional shareholders through investor conferences, conference calls etc. While the Quarterly/Annual Financial results are published in national newspapers like The Economic Times, The Navbharat Times, The Hindustan Times, Business Standard, Business Standard (Hindi), The Financial Express, Dainik Bhaskar, Dainik Jagran (Hindi), Amar Ujala, The Indian Express, etc., 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.

8. CEO / CFO CERTIFICATION

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Certificate duly signed by CEO i.e. Chairman & Managing Director and CFO i.e. Director (Finance) was placed before the Board of Directors at its meetings held on June 15, 2021 (Copy enclosed at **Annexure I** of this Report).

9. COMPLIANCE WITH APPLICABLE LAWS

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

10. CODE OF CONDUCT

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

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

11. CODE FOR PREVENTION OF INSIDER TRADING

In pursuance of Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, your Company has formulated the comprehensive Code i.e. 'Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct for Regulating, Monitoring & Reporting of Trading in the Securities of Power Finance Corporation Limited' to preserve the confidentiality and to prevent misuse of un-published price sensitive information. All Designated Persons and other Connected Persons as mentioned in the Code have a duty to safeguard the confidentiality of all such information obtained in the course of his or her assignment at the Company and not to misuse his or her position or information to gain personal benefit or to provide benefit to any third party. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the securities of the Company and the consequences of non-compliance. The Company Secretary has been appointed as Compliance Officer and is responsible for ensuring adherence of the said Code.

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

The copy of the 'Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct for Regulating, Monitoring & Reporting of Trading in the Securities of Power Finance Corporation Limited' is also available on the Company website https://www.pfcindia.com/Default/ViewFile/?id=1614952208955_Insider_Trading_Code_Amended05032021.pdf&path=Page

12. SHAREHOLDERS INFORMATION

a) Annual General Meeting

Date	Time	Venue
September 21, 2021	12.30 P.M.	Through Video Conferencing (VC)

The 35th Annual General Meeting shall be held through Video Conferencing/Other Audio Visual Means. The Company will provide facility to shareholders to attend the said AGM electronically and also enable shareholders to exercise their right to vote through electronic means at the said AGM. Details regarding participation in the said AGM and other relevant information is appearing in the Notice of the 35th AGM of the Company.

b) Financial calendar for FY 2021-22 (Tentative)

Particulars	Date
Financial year	April 1, 2021 to March 31, 2022
Un-audited financial results for the first three quarters Audited Financial Results	Will be announced within 45 days from the end of each quarter. Audited Financial Results will be announced on or before 60 days from the end of financial year.
AGM (Next year)	August/September 2022

c) Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from September 2, 2021 to September 21, 2021 inclusive of both days.

d) Payment of Dividend

- **Dividend Distribution Policy**

  The Company has formulated a Dividend Distribution Policy in compliance of Regulation 43A of the SEBI (LODR) Regulations, which, *inter alia*, specifies the external and internal factors including financial parameters, that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.

  The policy is available on PFC's website at

  http://www.pfcindia.com/Default/ViewFile/?id=1546009180778_DividendDistribution.pdf&path=Page

- **Dividend details for the FY 2020-21**

  The Board of Directors of the Company, has recommended payment of final dividend of ₹2 per share for the financial year ended March 31, 2021 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 per share already paid in March, 2021 on the paid up equity share capital of the Company. Thus, the total dividend for the FY 2020-21 amounts to ₹10 per equity share.

  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 to the Members or their mandates whose names appear on the Company's Register of Members on July 2, 2021 in respect of physical shares. In respect of dematerialised 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 July 2, 2021. 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.

- ## Dividend History

Year	Total Paid-up Capital (₹ in Crore)	Total Amount of Dividend paid (₹ in Crore)	Rate of Dividend (%)	Date of Payment (Interim & Final)
2015-16	1,320.04 (1st Interim)	1161.64	88	January 4, 2016
	1,320.04 (2nd Interim)	594.02	45	February 24, 2016
	1,320.04 (Final)	79.20	6	September 1, 2016
	Total	**1834.86**	139	-
2016-17	2,640.08 (Interim)	1320.04	50	April 7, 2017
	Total	**1320.04**	50	-
2017-18	2,640.08 (1st Interim)	1584.05	60	November 23, 2017
	2,640.08 (2nd Interim)	475.21	18	March 19, 2018
	Total	**2059.26**	78	-
2018-19	2640.08	-	-	-
2019-20	2,640.08 (Interim)	2508.07	95	March 12, 2020
	Total	**2508.07**	95	-

- ## Status of Unclaimed Amounts and Shares/ Dividend/ Bonds transferred to IEPF Account

Bonds

The total unclaimed and unpaid amount as on March 31, 2021 was ₹149.45 Crore (principal plus interest). The unpaid/unclaimed amount of bonds transferred to IEPF during FY 2020-21 is ₹4,87,000.

Further, the unclaimed/unpaid amount of interest on application money on Tax Free Bonds 2013-14 (Tranche I) was ₹1,59,232.18. This amount of ₹1,59,232.18 was transferred to IEPF account.

Unclaimed Dividend-Equity

The unclaimed balance amount of dividend (equity) as on March 31, 2021 was ₹3.90 Crore (rounded off). The unclaimed dividend of ₹7,86,722 (final) became due for transfer during the year ended March 31, 2021 and was accordingly transferred to Investor Education and Protection Fund (IEPF).

Equity Shares transferred to IEPF

As per the provisions of Section 124(6) of the Companies Act, 2013 read with Rule 6 of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 {IEPF Rules}, all shares in respect of which dividend has not been claimed for seven consecutive years, are required to be transferred by the Company to the Demat Account of the IEPF Authority. Accordingly, the Company has transferred 5021 Equity shares (of ₹10/- each) in July, 2020 and 10,844 Equity shares (of ₹10/- each) in February, 2021. As on March 31, 2021, the number of equity shares held in Demat account to IEPF Authority were 63,516. Subsequently, 15,357 Equity shares (of ₹10/- each) were also transferred to the Demat Account of IEPF Authority in June, 2021.

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

Nodal Officer

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

Nodal Officer	Shri Manohar Balwani, Company Secretary
Deputy Nodal Officer in respect of bonds/ debentures	Shri Ishwar Singh, CGM (RMD-II)

e) 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)
Exchange Plaza, Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051 Scrip Code: PFC EQ	Floor 25, P J Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 532810
Stock Code (ISIN): INE134E01011	

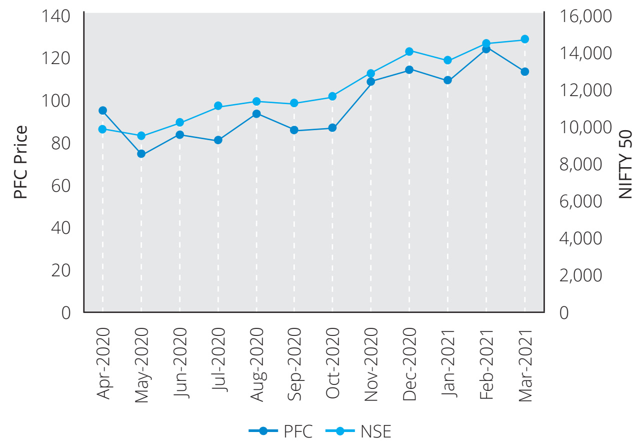
The annual listing fees for the FY 2020-21 have been paid to NSE and BSE.

f) Market Price Data

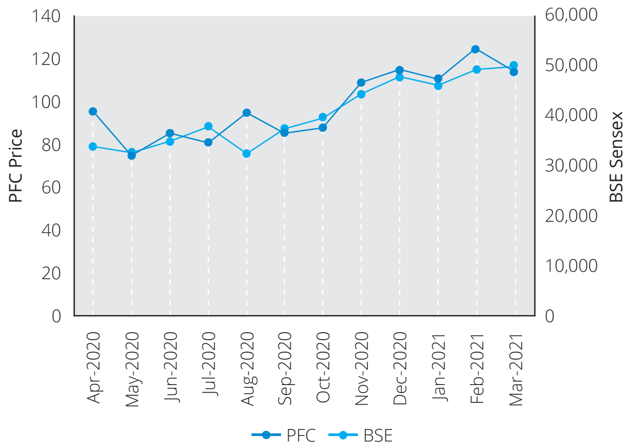
Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April'20	97.80	97.60	85.30	85.40	95.40	95.35
May'20	93.85	94.95	74.15	74.20	75.20	75.10
June'20	91.95	91.90	75.85	76.00	84.00	84.15
July'20	88.50	88.50	78.85	78.90	80.85	80.85
August'20	103.95	103.90	80.55	80.60	94.05	94.20
September'20	98.00	98.00	82.05	82.15	86.20	86.25
October'20	90.90	90.90	83.50	83.55	87.10	87.10
November'20	110.50	111.00	86.95	86.95	108.20	108.30
December'20	123.40	123.40	105.60	105.80	114.30	114.25
January'21	124.40	124.45	108.90	108.90	109.80	109.90
February'21	135.90	135.80	108.45	108.50	124.00	124.10
March'21	140.50	140.50	110.20	110.30	113.75	113.65

g) Performance in comparison to indices

PFC share price and NIFTY 50



PFC share price and BSE Sensex



h) Registrar and Transfer Agent for Equity Shares

Communication Address

KFin Technologies Private Limited
Selenium Building, Tower-B,
Plot No. 31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad – 500 032, Telangana, India
Tel: +91 40 67162222
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

i) Share Transfer System

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

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

j) Details of Demat Suspense Account

The details of shares in the Demat Suspense account as on March 31, 2021 is as follows:

Description	No. of Cases	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2020	3	1,432
Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2020-21	0	0
Less: Number of shareholders to whom shares were transferred from suspense account during the year 2020-21	0	0
Less: Number of shares which were transferred to IEPF Account during the year 2020-21	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2021.	3	1,432

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

k) Distribution of shareholding

Distribution of shareholding as on March 31, 2021

Sr. No.	Amount	No. of shareholders	% of shareholders	Amount (₹)	% of shares
1	1-5000	2,90,262	86.87	37,06,83,180	1.40
2	5001-10000	25,132	7.52	2,02,41,1120	0.77
3	10001-20000	10,230	3.06	15,32,70,100	0.58
4	20001-30000	2,902	0.87	74,73,3140	0.29
5	30001-40000	1,342	0.40	4,86,28,620	0.18
6	40001-50000	1,003	0.30	4,76,13,070	0.18
7	50001-100000	1,744	0.52	12,63,02,720	0.48
8	100001 & Above	1,522	0.46	25,37,71,72,130	96.12
	Total	**3,34,137**	**100**	**26,40,08,14,080**	**100**

Shareholding pattern as on March 31, 2021

Category	Total No. of shares	% to Equity
President of India	1,47,82,91,778	55.99
Foreign Portfolio – CORP	45,71,53,528	17.32
Mutual Funds	35,26,64,982	13.36
Insurance Companies	15,89,85,695	6.02
Resident Individuals	12,76,24,134	4.83
Qualified Institutional Buyers	2,39,31,738	0.91
Bodies Corporate	1,18,45,647	0.45
Clearing Members	83,53,467	0.32
HUF	73,60,605	0.29
Banks	44,84,733	0.17
Non-Resident Indians	30,87,583	0.12
Trusts	20,01,352	0.08
Non-Resident Indian non-repatriable	16,57,151	0.06
NBFC's	11,35,056	0.04
Employees	9,54,344	0.03
Alternate Investment Fund	4,86,099	0.01
IEPF	63,516	0.00
Total	**2,64,00,81,408**	**100**

l) Dematerialisation of shares

Number of shares held in dematerialised form with NSDL, CDSL and physical mode as on March 31, 2021.

Description	No. of Shares	% to total Capital Issued
NSDL	2,56,52,10,126	97.16
CDSL	7,48,40,285	2.83
Physical	30,997	0.01
Total	**2,64,00,81,408**	**100**

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

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

n) Commodity price risk or foreign exchange risk and hedging activities

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

o) Address for correspondence

Registered Office

'Urjanidhi', 1, Barakhamba Lane,
Connaught Place,
New Delhi – 110 001
Company Secretary
Shri Manohar Balwani
Tel: +91 11 23456020
Fax: +91 11 23456786
E-mail: investorsgrievance@pfcindia.com

p) Credit Ratings

- During the FY 2020-21, Company's both long-term & short-term domestic borrowing programme (including bank loans) continued to be the highest rating.

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

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

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

- **International Rating**

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

q) Preferential Allotment/Qualified Institutions placement

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

CERTIFICATE TO THE BOARD OF DIRECTORS UNDER REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We hereby certify to the Board of Directors that:

We have reviewed financial statements and the statement of cash flows for the year ended 31.03.2021 and that to the best of our knowledge and belief:

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

We have indicated to the auditors and the Audit Committee:

i) Significant changes in internal control over financial reporting during the year;

ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial; and

iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
(Parminder Chopra)
Director (Finance)/CFO
DIN: 08530587

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

DECLARATION AS REQUIRED UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND DPE'S GUIDELINES ON CORPORATE GOVERNANCE

"All the members of the Board and Senior Management Personnel have affirmed compliance of the 'Code of Business Conduct & Ethics for Board Members and Senior Management' for the financial year ended on March 31, 2021."

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

Certificate on Corporate Governance

To,
The Members,
Power Finance Corporation Limited
'Urjanidhi', 1,Barakhamba Lane,
Connaught Place, New Delhi –110 001

We have examined the compliance of the conditions of Corporate Governance by **Power Finance Corporation Limited**, (herewith referred as 'the Company') for the period ended on March 31, 2021 as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as 'SEBI (LODR) Regulations, 2015') and 'Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises Government of India.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in above mentioned regulations and guidelines. It is neither an audit nor an expression of opinion on the financial statement of the Company.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of certification and have been provided with such records, documents, certification, etc. as had been required by us.

In our opinion and to the best of our knowledge and 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 the above-mentioned SEBI (LODR) Regulations and in the guidelines on corporate governance issued by the 'Department of Public Enterprises' except that:

(i) *The number of Independent Directors on the Board was less than half of the total strength of Board as required under SEBI (LODR) Regulation and the DPE guidelines for which company has regularly written to its administrative ministry i.e. Ministry of Power for appointment of appropriate number of Independent Directors on the board.*

And

(ii) *The Company has not complied with the provision of regulation 17, 18 and 19 as required under the SEBI (LODR) Regulations, 2015.*

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

For **Amit Agrawal & Associates**
(Companies Secretaries)

Sd/-
CS Amit Agrawal
(Proprietor)
M. No.: F5311
C. P. No.: 3647
UDIN: F005311C000838572

Place: New Delhi
Date: 26th August, 2021

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L65910DL1986GOI024862
Name of the Company	Power Finance Corporation Limited
Registered address	'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi – 110 001
Website	www.pfcindia.com
E-mail ID	mb@pfcindia.com
Financial Year reported	2020-21
Sector(s) that the Company is engaged in (industrial activity code-wise)	64920 (Other Financial Services and Activities - Other Credit Granting)
List three key services that the Company provides	PFC is a leading financial institution focused on the power sector. It provides a comprehensive range of financial products and related advisory and other services from project conceptualisation to the post-commissioning stage to our clients in the power sector, including for generation (conventional and renewable), transmission and distribution projects as well as for related renovation and modernisation projects. PFC provides various fund based financial assistance, including long-term project finance, short-term loans, buyer's line of credit, as well as non-fund based assistance including credit enhancement guarantees and letters of comfort etc. In addition, it is involved in various GoI programmes for the power sector, including acting as the nodal agency for the UMPP programme and the IPDS / (R-APDRP subsumed in it) and as a bid process coordinator through its wholly-owned subsidiary PFC Consulting Limited for the ITP scheme.
Total number of locations where business activity is undertaken by the Company	
i. Number of International Locations	None
ii. Number of National Locations	3
Markets served by the Company - Local/State/National/International	National

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON MARCH 31, 2021)

Paid-up Capital (INR)	₹2,640.08 Crore
Total Turnover (INR) (Revenue from Operations)	₹37,744.87 Crore
Total profit after taxes (INR)	₹8,444.01 Crore
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	3.10% (₹262 Crore) of Profit After Tax (PAT) during FY 2020-21
List of CSR activities in which expenditure has been incurred	The major areas on which the above expenditure has been incurred includes health care, sanitation, safe drinking water, education, vocational skills & livelihood enhancement, environmental sustainability and rural development projects, besides contribution to PM CARES Fund.

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1. Details of Director responsible for BR

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

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

b) Details of the BR head

Particulars	Details
DIN Number (if applicable)	NA
Name	Shri Manohar Balwani
Designation	Company Secretary
Telephone number	011- 23456749
E-mail id	mb@pfcindia.com

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

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

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

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

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

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

P5 - Businesses should respect and promote human rights.

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

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

P8 - Businesses should promote inclusive growth and equitable development.

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

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

Sr. No.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
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

#The relevant explanation/ information/ links are mentioned at Annexure to this Report.

(b). If answer to Sr. No. 1 against any principle, is 'No', please explain why:

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	NOT APPLICABLE								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason									

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.**

  The BR activities of the Company are overseen by a Functional Director and the Board also reviews the Business Responsibility Report as part of Directors' Report on annual Basis.

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

  The Business Responsibility Report is published as a part of Annual Report from FY 2012-13 onwards. The current Report shall form a part of Annual Report for FY 2020-21 and shall be available on company's website: www.pfcindia.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? 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 channelising investment into the power sector and acts as a vehicle for development of this sector. Its clients include state power utilities, central power sector utilities, power departments, private power sector utilities (including independent power producers), joint sector power utilities etc. PFC has developed the Fair Practices Code (FPC) for its lending operations based on the RBI guidelines, which intends to provide assurance to all the borrowers of the Company's commitment to fair dealing and transparency in its businesses transactions.

PFC also considers Corporate Governance as an integral part of good management and is committed to act professionally, fairly and with integrity in all its dealings. In this direction, Company has an established Code of Business Conduct & Ethics for Board Members & Senior Management.

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors and Members of Senior Management of the Company. It is in alignment with Company's vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

The Company has also adopted an Anti-Fraud policy so as to provide a system of detection and prevention of fraud in the Company. It aims to promote consistent legal and ethical organisational behaviour by assigning responsibility for the development of controls and providing guidelines for reporting of fraud/suspected fraud and conduct of investigation of suspected fraudulent behaviour. The scope of policy extends to reporting and investigating the fraud or suspected fraud in the Company involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and/or any other parties having business relationship with the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

Under the Anti-Fraud Policy, the Company had not received any complaint during the FY 2020-21.

The Company had received a total of 6,999 complaints from the shareholders and bondholders of the Company during the FY 2020-21, out of which 6,983 (99.77%) were resolved by March 31, 2021.

Under PFC's Citizen Charter, total 11 complaints were received from customers/consumers during the FY 2020-21 in addition to 3 complaints pending at the beginning of the year. Out of which 13 (92.86%) were resolved by March 31, 2021 leaving 1 complaint pending.

Principle 2

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

PFC has financial products like term loan, buyer's line of credit, lease financing etc. including financing of renewable energy projects which are sustainable and environmentally benign. The Company endeavours to incorporate social and environmental concerns in the appraisal of the projects it finances and its activities in general.

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

Since PFC is not a Manufacturing Company and offers financial assistance to Power Sector projects only, following questions mentioned below are generally applicable to manufacturing sector:

i. Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?

Not Applicable.

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

Not Applicable.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

PFC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. We are also following the Government of India's directives, issued from time to time, in respect of reservation for Micro, Small & Medium Enterprises in procurements.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so?

The Company, being a Financial Institution, has limited applicability of mechanism to recycle products and waste. However, the Company has installed an Composter Machine in PFC premises of 50 Kg capacity. It can recycle wet materials into 10% within 24 hrs. and can convert 90% material into organic compost. The produced Organic Compost has been used by PFC for plantation in the premises and nearby plants.

Since last two years, PFC has been ranked 1st in Swachhta Ranking in NDMC Awards.

Principle 3

1. **Please indicate the total number of employees.**
   As on March 31, 2021 there were 483 employees in PFC.

2. **Please indicate the total number of employees hired on temporary/ contractual/ casual basis.**
   There were 64 employees hired on contractual basis in PFC as on March 31, 2021.

3. **Please indicate the number of permanent women employees.**
   As on March 31, 2021, there were 98 permanent women employees on the rolls of the Company.

4. **Please indicate the number of permanent employees with disabilities.**
   There were 16 permanent employees with disabilities as on March 31, 2021.

5. **Do you have an employee association that is recognised 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 recognised employee association?**
   100% of the permanent employees are members of these recognised employee associations/union.

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.**

Sr. No.	Category	No. of complaints filed during the financial year 2020-21	No. of complaints pending as on March 31, 2021
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 63%
   - Permanent Women Employees 62%
   - Casual/ Temporary/ Contractual Employees Nil
   - Employees with Disabilities 47%

Principle 4

1. **Has the Company mapped its internal and external stakeholders?**
   Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**
   All reserved category employees (SC/ ST/ OBC/ PwBD/ EWS & Minorities) are identified as disadvantaged, vulnerable & marginalised stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?**
   All Government of India directives are followed for engagement at various levels of career progression for all reserved category employees (SC/ ST/ OBC /PwBD/ EWS & Minorities). Various infrastructure arrangements were made for benefits of PwBD persons. Meritorious awards are being given to children of these categories along with other children by giving special relaxation in percentage of marks. Separate Liaison Officers are in place to look after the welfare of the employees in the ambit of the category. It is ensured that a person of reserved category of appropriate level is nominated as member in various selection and promotion committees to look into the interest of the employees of reserved categories.

Principle 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**
   PFC does not have any specific policy on human rights. However, it is embedded in company's various HR policies and practices.

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 2020-21 are given herein below:

Particulars	No. of Complaints			
	Equity Shareholders	Bondholders	Under Anti-Fraud Policy	Under Citizen Charter
Pending at the beginning	0	0	0	3
Received during the year	1,541	5,458	0	11
Disposed of during the year	1,525	5,458	0	13
Lying unresolved at the end of the year	16*	0	0	1
% of Complaints resolved	98.96%	100%	0	92.86%

* The complaints received at the end of quarter were subsequently resolved in the 1st week of April, 2021.

Principle 6

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors /NGOs/ Others?**

The policy is embedded in company's various policies and practices and covers the Company as a whole.

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

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

"To amplify its clean energy initiatives, PFC has issued green bonds and partnered with a number of international banks and funding agencies. These institutions provide loans, which PFC uses to fund projects with positive environmental impact.

PFC raises funds under Green bonds through established Green Bond Framework in accordance with the Climate Bonds Standard and Green Bond Principles issued by the International Capital Markets Association (ICMA). Annual certificate being provided to Climate Bond Standard Board on conformance with the requirements of Climate Bonds Standard."

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

3. **Does the Company identify and assess potential environmental risks?**

Since PFC is not a Manufacturing Company and offers financial products only, the question is not applicable to the Company.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

The above question is not applicable to PFC as it is not a manufacturing company. However, your Company funds renewable energy projects and energy saving projects at special rates of interest in State and Private Sectors.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N? If yes, please give hyperlink for web page etc.**

Yes. The Company has undertaken various Clean Technology/ Renewable energy/Energy Efficiency etc. The details of such initiatives are available at https://www.pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSR_FY_20_21_as_of_31032021.pdf. In FY 2020-21, PFC has disbursed ₹6.66 Crore under 'Solar Application'.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Not Applicable.

7. **Number of show cause/legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on March 31, 2021.**

Not Applicable.

Principle 7

1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.

Yes, PFC is a member of the following associations:-

1. SCOPE,
2. Central Board of Irrigation and Power,
3. Confederation of Indian Industry (CII),
4. World Energy Council.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

PFC supports the initiatives taken by above associations in their endeavours for the advancement or improvement of public good.

Principle 8

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

PFC has a CSR and Sustainability policy in place. The aim of the policy is to ensure that the Company becomes a socially responsible corporate entity committed to improving the quality of life of the society at large.

As a socially responsible corporate entity, PFC endeavours to:

- Promote and Leverage green technologies to produce goods and services that contribute to social and environmental sustainability.
- Take up projects that provide energy, water and sanitation facilities to the communities.
- Take up activities to support 'Differently abled persons' and the ' Health sector '.
- Take up issues which are of foremost concern in the national development agenda, like safe drinking water for all, provision of toilets especially for girls, health and sanitation, education, etc.
- Contribute to inclusive growth and equitable development in society through education, capacity building measures, empowerment of the marginalised and underprivileged sections/communities.

The objective of the PFC CSR Policy is to:

- Ensure an increased level of commitment at all levels in the Organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of its stakeholders.
- Generate a societal goodwill for PFC through CSR activities and help reinforce a positive and socially responsible image of PFC as a corporate.

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

All the projects undertaken under CSR & SD policy were executed by Govt./ Semi Govt./ Quasi-Govt. implementing agencies and other reputed organisations.

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

PFC's CSR Department conducts Impact Assessment of CSR projects and programmes of its major CSR projects on a periodic basis as per its CSR policy. PFC's CSR Department has been engaging reputed agencies and academic institutes to undertake Impact Assessment studies of its CSR projects.

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

During the year 2020-21, PFC undertook various Community Development projects in Health sector as part of Preventive Measures of COVID-19 Pandemic, Environment, Sports and Solar application sector. PFC's contribution in terms of amount sanctioned and disbursed are as given below:

Nature of Activities	Sanctioned (₹ in Crore)	Disbursement (₹ in Crore)
Sanitation/ Waste Management/ Drinking Water	0.14	8.27
Skill Development and Education	-	17.41
Solar Application	0.84	6.66
Environment	1.34	2.31
Health Sector	210.51	225.07
Sports	0.15	0.15
Others (Impact Studies, Admin. Overheads, etc.)	4.67	10.25
Total	**217.65**	**270.12**

Spread across various CSR initiatives (inclusive of Health care projects), PFC disbursed ₹.270.12 Crore (including administrative overheads) and received ₹ 1.00 Crore as refund during the FY 2020-21.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The projects sanctioned by PFC are implemented by Govt./ Semi Govt./ Quasi-Govt. Implementing agencies and other reputed organisations. During Skill development training programmes, placement of around 70% is ensured. In projects such as environment sustainability, renewable energy etc. assets are created, transferred to beneficiaries and also monitored by PFC by various activities such as site visits, tour reports etc.

Principle 9

1. **What percentage of customer complaints/ consumer cases apart from shareholders and bondholders are pending as at the end of financial year?**

   Under PFC's Citizen Charter, total 11 complaints were received from customers/consumers during the

   FY 2020-21 in addition to 3 complaints pending at the beginning of the year. Out of which 13 (92.86%) were resolved by March 31, 2021 leaving 1 complaint pending.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   The Company is a NBFC offering financial products. The Company ensures that adequate disclosures in respect of its financial products & services are displayed on its Corporate website and other stakeholder/ media communications issued from time to time.

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, 2021.**

   PFC is committed to the highest standards of ethical practices and moral business conduct within the frameworks of law. As on March 31, 2021, no case was pending against PFC regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

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

   In PFC, customer complaints are obtained through structured meetings held periodically with Power Utilities, periodic visits undertaken by PFC executives to the customers' offices/project sites, through regular written/ telephonic correspondence during the appraisal, loan documentation and disbursement stages of various projects/loans, customers visiting PFC office etc.

   Based on the responses, the complaints are recorded and a Corrective and Preventive Action Record (CAPR) is initiated for each complaint. The concerned customer is intimated about the corrective action being taken to resolve the complaint and prevent its further occurrence.

The links of relevant policies approved by the Board of Directors of the Company are given below:-

Name of the Policy	Web links	
	English	Hindi
CSR and Sustainability Policy	http://www.pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSR_Policy_26082016.pdf	http://pfcindia.com/hnsite/DocumentRepository/ckfinder/files/CSR/PFC_CSR_POLICY_HND_20092016.pdf
Fair Practice Code	http://www.pfcindia.com/Home/VS/62	http://pfcindia.com/hnsite/Home/VS/62
Code of Business Conduct and Ethics	http://www.pfcindia.com/Home/VS/63	http://pfcindia.com/hnsite/Home/VS/63
Anti-Fraud Policy	http://www.pfcindia.com/Home/VS/65	http://pfcindia.com/hnsite/Home/VS/65
Whistle Blower Policy	http://www.pfcindia.com/Default/ViewFile/?id=1490188785276_WBP.pdf&path=Page	http://pfcindia.com/hnsite/Default/ViewFile/?id=1490268719103_wbpHND.pdf&path=Page
Policy on Related Party Transactions	http://www.pfcindia.com/Default/ViewFile/?id=1490186033556_Policy on Related Party Transactions.pdf&path=Page	http://pfcindia.com/hnsite/Default/ViewFile/?id=1490267088709_PFC_Policy_Hindi.pdf&path=Page
Policy on Material Subsidiary	http://www.pfcindia.com/Default/ViewFile/?id=1546008961743_Policyon.pdf&path=Page	http://pfcindia.com/hnsite/Default/ViewFile/?id=1490266955530_material_subsideiry_HND.pdf&path=Page
Dividend Distribution Policy	http://www.pfcindia.com/Default/ViewFile/?id=1500569967022_Dividend Distribution Policy of Power Finance Corporation Limited-Final Version.pdf&path=Page	http://pfcindia.com/hnsite/Default/ViewFile/?id=1500987575423_Dividend_Distribution_Policy_of_pfc_hindi.pdf&path=Page
Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct for regulating, monitoring & reporting of trading in the securities of Power Finance Corporation Limited	https://www.pfcindia.com/Default/ViewFile/?id=1614952208955_Insider_Trading_Code_Amended05032021.pdf&path=Page	https://pfcindia.com/hnsite/Default/ViewFile/?id=1561571325217_Hindi_Insider_Trading_Code26062019.pdf&path=Page
Policy for Determination of Materiality of Events	http://www.pfcindia.com/Default/ViewFile/?id=1472556452570_Circular%20Policy%20for%20Determination%20of%20Materiality%20of%20Events.pdf&path=Page&Name=Policy for Determination of Materiality of Events	http://pfcindia.com/hnsite/DocumentRepository/ckfinder/files/Statutory_investor/DoMEvents_hi.pdf

The other policies are internal documents and accessible only to employees of the organisation.

ANNEXURE-E

FORM NO. MR-3

Secretarial Audit Report

For The Financial Year Ended March 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Power Finance Corporation Limited
'Urjanidhi', 1, Barakhamba Lane,
Connaught Place, New Delhi - 110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Power Finance Corporation Limited** hereinafter called ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on **March 31, 2021**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

 (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

 (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

 (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

 (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [Not applicable to the company during the Audit Period];

 (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the company during the Audit Period];

 (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client [Not applicable to the company during the Audit Period];

 (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable to the company during the Audit Period];

 (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable to the company during the Audit Period]; and

 (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure· Requirements) Regulations, 2015.

(vi) Other laws applicable specifically to the Company namely:

 a. The DPE Guidelines;

 b. The Competition Act, 2002;

 c. The Right to Information Act, 2005;

 d. E-Waste (Management & Handling) Rules, 2011;

 e. Labour and Social Security Laws as possible.

f. The Reserve Bank of India Act, 1934 and NBFC rules and regulations and.

g. Prevention of Money Laundering Act, 2002.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to conducting board and general meetings.

(ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above subject to the following observation:

i. The number of Independent Directors on the Board was less than half of the total strength of Board as required under SEBI (LODR) Regulation and the DPE guidelines for which company has regularly written to its administrative ministry i.e. Ministry of Power for appointment of appropriate number of Independent Directors on the board.

ii. The company has not complied with the provision of regulation 17, 18 and 19 as required under the SEBI (LODR) Regulations, 2015.

I further report that:

The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors having women director (For part of the year) and the composition of board is as per provisions of the Act. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, the Composition of the Board of Directors of the company was not having such number of Independent' Directors as required under SEBI (LODR) Regulations and the DPE guidelines for which company has regularly written to its administrative ministry i.e. Ministry of Power for appointment of appropriate number of Independent Directors on the board.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decision has been taken through unanimous vote and the same were reflected from the minutes of the company.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit by other designated professional.

For **Amit Agarwal & Associates,**
Company Secretaries,
UDIN: F005311C000738813

Sd/-
CS Amit Agarwal
Proprietor
FCS No.: 3647
C.P No. : 5311

Date: 05.08.2021
Place: New Delhi

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

ANNEXURE-II

OBSERVATIONS OF THE SECRETARIAL AUDITOR ALONGWITH EXPLANATIONS TO THE SAME REQUIRED TO BE INCLUDED IN THE DIRECTORS REPORT TO THE SHAREHOLDERS FOR THE FY 2020-21

Sr. No.	Observation	Explanation
1	The number of Independent Directors on the Board was less than half of the total strength of Board as required under SEBI (LODR) Regulation and the DPE guidelines for which company has regularly written to its administrative ministry i.e. Ministry of Power for appointment of appropriate number of Independent Directors on the board.	In terms of clause 86 of Articles of Association (AoA) of PFC, the members of the Board of PFC are appointed by President of India. Accordingly, the Company has from time to time requested Ministry of Power, Government of India to expedite appointment of Independent Director(s) on the Board of the Company to enable it to comply with the requisite provisions under SEBI (LODR), Regulations 2015 and DPE guidelines.
2.	The Company has not compliance the provision of regulations 17, 18 and 19 as required under the SEBI (LODR) Regulations, 2015.	During the year 2020-21, till November 2, 2020, the composition of Audit Committee of Directors and Nomination & Remuneration Committee was in compliance with the provisions of regulations 17, 18 and 19 SEBI (LODR) Regulations, 2015. Further the composition of the Board of Directors also included a women Independent Director till 2nd November 2020. In terms of clause 86 of Articles of Association (AoA) of PFC, the members of the Board of PFC are appointed by President of India. Accordingly, the Company has from time to time requested Ministry of Power, Government of India to expedite appointment of Independent Director(s) on the Board of the Company to enable it to comply with the provision of regulations 17, 18 and 19 as required under the SEBI (LODR) Regulations, 2015.

ANNEXURE F OF BOARD'S REPORT

Annual Report on CSR Activities for the FY 2020-21

Sr. No.	Particulars
1.	**Brief outline on CSR Policy of the Company.**
	The aim of PFC's Corporate Social Responsibility and Sustainability Policy (CSR and Sustainability Policy) is to ensure that the Corporation becomes a socially responsible corporate entity committed to improving the quality of life of the society at large by undertaking projects for Sustainable Development, mainly focusing on fulfillment of Power and Energy needs of the society. PFC has implemented its CSR and Sustainability Policy with all its earnest and zeal. To oversee the activities of CSR, PFC has in place a Board level CSR&SD Committee of Directors headed by an Independent Director. PFC implemented wide range of CSR & SD activities in the field of Environment Sustainability, Healthcare, Sanitation & Drinking water and Skill development. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. Health & Nutrition with preference given to Aspirational Districts.

2. Composition of CSR Committee

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri R. C. Mishra	Chairman/Independent Director	6	6
2.	Shri P. K. Singh	Member/Director (Commercial)	6	6
3.	Smt. Parminder Chopra	Member/Director (Finance)	3	3

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

(a)	Composition of CSR committee	https://pfcindia.com/Default/ViewFile/?id=1614341684991_Latest_Composition_of_Committees26022021.pdf&path=Page
(b)	CSR Policy	https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSRpolicy_07032019.pdf
(c)	CSR projects approved by the board	https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSR_FY_20_21_as_of_31032021.pdf

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Sr. No.	Impact Assessment Study	Sector in which the project is covered	Amount spent (₹ in Crore) in FY 2020-21	Report
1.	Impact Assessment Study on Project of Fitment Cochlear Implants to 100 nos. Hearing Impaired children through ASCI, Hyderabad	Sanitation/ Drinking water / Healthcare	0.05	https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/ASCI.PDF
2.	Impact Assessment Study on Project of Construction of toilets in Andhra Pradesh under 'Swachh Bharat Swachh Vidyalay' Abhiyan through IGIAT, Hyderabad	Sanitation/ Drinking water/ Healthcare	0.10	https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/IGIAT.PDF
3.	Impact Assessment Study on Project of Skill development programme for SC/ ST / OBC/ Women & EWS of society for 2,000 persons through Indian Institute of Public Administrative (IIPA), Delhi	Education/ Vocational Skill Development	0.03	https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/IIPA.PDF

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Not Applicable

6. Average net profit of the Company as per Section 135(5).

₹7,422.31 Crore

7. (a) Two percent of average net profit of the Company as per Section 135(5).

₹148.45 Crore

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

Nil

(c) Amount required to be set off for the financial year, if any.

Nil

(d) Total CSR obligation for the financial year (7a+7b-7c).

₹148.45 Crore

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
187.84 Crore	Not Applicable, since there is no unspent amount				

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration (in months)	Amount allocated for the project (₹ in Crore)	Amount spent in the current financial Year (₹ in Crore)	Amount transferred to	Mode of Implementa tion -	Mode of Implementation – Through Implementing Agency	
				State	District				Unspent CSR Account for the project as per Section 135(6) (in ₹)	Direct (Yes/No)	Name	CSR Registration number
1.	Project for Training, Research and Entrepreneurship development in Smart Grid through IIT	Education/ Vocational Skill development	No	Pan India	NA	36	1.34	0.36	NA	No	Indian Institute of Technology, Kanpur	CSR00004774
	TOTAL						**1.34**	**0.36**				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in Crore)	Mode of implementationon -	Mode of implementation – Through implementing agency	
				State	District		Direct (Yes/No)	Name	CSR Reg. no.
1.	Providing 5000 SPV LED Lanterns for soldiers of Indian Army – Phase II	Environmental Sustainability (Solar Applications/ Afforestation/ Waste Management/ Energy efficient LED lighting)	No	Pan India	NA	0.84	No	Rajasthan Electronics and Instruments Ltd. (REIL)	NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in Crore)	Mode of implementationon -	Mode of implementation – Through implementing agency	
				State	District		Direct (Yes/No)	Name	CSR Reg. no.
2.	Contribution to PM CARES fund set up by the Central Government as part of preventive initiatives against COVID-19 Pandemic	Sanitation/ Drinking water/ Healthcare	No	Pan India	NA	172.39	No	PM Cares	NA
3.	Procurement & Distribution of Medical facilities/ Equipment's like Health Masks, Sanitisers, Mechanical Ventilators, Personal Protection Equipment's (PPE) etc. and other Relief items including ration etc. as part of Preventive Measures of COVID-19 Pandemic	Sanitation/Drinking water/ Healthcare	No	Uttar Pradesh	Siddarth Nagar	0.5	No	District Administration, Siddarth nagar	NA
4.	Procurement and Distribution of Medical facilities/ Equipment's like Health Masks, Sanitisers, Mechanical Ventilators, Personal Protection Equipment's (PPE) etc. and other Relief items including ration etc. in Bulandshahr District, Uttar Pradesh as part of Preventive Measures of COVID-19 Pandemic	Sanitation/ Drinking water/ Healthcare	No	Uttar Pradesh	Bulandshahr	0.5	No	District Administration, Bulandshahr	NA
5.	Providing Packed-Lunch facility to 450 nos. of Doctors and Health staff of dedicated COVID-19 Hospital in Dr RML Hospital, Phase-I, II & III	Sanitation/ Drinking water/ Healthcare	Yes	Delhi	Central Delhi	2.29	No	Taj SATS Air Catering Ltd.	NA
6.	Procurement & distribution of Medical Facilities/ Equipment's i.e. Health Masks, Sanitisation Material and Personal Protection Equipment's (PPE) as part of Preventive Measures of COVID-19 Pandemic	Sanitation/ Drinking water/ Healthcare	No	Bihar	Arrah	0.07	No	PGCIL	NA
7.	Procurement & distribution of Medical facility/ equipment in Arrah District Bihar	Sanitation/ Drinking water / Healthcare	No	Bihar	Arrah	0.04	No	NHPC Ltd.	NA

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project: State	(5) Location of the project: District	(6) Amount spent for the project (₹ in Crore)	(7) Mode of implementationon - Direct (Yes/No)	(8) Mode of implementation – Through implementing agency: Name	(8) Mode of implementation – Through implementing agency: CSR Reg. no.
8.	Procurement & distribution of Medical facilities/ Equipment's like Thermometer, Masks, Gloves, Personal Protection Equipment's (PPE) etc. and other Relief items including food, ration etc. as part of preventive measures of COVID-19	Sanitation/ Drinking water / Healthcare	No	Manipur	Multiple District	0.2	No	Indian Red Cross society Manipur	NA
9.	Procurement & distribution of Cold chain equipment (CCE) as part of COVID-19 vaccination programme	Sanitation/ Drinking water/ Healthcare	No	Dadra and Nagar haveli, Mizoram and Sikkim	-	0.48	No	PGCIL	NA
10.	Mass Awareness Campaign on COVID-related Social Behaviour Norms in Aspirational districts	Sanitation/ Drinking water/ Healthcare	No	Andhra Pradesh, Bihar, Jharkhand J&K, Punjab, Gujarat, Telangana, Uttar Pradesh, Mizoram	Visakhapatnam, Khagaria, Purnia, Gaya, Muzaffarpur, Sitamarhi, East Singh Bhum, West Singh Bhum, Ranchi, Baramulla, Kupwara, Firozpur, Moga, Narmada, Dahod, Khammam, Bhupalpally, Siddarth Nagar, Shravasti, Mamit	4.12	Yes	-	NA
11.	Procurement & distribution of 5 Ambulance and 5,000 PPE kit as part of COVID-19 Programme	Sanitation/ Drinking water/ Healthcare	No	Uttarakhand	Multiple District	1.23	No	NTPC Ltd.	NA
12.	Financial contribution to Para Boccia Sports Welfare Society for provision of Sports equipment's to National Paralympic Athletes	Sports	No	Pan India	NA	0.15	No	Para Boccia Sports Welfare Society	NA
	Total					**182.81**			

(d) Amount spent in Administrative Overheads.

₹4.49 Crore

(e) Amount spent on Impact Assessment, if applicable.

₹0.18 Crore

(f) Total amount spent for the Financial Year (8b+8c+8d+8e).

₹187.84 Crore

Note: The total CSR amount spent in FY 2020-21 is ₹262 Crore. Out of this, ₹74.16 Crore amount spent, pertains to projects sanctioned against the budget of the period up to 31.03.2020, whereas, the remaining amount spent i.e. ₹187.84 Crore pertains to projects sanctioned against the budget of FY 2020-21.

(g) Excess amount for set off, if any

Sr. No.	Particular	Amount (₹ in Crore)
(i)	Two percent of average net profit of the Company as per Section 135(5)	148.45
(ii)	Total amount spent for the Financial Year	187.84
(iii)	Excess amount spent for the financial year [(ii)-(i)]	39.39
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	39.39

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

Not Applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5).

Not Applicable

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

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

ANNEXURE G OF BOARD'S REPORT

FORM NO. AOC-2

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

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

Sr. No.	Particulars	Details
1.	**Details of contracts or arrangements or transactions not at arm's length basis**	
(a)	Name(s) of the related party and nature of relationship	There was no transaction attracting the applicable provisions of sub-section (1) of Section 188 of the Companies Act, 2013.
(b)	Nature of contracts/ arrangements/ transactions	
(c)	Duration of the contracts/ arrangements/ transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	
2.	**DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS**	
(a)	Name(s) of the related party and nature of relationship	There was no transaction attracting the applicable provisions of sub-section (1) of Section 188 of the Companies Act, 2013.
(b)	Nature of contracts/ arrangements/ transactions	
(c)	Duration of the contracts/ arrangements/ transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

For and on behalf of the Board of Directors

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

Place: New Delhi
Date: 26th August, 2021

DEBENTURE TRUSTEES APPOINTED BY THE COMPANY FOR THE DIFFERENT SERIES OF BONDS

1.	IDBI Trusteeship Services Ltd. Vishawastha Bhavan, 1st Floor, 218 Pratapganj Peth, Satara – 415 002	8.85% TAXU BOND SERIES XXVIII
		8.60% TAX BOND SERIES-57 C
		8.50% TAXU BOND SERIES-61
		8.80% TAXU BOND SERIES-62B
		8.90% TAXU BONDS SERIES-63
		8.95% TAXU BOND SERIES-64
2.	PNB Investment Services Limited 10 Rakeshdeep Building, Yusuf Sarai Commercial Complex, Gulmohar Enclave, New Delhi – 110 049	8.7% TAXU Bond Series - 65
		8.75% TAXU PFC BONDS-66 B SERIES
		8.85% TAXU PFC BONDS-66 C SERIES
		9.05% TAXU PFC BONDS-71-SERIES
		9.18% TAXU PFC Bond Series - 73
		9.70% TAXU PFC Bond Series - 74
		9.61% TAXU PFC Bond Series - 75-C
		9.36% TAXU PFC Bond Series - 76-A
		9.46% TAXU PFC Bond Series - 76-B
		9.45% TAXU PFC Bond Series - 77-B
		7.51% SEC TAX FREE PFC BONDS - Series 79-A
		7.75% SEC TAX FREE PFC BONDS - Series 79-B
		8.09% SEC TAX FREE PFC BONDS - Series 80-A
		8.16% SEC TAX FREE PFC BONDS - Series 80-B
		9.26% TAXU PFC Bonds - Series 85-D
		9.48% TAXU PFC Bonds - Series 88-C
		Infrastructure Bond(2011-12) tranche 1-Series -I
		Infrastructure Bond(2011-12) tranche 1-Series -II
		Infrastructure Bond(2011-12) tranche 1-Series -III
		Infrastructure Bond(2011-12) tranche 1-Series -IV
		8.43% Series I Private Placement
		8.43% Series II Private Placement
		8.43% Series III Private Placement
		8.43% Series I V Private Placement
3.	Catalyst Trusteeship Ltd. (Formerly GDA Trusteeship Ltd.) GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411 038	7.21% Tax Free Bond Series 94-A
		7.38% Tax Free Bond Series 94-B
		7.22% Tax Free Bonds Series 95-A
		7.38% Tax Free Bonds Series 95 B
		8.84% PFC BOND SERIES 100-B
		9.00% PFC BOND SERIES 101-B
		8.90% PFC BOND SERIES 102-A (II)
		8.90% PFC BOND SERIES 102-A (III)
		8.94% PFC BOND SERIES 103
		9.20% PFC BOND SERIES 115-III
		9.37% PFC BOND SERIES 117-B
		9.39% PFC BOND SERIES 118-B-II
		9.39% PFC BOND SERIES 118-B-III
		8.98% PFC BOND SERIES 120-A
		8.98% PFC BOND SERIES 120-B

		8.66% PFC BOND SERIES 123-C
		8.55% PFC BOND SERIES 124-B
		8.48% PFC BOND SERIES 124-C
		8.65% PFC BOND SERIES 125
		8.65% PFC BOND SERIES 126
		8.20% PFC BOND SERIES 128
		8.39% PFC BOND SERIES 130-C
		8.41% PFC BOND SERIES 131-C
		Infrastructure Bond(2010-11 tranche 1-Series -III
		Infrastructure Bond(2010-11 tranche 1-Series -IV
		8.20% Public Issue of Tax Free Bond FY 2011-12
		8.30% Public Issue of Tax Free Bond FY 2011-12
4.	Vistra ITCL (India) Ltd. (Formerly IL&FS Trust Company Ltd.) IL&FS Financial Centre Plot C- 22, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	Zero Coupon Bonds-(2022) XIX Series
		8.19% PFC SUBORDINATED TIER II - DEBT BOND SERIES 105
		8.01% TAX FREE BOND SERIES 107-A
		8.46% TAX FREE BOND SERIES 107-B
		9.65% PFC SUBORDINATED TIER II - DEBT BOND SERIES 111
		9.70% PFC SUBORDINATED TIER II - DEBT BOND SERIES 114
		7.19%10YRS TAX FREE BOND20 12-13 TR SERIES 1
		7.69%10YRS TAX FREE BOND20 12-13 TR SERIES 1
		7.36%15YRS TAX FREE BOND20 12-13 TR SERIES 2
		7.86%15YRS TAX FREE BOND20 12-13 TR SERIES 2
		6.88TAX FREE BOND20 12-13 TR 2
		7.388TAX FREE BOND20 12-13 TR 2
		7.04TAX FREE BOND20 12-13 TR 2
		7.54TAX FREE BOND20 12-13 TR 2
		8.18%Tax Free Bonds 13-14 Series 1A
		8.43%Tax Free Bonds 13-14 Series 1B
		8.54%Tax Free Bonds 13-14 Series 2A
		8.79%Tax Free Bonds 13-14 Series 2B
		8.67%Tax Free Bonds 13-14 Series 3A
		8.92%Tax Free Bonds 13-14 Series 3B
5.	Milestone Trusteeship Services Pvt. Ltd. 602, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital Bandra (E), Mumbai – 400 051. Tel: 022-67167082 Fax: 022-67167077	7.16% PFC BOND SERIES 136
		8.40% PFC BOND SERIES 141-B
		8.05% PFC BOND SERIES 146
		8.03% PFC BOND SERIES 147
		7.50% PFC BOND SERIES 150-A
		7.63% PFC BOND SERIES 150-B
		7.47% PFC BOND SERIES 151-A
		7.56% PFC BOND SERIES 151-B
		7.55% PFC BOND SERIES 152
		7.40% PFC BOND SERIES 153
		7.27% PFC BOND SERIES 154
		7.27% PFC BOND SERIES 155
		7.27% PFC BOND SERIES 156 – GoI Fully Serviced Bond
		7.27% PFC BOND SERIES 158 – GoI Fully Serviced Bond
		7.27% PFC BOND SERIES 160 – GoI Fully Serviced Bond
		7.27% PFC BOND SERIES 164 – GoI Fully Serviced Bond
		7.28% PFC BOND SERIES 168A
		7.44% PFC BOND SERIES 168B
		7.10% PFC BOND SERIES 169A

	7.30% PFC BOND SERIES 169B
	7.35% PFC BOND SERIES 170A
	7.35% PFC BOND SERIES 170A
	7.62% PFC BOND SERIES 171
	7.74% PFC BOND SERIES 172
	7.73% PFC BOND SERIES 173B
	7.75% PFC BOND SERIES 175
	7.99% PFC BOND SERIES 176B
	7.85% PFC BOND SERIES177
	7.11% TAXFREE BONDS 1A 2015-16
	7.36% TAXFREE BONDS 1B 2015-16
	7.27% TAXFREE BONDS 2A 2015-16
	7.52% TAXFREE BONDS 2B 2015-16
	7.35% TAXFREE BONDS 3A 2015-16
	7.60% TAXFREE BONDS 3B 2015-16
6. Beacon Trusteeship Ltd. 4C&D, Siddhivinayak Chambers Gandhi Nagar, Opp. MIG Cricket Club, Bandra (E), Mumbai – 400 051	8.95% PFC BOND SERIES 178
	8.6 % PFC BOND SERIES 179(A)
	8.64% PFC BOND SERIES 179(B)
	8.75% PFC BOND SERIES 180
	8.45% PFC BOND SERIES 181
	8.18% PFC BOND SERIES 183
	9.25% PFC BOND SERIES 184(A)
	9.10% PFC BOND SERIES184(B)
	8.98% PFC BOND SERIES 185
	8.79% PFC BOND SERIES 186
	8.20% PFC BOND SERIES 187(A)
	8.85% PFC BOND SERIES187(B)
	8.10% PFC BOND SERIES 188
	8.15% PFC BOND SERIES 189
	8.25% PFC BOND SERIES 190
	7.35% PFC BOND SERIES 191
	7.42% PFC BOND SERIES 192
	7.93% PFC BOND SERIES 193
	7.04% PFC BOND SERIES 194
	7.86% PFC BOND SERIES 195
	7.41% PFC BOND SERIES 196&196R
	7.41% PFC BOND SERIES 197
	6 98 TX USC BND SRS 198
	6 83 TX USC BND SRS 199A
	7 16 TX USC BND SRS 199B
	7 40 TX USC BND SRS 200
	7 68 TX USC BND SRS 201
	6 75 TX USC BND SRS 202A
	7 17 TX USC BND SRS 202B
	7 79 TX USC BND SRS 202C
	6 72 TX USC BND SRS 203A
	7 75 TX USC BND SRS 203B
	5 77 TX USC BND SRS 204A

	6 88 TX USC BND SRS 204B
	7 05 TX USC BND SRS 205A
	7 20 TX USC BND SRS 205B
	5 47 TX USC BND SRS 206
	7 04 TX USC BND SRS 207&207R
	6 50 TX USC BND SRS 208
	7 34 TX USC BND SRS 209
	4 80 SEC TAX NCD PI TR I SER I CAT III-IV
	5 65 SEC TAX NCD PI TR I SER II CAT I-II
	5 80 SEC TAX NCD PI TR I SER II CAT III-IV
	6 63 SEC TAX NCD PI TR I SER III CAT I-II
	6 82 SEC TAX NCD PI TR I SER III CAT III-IV
	6 80 SEC TAX NCD PI TR I SER IV CAT I-II
	7 00 SEC TAX NCD PI TR I SER IV CAT III-IV
	10YR GSEC LINK SEC TAX NCD PI TR I SER V CAT I-II
	10YR GSEC LNK SEC TAX NCD PI TR I SER V CAT III-IV
	6 78 SEC TAX NCD PI TR I SER VI CAT I-II
	6 97 SEC TAX NCD PI TR I SER VI CAT III-IV
	6 95 SEC TAX NCD PI TR I SER VII CAT I-II
	7 15 SEC TAX NCD PI TR I SER VII CAT III-IV
	5.75% PFC 54 EC BOND SERIES II
	5.75% PFC 54 EC BOND SERIES III
	5.00% PFC 54 EC BOND SERIES IV

Independent Auditors' Report

TO THE MEMBERS OF POWER FINANCE CORPORATION LIMITED

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone Indian Accounting Standard (Ind AS) financial statements of Power Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and Notes to the Standalone Ind AS Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as 'the Standalone Ind AS Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS Financial Statements.

EMPHASIS OF MATTER

We draw attention to Note 57 of the Standalone Ind AS Financial Statements regarding the impact of COVID-19 pandemic on the Company. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the Company to continue as a going concern. Nevertheless, the impact in sight of evolvement of pandemic in future period is uncertain and could impact the impairment allowance in future years.

Our opinion is not modified in respect of the matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of these Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matter	Auditors' Response
1	**Credit impairment of financial instruments- Loan Assets** The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain guidelines and procedures in respect of criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. Impairment loss measurement requires use of statistical models to estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These models are key driver to measure Impairment loss. The key indicators underlying for assessment of impairment allowance are appraised on the ongoing basis by the management. The most significant areas where we identified greater levels of management Judgement are: Significant Increase in Credit Risk (SICR) – Company has classified SICR based on the indicator defined in Ind AS, estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Individually assessed Stage 3 carrying value. The carrying value of loans and advances to borrowers may be materially misstated if individual impairments are not appropriately estimated based upon certain estimates, future cash flow and asset valuations.	**Our audit procedures included:** • Company has availed services of independent expert to estimate the carrying value of the loan assets. We verified the criterion/ framework with various regulatory updates along with Company's internal guidelines and procedures in respect of the impairment allowance as well as the completeness and accuracy of the data shared with the independent experts. • Recoveries are verified applying the standard audit procedures. Loan balances are confirmed and quality of the borrower is evaluated and tested with key control parameters. • We have reviewed the underlying assumptions and broad methodology of ECL assessment and shared our inputs. • Components and calculations in the study for impairment allowance carried out by the third party are test checked, discussed with management and relied upon by us. Our audit procedure in the same is limited in view of not sharing certain parameters of study being considered confidential by such third party.

Sr. No.	Key Audit Matter	Auditors' Response
	The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation & uncertainty. In view of the significance of the amount of loan assets in the standalone Ind AS Financial Statements as % of total assets, impairment of loan assets there on has been considered as Key Audit Matter in our audit.	We considered the credit impairment charge and provision recognised and the related disclosures to be acceptable & satisfactory.
2	**Fair Valuation of Derivative financial instruments** Company enters into derivative contracts in accordance with RBI guidelines to mitigate its currency and interest rate risk in accordance with Company's board approved currency risk management policy. Derivative contracts are either categorised at FVTPL or under cash flow hedge (Hedge Accounting). Mark to market gain/loss on derivatives categorised at FVTPL is recognised in P&L and that of Hedge Accounting is recognised in the other comprehensive income. We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to material exposure and the fact that the inappropriate application of these requirements/assumptions/estimate by contracting bank could lead to a material effect on the income statement.	**Our audit procedures included:** Discussing and understanding management's perception and studying policy of the Company for risk management. Verification of fair value of derivative in term of Ind AS 109. Evaluation of key internal control over classification of derivative instruments. Company obtains fair value of derivative from the counterparty banks. Our procedure includes evaluation of details of various financial derivative contracts outstanding as on March, 31, 2021 and fair value thereon. Additionally, we verified the accounting of gain or loss on mark to market basis of derivative contracts in profit & loss account and other comprehensive income in case of derivatives contracts under cash flow hedge. We did not find any material misstatement in measuring derivative contracts at fair value obtained from counterparty banks.
3	**Alternate audit procedure carried out in light of COVID– 19 outbreaks** Due to the outbreak of 2nd wave of COVID-19 pandemic, the consequent lockdown and travel restrictions imposed by the Governments/local administration across many states during our period of audit the audit processes could not be carried out physically at the Company's premises. Since the access to audit evidences in person/physically was hampered, the statutory audit was conducted via making arrangements to provide requisite documents/ information through electronic medium as an alternative audit procedure. We have identified such alternative audit procedure as a key audit matter.	As a part of alternative audit procedure, the Company has made available the following information/ records/ documents/ explanations to us through e-mail and remote secure network of the Company: a) Scanned copies of necessary records/ documents deeds, certificates and the related records made available electronically through e-mail or remote secure network of the Company; and b) By way of enquiries through video conferencing, dialogues and discussions over phone, e-mails and similar communication channels. It has also been represented by the management that the data and information provided electronically for the purpose of our audit are correct, complete, reliable and are directly generated from the accounting system of the Company, extracted from the records and files, without any further manual modifications so as to maintain its integrity, authenticity, readability and completeness. In addition, based on our review of the various internal audit reports/inspection reports, nothing has come to our knowledge that make us believe that such alternate audit procedure would not be adequate.

OTHER MATTERS

The Company has recognised expected credit loss in respect of loan assets and undisbursed letter of comfort as required under Ind AS 109, on the basis of documents provided by independent expert agency appointed by the Company. Since the calculation parameters require certain technical and professional expertise, we have relied on the expected credit loss calculation as provided by the said independent expert agency.

Our opinion on the standalone Ind AS financial statements is not modified in respect of above matters.

INFORMATION OTHER THAN THE STANDALONE IND AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report, Management Discussion and Analysis, Business Responsibility Report and Report on Corporate Governance but does not include the Standalone Ind AS Financial Statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions, if required.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance (including comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with companies (Indian Accounting Standard), Rule 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, management and Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work: and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Companies Act, 2013 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanation given to us, we give in "**Annexure-A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. The Comptroller and Auditor General of India has issued the directions indicating the areas to be examined in term of Sub-Section 5 of Section 143 of the Act, the compliance of which is set out in "**Annexure B**".

3. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash flows, dealt with by this Report are in agreement with the books of account;

    d) In our opinion and to the best of our information and explanation given to us, the aforesaid Standalone Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act read with relevant rules;

    e) As per notification number G.S.R. 463(E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;

    f) With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate report in "**Annexure C**";

    g) As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act regarding remuneration to Director is not applicable to the Company, since it is a Government Company; and

    h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 46 to the Standalone Ind AS Financial Statements;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR GANDHI MINOCHA & CO.
Chartered Accountants
Firm's Registration No.: 000458N

Sd/-
CA Manoj Bhardwaj
Partner
Membership No. 098606
UDIN: 21098606AAAACR9196

Dated: June 15, 2021
Place: New Delhi

FOR DASS GUPTA & ASSOCIATES.
Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069
UDIN: 21082069AAAABD7298

Annexure A

to Independent Auditors' Report on the Audit of the Standalone Ind AS Financial Statements

(Referred to in Para 1 under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Power Finance Corporation Limited on the Standalone Ind AS Financial Statements for the year ended March 31,, 2021)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipments).

(b) As explained to us, the management carries out the physical verification of fixed assets (Property, Plant and Equipments) once in a year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification necessitating any adjustment.

(c) According to information and explanations given to us, the records examined by us and based on the examination of conveyance deeds/registered sale deed provided to us, we report that, the title deeds, comprising all immovable properties of land and buildings which are free hold, are held in the name of the Company as at the balance sheet date. Further, in respect of immovable properties of land and building that have been taken on lease, the lease agreements are in the name of the Company.

ii. The Company is a Non-Banking Financial Company and does not have any inventory. Thus, clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

iii. As explained to us and verified from books and records, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clauses 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

iv. In our opinion and according to information and explanation given to us the Company has not given any loan or given any guarantee or provided any security which may be covered under the provision of Section 185 of the Companies Act, 2013.

Further in our opinion and according to information and explanation given to us, the Company being a Non-Banking Financial Company (NBFC), the Company is exempt from Section 186 of the Companies Act, 2013 and relevant rules in respect of loans & guarantees. In respect of investments the Company has complied with the provisions of Section 186 of the Companies Act, 2013.

v. According to the information and explanations given to us, the Company has not accepted any deposit from public during the year within the meaning of Sections 73 to 76 or any other relevant provision of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

vii. In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the Company, we report that:

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods & Service Tax and other material statutory dues as applicable to it and there is no undisputed amount payable in respect of aforesaid dues outstanding for a period of more than six months from the date, they become payable as on March 31, 2021, as per the accounts of the Company.

(b) According to the information and explanations given to us and as certified by the management on which we have relied upon, the disputed statutory dues aggregating to ₹ 73.08 crore have not been deposited on account of disputes/deposited under protest and the matters are pending before appropriate authorities as detailed below:

Name of the Statute	Nature of the Dues	Total Disputed Amount (₹)	Amount paid under protest (₹)	Pending Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Chapter V of Finance Act 1994	Service Tax and Penalty	86,55,830	5,90,170	80,65,660	April 01, 2011 to December 31, 2015	CESTAT Delhi
		16,91,418	Nil	16,91,418	January 01, 2016 to November 30, 2016	Commissioner, CE & ST, LTU, New Delhi
		13,56,179	Nil	13,56,179	December 01, 2016 to June 30, 2017	Principal Commissioner, CE & ST, LTU, New Delhi
Income Tax Act, 1961	Income Tax	71,90,76,428	71,90,76,428	Nil	AY 2016-17	CIT(A)-22, Delhi

viii. According to information and explanations given to us and on the basis of our examination of the records of the Company the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders as at the Balance Sheet date.

ix. The Company did not raise any money by way of Initial Public Offer or Further Public Offer. According to the information and explanation given to us and on the basis of records examined by us, the Money raised by the Company by way of all types of debt instruments including public issue of debt instruments and term loans during the year was applied for the purposes for which it was raised.

x. To the best of our knowledge and according to the information and explanations given to us no fraud by the Company or any fraud on the Company by its officers and employees has been noticed or reported during the year nor have been we informed of any such case by the management.

xi. According to information and explanations given to us being a Government Company Section 197 of Companies Act, 2013 does not apply to the Company. Accordingly, clause 3(xi) of the Companies (Auditor's Report) Order 2016 is not applicable.

xii. According to information and explanation given to us the Company is not a Nidhi Company. Hence the Nidhi Rules, 2014 are not applicable to the Company. Accordingly, clause 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable to the Company.

xiii. According to information and explanations given to us and on the basis of our examination of the records of the Company all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable. The details have been disclosed in the Ind AS Financial Statements as per the requirement of the applicable accounting standard.

xiv. According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year.

xv. According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them which are covered under Section 192 of Companies Act, 2013.

xvi. The Company is a Non-Banking Financial Company and has obtained registration under Section 45-IA of the Reserve Bank of India Act, 1934. The registration number issued to the Company is B- 14.00004 dated 28.07.2010.

FOR GANDHI MINOCHA & CO.
Chartered Accountants
Firm's Registration No.: 000458N

Sd/-
CA Manoj Bhardwaj
Partner
Membership No. 098606
UDIN: 21098606AAAACR9196

FOR DASS GUPTA & ASSOCIATES.
Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069
UDIN: 21082069AAAABD7298

Dated: June 15, 2021
Place: New Delhi

Annexure B

to the Independent Auditors' Report on the Audit of the Standalone Ind AS Financial Statements

(Referred to in Para 2 under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Power Finance Corporation Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2021)

As required under Section 143(5) of the Companies Act, 2013 with respect to the directions issued by The Comptroller & Auditor General of India, we report that:

Directions	Replies
Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT system. Based on the verification carried out by us during the course of our audit and based on the information and explanations given to us we have not come across any instance having significant implications on the integrity of accounts.
Whether there is any restructuring of an existing loan or cases of waiver/ write-off of debts/ loans/ interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company then this direction is also applicable for statutory auditor of lender company)	There is no such case and the Company is regular in servicing its debts and borrowing obligations.
Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviation.	GoI funds released by Ministry of Power to the Company for the projects sanctioned under Integrated Power Development Scheme (R-APDRP subsumed), have been properly accounted for and released onward to concerned beneficiary Discoms for implementation of Projects, as per IPDS/ R-APDRP guidelines and terms & conditions of the sanction

FOR GANDHI MINOCHA & CO.
Chartered Accountants
Firm's Registration No.: 000458N

Sd/-
CA Manoj Bhardwaj
Partner
Membership No. 098606
UDIN: 21098606AAAACR9196

FOR DASS GUPTA & ASSOCIATES.
Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069
UDIN: 21082069AAAABD7298

Dated: June 15, 2021
Place: New Delhi

Annexure C

to the Independent Auditors' Report on the Audit of the Standalone Ind AS Financial Statements

(Referred to in Para 3(f) under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Power Finance Corporation Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2021)

Report on the Internal Financial Controls with reference to Standalone Ind AS Financial Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls with reference to the Standalone Ind AS financial statements of Power Finance Corporation Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to company's policies the safeguarding of its assets the prevention and detection of frauds and errors the accuracy and completeness of the accounting records and the timely preparation of reliable financial information as required under the Act.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub-section 10 of Section 143 of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR GANDHI MINOCHA & CO.
Chartered Accountants
Firm's Registration No.: 000458N

Sd/-
CA Manoj Bhardwaj
Partner
Membership No. 098606
UDIN: 21098606AAAACR9196

Dated: June 15, 2021
Place: New Delhi

FOR DASS GUPTA & ASSOCIATES.
Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069
UDIN: 21082069AAAABD7298

Non-Banking Financial Companies Auditors' Report

for the year ended March 31, 2020

To
Board of Directors
Power Finance Corporation Limited
Urjanidhi, 1, Barakhamba Lane,
Connaught Place, New Delhi – 110 001

Dear Sir,
We have audited the Standalone Ind AS financial statements of Power Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the standalone financial statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone financial statements")

As required by the "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016" issued by the Reserve Bank of India, on the matters specified in Chapter – II of the said Directions to the extent applicable to the Company, and according to the explanations give to us for the purpose of the audit, we report that:

1. The Company is engaged in the business of Non-Banking Financial Institution, having valid certificate of registration as an Infrastructure Finance Company issued by Reserve Bank of India vide No. B-14.00004 dated 28-07-2010 in lieu of earlier certificate no. 14.00004 dated 10.02.1998. Further, the Company is entitled to continue to hold such registration in terms of its asset/income pattern as on 31.03.2021.

2. The Company is meeting the requirement of net owned funds applicable to an Infrastructure Finance Company as contained in Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

3. The Company is registered as Non-deposit accepting Infrastructure Finance Company with RBI. The Board of Directors has passed resolution in its meeting held on 26.02.2021 for non-acceptance of any public deposit in future without obtaining prior written permission of Reserve Bank of India.

4. The Company has not accepted any public deposits during the financial year 2020-21.

5. The financial statements of the Company for the year 2020-21 have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under. Accordingly, the Company is following Board approved methodology for computation of Impairment Allowance towards provisioning for its loan assets and classification thereof. In view of regulatory compliance of Companies Act, 2013 for adoption of a mechanism for preparation of financial statements the Company is required to make provision of impairment loss as per Ind AS 109 and not required to follow the Prudential norms relating to income recognition, asset classification and provisioning (IRACP norms) for Bad and Doubtful debts in terms of Directions 2016. However in this regard, in compliance of RBI Notification No. DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the Company has calculated provision required under IRACP Norms (including standard assets provisions) and company is not required to appropriate any amount to "Impairment Reserve".

6. As per information and explanation given to us, the statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7 return) has been filed by company for all the quarters of FY 2020-21 based on provisional financial results of respective quarters, drawn on the date of filing with in the stipulated period including CRAR, in compliance with RBI norms. Further, CRAR based on audited financial statements for the year ended 31.03.2021 has been correctly arrived at and it is in compliance with minimum prescribed CRAR by RBI.

FOR GANDHI MINOCHA & CO.
Chartered Accountants
Firm's Registration No.: 000458N

Sd/-
CA Manoj Bhardwaj
Partner
Membership No. 098606
UDIN: 21098606AAAACR9196

Dated: June 15, 2021
Place: New Delhi

FOR DASS GUPTA & ASSOCIATES.
Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069
UDIN: 21082069AAAABD7298

Comments of the Comptroller and Auditor General of India

Under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of Power Finance Corporation Limited for the Year Ended March 31, 2021

The preparation of financial statements of Power Finance Corporation Limited for the year ended March 31, 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated June 15, 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Power Finance Corporation Limited for the year ended March 31, 2021 under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143 (6) (b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-
(D. K. Sekar)
Director General of Audit (Energy),
New Delhi

Place: New Delhi
Date: 13.08.2021

Standalone Balance Sheet

as at March 31, 2021

(₹ in crore)

Sr. No.	Particulars		Note No.	As at 31.03.2021	As at 31.03.2020
ASSETS					
1	**Financial Assets**				
	(a)	Cash and Cash Equivalents	7	3,717.62	182.52
	(b)	Bank Balance other than included in Cash and Cash Equivalents	8	1,044.58	16.47
	(c)	Derivative Financial Instruments	9	1,251.45	1,863.42
	(d)	Loans	10	3,60,124.77	3,34,112.60
	(e)	Investments	11	15,973.50	16,473.32
	(f)	Other Financial Assets	12	5,336.77	5,339.12
	Total Financial Assets (1)			**3,87,448.69**	**3,57,987.45**
2	**Non-Financial Assets**				
	(a)	Current Tax Assets (Net)	13	260.64	651.31
	(b)	Deferred Tax Assets (Net)	37	3,996.76	2,952.12
	(c)	Property, Plant and Equipment	14	37.21	31.35
	(d)	Intangible Assets	14	0.24	0.41
	(e)	Right-of-use Assets	15	35.30	35.75
	(f)	Other Non-Financial Assets	16	305.23	128.87
	Total Non- Financial Assets (2)			**4,635.38**	**3,799.81**
	Total Assets (1+2)			**3,92,084.07**	**3,61,787.26**
LIABILITIES AND EQUITY					
LIABILITIES					
1	**Financial Liabilities**				
	(a)	Derivative Financial Instruments	9	494.04	599.82
	(b)	Debt Securities	17	2,42,811.54	2,21,847.67
	(c)	Borrowings (other than Debt Securities)	18	80,837.60	79,116.06
	(d)	Subordinated Liabilities	19	9,310.20	9,310.95
	(e)	Other Financial Liabilities	20	5,828.05	5,375.16
	Total Financial Liabilities (1)			**3,39,281.43**	**3,16,249.66**
2	**Non-Financial Liabilities**				
	(a)	Current Tax Liabilities (Net)	13	43.24	0.11
	(b)	Provisions	21	155.15	264.29
	(c)	Other Non-Financial Liabilities	22	211.13	109.07
	Total Non-Financial Liabilities (2)			**409.52**	**373.47**
	Total Liabilities (1+2)			**3,39,690.95**	**3,16,623.13**
3	**Equity**				
	(a)	Equity Share Capital	23	2,640.08	2,640.08
	(b)	Other Equity	24	49,753.04	42,524.05
	Total Equity (3)			**52,393.12**	**45,164.13**
	Total Liabilities and Equity (1+2+3)			**3,92,084.07**	**3,61,787.26**

Notes annexed hereto form integral part of Standalone Financial Statements.

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Dated: 15.06.2021

Standalone Statement of Profit and Loss

for the Year ended March 31, 2021

(₹ in crore)

Sr. No.	Particulars	Note No.	Year ended 31.03.2021	Year ended 31.03.2020
	REVENUE FROM OPERATIONS			
(i)	Interest Income	25	36,145.76	31,950.42
(ii)	Dividend Income	26	1,204.21	1,289.52
(iii)	Fees and Commission Income	27	394.90	122.96
I.	**Total Revenue from Operations**		**37,744.87**	**33,362.90**
II.	Other Income	28	21.70	8.16
III.	**Total Income (I+II)**		**37,766.57**	**33,371.06**
	EXPENSES			
(i)	Finance Costs	29	23,194.49	21,853.19
(ii)	Net Translation/ Transaction Exchange Loss/ (Gain)	30	(164.06)	2,633.42
(iii)	Fees and Commission Expense	31	14.28	10.76
(iv)	Net Loss/ (Gain) on Fair Value changes	32	518.95	(699.05)
(v)	Impairment on Financial Instruments	33	3,496.40	991.22
(vi)	Employee Benefit Expenses	34	194.62	193.82
(vii)	Depreciation, Amortisation and Impairment	14/15	11.17	9.10
(viii)	Corporate Social Responsibility Expenses	35	222.61	97.15
(ix)	Other Expenses	36	70.80	88.91
IV.	**Total Expenses**		**27,559.26**	**25,178.52**
V.	**Profit/(Loss) Before Exceptional Items and Tax (III-IV)**		**10,207.31**	**8,192.54**
VI.	**Exceptional Items**		-	-
VII.	**Profit/(Loss) Before Tax (V-VI)**		**10,207.31**	**8,192.54**
	Tax Expense:			
	(1) Current Tax:	37		
	- Current Year		2,613.09	1,406.73
	- Earlier Years		178.94	17.75
	(2) Deferred Tax		(1,028.73)	1,112.92
VIII.	**Total Tax Expense**		**1,763.30**	**2,537.40**
IX.	**Profit/(Loss) for the period from Continuing Operations (VII-VIII)**		**8,444.01**	**5,655.14**
X.	Profit/(Loss) from Discontinued Operations (After Tax)		-	-
XI.	**Profit/(Loss) for the period (from continuing and discontinued operations) (IX+X)**		**8,444.01**	**5,655.14**
XII.	**Other Comprehensive Income**			
(A)	(i) Items that will not be reclassified to Profit or Loss			
	- Re-measurement of Defined Benefit Plans		(4.26)	(5.09)
	- Net Gain/(Loss) on Fair Value of Equity Instruments		137.25	(287.11)
	(ii) Income Tax relating to items that will not be reclassified to Profit or Loss			
	- Re-measurement of Defined Benefit Plans		1.13	0.08
	Sub-Total (A)		**134.12**	**(292.12)**
(B)	(i) Items that will be reclassified to Profit or Loss			
	- Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge		(27.64)	(46.74)
	- Cost of Hedging Reserve		(31.06)	-
	(ii) Income Tax relating to items that will be reclassified to Profit or Loss			
	- Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge		6.96	4.23
	- Cost of Hedging Reserve		7.82	-
	Sub-Total (B)		**(43.92)**	**(42.51)**
	Other Comprehensive Income (A+B)		**90.20**	**(334.63)**
XIII.	**Total Comprehensive Income for the period (XI+XII)**		**8,534.21**	**5,320.51**
XV.	**Basic and Diluted Earnings Per Equity Share (Face Value ₹ 10/- each):**	38		
	(1) For continuing operations (in ₹)		31.98	21.42
	(2) For discontinued operations (in ₹)		-	-
	(3) For continuing and discontinued operations (in ₹)		31.98	21.42

Notes annexed hereto form integral part of Standalone Financial Statements.

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Dated: 15.06.2021

Standalone Statement of Changes in Equity

for Year ended March 31, 2021

A. EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	Opening Balance	Changes during the period	Closing Balance
FY 2019-20	2,640.08	-	2,640.08
FY 2020-21	2,640.08	-	2,640.08

B. OTHER EQUITY

(₹ in crore)

Particulars	Reserves and Surplus										Other Comprehensive Income			Total
	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934	Reserve for Bad & doubtful debts u/s 36(1) (viia)(c) of Income Tax Act,1961	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 up to Financial Year 1996-97	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98	Debenture Redemption Reserve	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve – KFW Loan	General Reserve	Retained Earnings	Equity Instruments through Other comprehensive Income	Effective Portion of Gains/(Loss) on Hedging Instruments in Cash Flow Hedge	Cost of Hedging Reserve	
Balance as at 31.03.2019	**1,413.94**	**3,740.21**	**599.85**	**17,498.27**	**2,014.25**	**2,776.54**	**(769.72)**	**60.00**	**7,438.68**	**6,202.53**	**(276.49)**	**(50.15)**		**40,647.91**
Profit for the period										5,655.14	-	-		5,655.14
Re-measurement of Defined Benefit Plans (net of tax)										(5.01)	-	-		(5.01)
Other Comprehensive Income/(Expense)										-	(287.11)	(42.51)		(329.62)
Total Comprehensive Income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,650.13**	**(287.11)**	**(42.51)**		**5,320.51**
Dividends	-	-	-	-	-	-	-	-	-	(2,508.08)	-	-		(2,508.08)
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	(264.79)	-	-		(264.79)
Transfer to/from Retained Earnings	1,131.02	304.81	-	1,350.13	-	-	-	-	-	(2,785.96)	-	-		-
Transfer to/from General Reserve	-	-	-	-	(2,014.25)	-	-	-	2,014.25	-	-	-		-
Utilisation of reserve against bad debts written off	-	(1,530.85)	-	-	-	-	-	-	1,530.85	-	-	-		-
Reclassification of gain/(loss) on sale/ extinguishment of FVTOCI equity instrument	-	-	-	-	-	-	-	-	-	(249.96)	249.96	-		-
Additions/Deletions during the period (net)	-	-	-	-	-	-	(671.46)	1.40	0.03	(1.47)	-	-		(671.50)
Balance as at 31.03.2020	**2,544.96**	**2,514.17**	**599.85**	**18,848.40**	**-**	**2,776.54**	**(1,441.18)**	**61.40**	**10,983.81**	**6,042.40**	**(313.64)**	**(92.66)**		**42,524.05**

Standalone Statement of Changes in Equity

for Year ended March 31, 2021

(₹ in crore)

Particulars	Reserves and Surplus										Other Comprehensive Income			Total
	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934	Reserve for Bad & doubtful debts u/s 36(1) (viia)(c) of Income Tax Act,1961	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 up to Financial Year 1996-97	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98	Debenture Redemption Reserve	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve – KFW Loan	General Reserve	Retained Earnings	Equity Instruments through Other comprehensive Income	Effective Portion of Gains/(Loss) on Hedging Instruments in Cash Flow Hedge	Cost of Hedging Reserve	
Profit for the period										8,444.01	-	-	-	8,444.01
Re-measurement of Defined Benefit Plans (net of tax)										(3.13)	-	-	-	(3.13)
Other Comprehensive Income/(Expense)										-	137.25	(20.68)	(23.24)	93.33
Total Comprehensive Income for the period										**8,440.88**	**137.25**	**(20.68)**	**(23.24)**	**8,534.21**
Dividends	-	-	-	-	-	-	-	-	-	(2,112.07)	-	-	-	(2,112.07)
Transfer to/from Retained Earnings	1,688.80	609.83	-	2,534.77	-	-	-	-	-	(4,833.40)	-	-	-	-
Transfer to/from General Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilisation of reserve against bad debts written off	-	(2,844.05)	-	-	-	-	-	-	2,844.05	-	-	-	-	-
Reclassification of gain/(loss) on sale/ extinguishment of FVTOCI equity instrument	-	-	-	-	-	-	-	-	-	6.98	(6.98)	-	-	-
Additions/Deletions during the period (net)	-	7.30	-	332.38	-	-	806.85	1.25	-	(340.93)	-	-	-	806.85
Balance as at 31.03.2021	**4,233.76**	**287.25**	**599.85**	**21,715.55**	**-**	**2,776.54**	**(634.33)**	**62.65**	**13,827.86**	**7,203.86**	**(183.37)**	**(113.34)**	**(23.24)**	**49,753.04**

Notes annexed hereto form integral part of Standalone Financial Statements.

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Place: New Delhi
Dated: 15.06.2021

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Standalone Statement of Cash Flows

for the Year ended March 31, 2021

Sr. No.	Description	Year ended 31.03.2021		Year ended 31.03.2020	
I.	**CASH FLOW FROM OPERATING ACTIVITIES :-**				
	Profit before Tax	**10,207.31**		**8,192.54**	
	Adjustments for:				
	Loss on derecognition of Property, Plant and Equipment (net)	1.12		0.96	
	Depreciation and Amortisation	11.17		9.10	
	Interest expense on Zero Coupon Bonds and Commercial Papers	9.21		329.58	
	Unrealised Foreign Exchange Translation Loss/(Gain)	293.25		2,908.53	
	Net Change in Fair Value	518.95		(699.05)	
	Impact of Effective Interest Rate on Loans	(19.90)		6.50	
	Impairment on Financial Instruments	3,496.40		991.22	
	Interest on Interest Subsidy Fund	1.41		1.35	
	Provision for interest under Income Tax Act, 1961	2.19		0.17	
	Excess Liabilities written back	-		(0.18)	
	Provision for Retirement Benefits etc.	50.16		44.44	
	Effective Interest Rate on Borrowings/ Debt Securities/ Subordinated Liabilities	82.28		(188.06)	
	Interest on Income Tax Refund	(9.67)		(0.66)	
	Operating profit before Working Capital Changes:	**14,643.88**		**11,596.44**	
	Increase/Decrease :				
	Loans (Net)	(29,814.52)		(32,097.93)	
	Other Financial and Non-Financial Assets	(1,174.43)		13,891.09	
	Derivative	(95.29)		(504.95)	
	Other Financial & Non-Financial Liabilities and Provisions	1,302.95		154.44	
	Cash Flow before Exceptional Items	**(15,137.41)**		**(6,960.91)**	
	Exceptional Items	-		-	
	Cash Flow from Operations Before Tax	**(15,137.41)**		**(6,960.91)**	
	Income Tax paid	(2,671.39)		(1,584.39)	
	Income Tax Refund	294.12		59.03	
	Net Cash flow from Operating Activities		**(17,514.68)**		**(8,486.27)**
II.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Proceeds from disposal of Property, Plant and Equipment	0.20		0.07	
	Purchase of Property, Plant and Equipment	(17.73)		(13.11)	
	Increase/Decrease in Other Investments	898.45		28.91	
	Net Cash Inflow from Investing Activities		**880.92**		**15.87**
III.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Raising of Bonds (including premium) (Net of Redemptions)	13,733.45		6,244.24	
	Raising of Long-Term Loans (Net of Repayments)	4,000.00		10,895.44	
	Raising of Foreign Currency Loans (Net of Repayments)	2,648.62		15,293.94	
	Raising of Commercial paper (Net of Repayments)	3,120.00		(10,000.00)	
	Raising of Working Capital Demand Loan/OD/CC/Line of Credit (Net of Repayments)	(1,355.32)		(11,318.82)	
	Unclaimed Bonds (Net)	133.76		0.59	
	Unclaimed Dividend (Net)	0.42		0.32	
	Payment of Interim Dividend	(2,112.07)		(2,508.08)	
	Payment of Corporate Dividend Tax	-		(264.79)	

Standalone Statement of Cash Flows

for the Year ended March 31, 2021

Sr. No.	Description	Year ended 31.03.2021		Year ended 31.03.2020	
	Net Cash in-flow from Financing Activities		**20,168.86**		**8,342.83**
	Net Increase/Decrease in Cash and Cash Equivalents		**3,535.10**		**(127.57)**
	Add : Cash and Cash Equivalents at beginning of the financial year		182.52		310.09
	Cash and Cash Equivalents at the end of the year		3,717.62		182.52
	Details of Cash and Cash Equivalents at the end of the year:				
	i) Balances with Banks (of the nature of cash and cash equivalents)				
	In current accounts	699.48		182.52	
	In Term Deposit Accounts	3,018.14	3,717.62	-	182.52
	ii) Cheques, Drafts on hand including postage and Imprest		0.00		-
	Total Cash and Cash Equivalents at the end of the year		**3,717.62**		**182.52**

The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

During the year, the Company has spent an amount of ₹ 262.00 crore (Previous year ₹ 97.15 crore) towards Corporate Social Responsibility.

Reconciliation of liabilities (principal o/s) arising from financing activities

(₹ in crore)

Sr. No.	Particulars	Bonds/ Debenture*	Term Loans**	Foreign Currency Loans	Commercial Paper	WCDL etc.	Subordinated Debts	Total
	Opening Balance as at 01.04.2020	**1,81,112.79**	**46,203.54**	**28,826.86**	**9,715.92**	**13,357.18**	**9,211.50**	**2,88,427.80**
	Cash Flow During the Year	6,244.24	10,895.44	15,293.94	(10,000.00)	(11,318.82)	-	11,114.80
	Non-Cash Changes due to:							
	Amortisation of discount/interest on Zero Coupon Bond/Financial Charges on Commercial Paper	45.49	-	-	284.09	-	-	329.58
	Variation in Exchange Rates	-	-	3,579.99	-	-	-	3,579.99
	Closing Balance as at 31.03.2020	**1,87,402.52**	**57,098.98**	**47,700.79**	**0.00**	**2,038.36**	**9,211.50**	**3,03,452.17**
	Cash Flow During the Year	13,733.45	4,000.00	2,648.62	3,120.00	(1,355.32)	(0.00)	22,146.75
	Non-Cash Changes due to:							
	Amortisation of discount on Zero Coupon Bonds & Financial Charges on Commercial Papers	48.98	-	-	(39.77)	-	-	9.21
	Variation in Exchange Rates	-	-	(513.61)	-	-	-	(513.61)
	Closing Balance as at 31.03.2021	**2,01,184.95**	**61,098.98**	**49,835.80**	**3,080.23**	**683.04**	**9,211.50**	**3,25,094.52**

*Foreign Currency Notes form part of Foreign Currency Loans in Standalone Statement of Cash Flows.

**Foreign Currency Loans and Syndicated Foreign Currency Loans form part of Foreign Currency Loans in Standalone Statement of Cash Flows.

Notes annexed hereto form integral part of Standalone Financial Statements.

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
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Signed in terms of our report of even date attached

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Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Dated: 15.06.2021

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

1. COMPANY INFORMATION

Power Finance Corporation Limited ('PFC" or "the Company") was incorporated in India in the year 1986. The Company is domiciled in India and is limited by shares, having its registered office at 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi – 110 001.

The Company is a Government Company engaged in extending financial assistance to power sector and is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) as an Infrastructure Finance Company (IFC).

Equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited.

2. STATEMENT OF COMPLIANCE

The Standalone Financial Statements of the Company comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/guidelines. The Standalone Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented as per the requirements of Division III of Schedule III to the Companies Act, 2013 applicable for Non-Banking Financial Companies (NBFC).

3. These Standalone Financial Statements have been approved for issue by Board of Directors (BoD) of the Company on 15.06.2021.

4. STANDARDS/ AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. As at 31.03.2021, there is no such notification which would have been applicable from FY 2021-22.

5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of the Standalone Financial Statements are as given below:

5.1 Basis of preparation and measurement

These Standalone Financial Statements have been prepared on going concern basis following accrual system of accounting. The assets and liabilities have been measured at historical cost or at amortised cost or at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements are categorised into Level 1, 2 or 3 as per Ind AS requirement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

5.2 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. The Company considers cash equivalents as all short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

5.3 Derivative financial instruments

(i) The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

(ii) Under hedge accounting, an entity can designate derivative contracts either as cash flow hedge or fair value hedge. The Company designates certain derivative contracts as cash flow hedges.

(iii) To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

(iv) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The gain or loss relating to ineffective portion is recognised immediately in Statement of Profit and

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Loss. Amounts recognised in Other Comprehensive Income (being effective portion) are reclassified to Statement of Profit and Loss in the periods when the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, or terminated, or exercised, or when it no longer qualifies for hedge accounting.

(v) Derivatives, other than those designated under hedge relationship, are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss

5.4 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

On initial recognition, financial assets and financial liabilities are recognised at fair value plus/ minus transaction cost that is attributable to the acquisition or issue of financial assets and financial liabilities. In case of financial assets and financial liabilities which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in Statement of Profit and Loss.

5.4.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

After initial recognition, financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification and Measurement of Financial assets (other than Equity instruments)

a) Financial assets at Amortised Cost:

Financial assets that meet the following conditions are subsequently measured at amortised cost using Effective Interest Rate method (EIR):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Effective Interest Rate (EIR) method

The effective interest rate method is a method of calculating the amortised cost of financial asset and of allocating interest income over the expected life. The Company while applying EIR method, generally amortises any fees, transaction costs and other premiums or discount that are integral part of the effective interest rate of a financial instrument.

Income is recognised in the Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at FVTPL.

EIR is determined at the initial recognition of the financial asset. EIR is subsequently updated at every reset, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain/loss measured using the previous EIR as calculated before the modification, is recognised in the Statement of Profit and Loss in period during which such renegotiations occur.

b) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if both the following conditions are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset; and
- The contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

All fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in Reserve.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is measured at FVTPL unless it is measured at amortised cost or FVTOCI, with all changes in fair value recognised in Statement of Profit and Loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Business Model

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective of generating cash flows. The Company's business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company is in the business of lending loans across power sector value chain and such loans are managed to realise the contractual cash flows over the tenure of the loan. Further, other financial assets may also be held by the Company to collect the contractual cash flows.

(ii) Classification, measurement and derecognition of Equity Instruments

All equity investments other than in subsidiaries, joint ventures and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company at initial recognition makes an irrevocable election to classify it as either FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis.

An equity investment classified as FVTOCI is initially measured at fair value plus transaction costs. Subsequently, it is measured at fair value and, all fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in Reserve. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company transfers the cumulative gain/loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

(iii) Impairment of financial assets

a) Subsequent to initial recognition, the Company recognises expected credit loss (ECL) on financial assets measured at amortised cost as required under Ind AS 109 'Financial Instruments'. ECL on such financial assets, other than loans assets, is measured at an amount equal to life time expected losses. The Company presents the ECL charge or reversal (where the net amount is a negative balance for a particular period) in the Statement of Profit and Loss as 'Impairment on financial instruments'.

The impairment requirements for the recognition and measurement of ECL are equally applied to financial asset measured at FVTOCI except that ECL is recognised in Other Comprehensive Income and is not reduced from the carrying amount in the Balance Sheet.

b) Impairment of Loan Assets and commitments under Letter of Comfort (LoC):

The Company measures ECL on loan assets at an amount equal to the lifetime ECL if there is credit impairment or there has been significant increase in credit risk (SICR) since initial recognition. If there is no SICR as compared to initial recognition, the Company measures ECL at an amount equal to 12-month ECL. When making the assessment of whether there has been a SICR since initial recognition, the Company considers reasonable and supportable information, that is available without undue cost or effort. If the Company measured loss allowance as lifetime ECL in the previous period, but determines in a subsequent period that there has been no SICR since initial recognition due to improvement in credit quality, the Company again measures the loss allowance based on 12-month ECL.

ECL is measured on individual basis for credit impaired loan assets, and on other loan assets it is generally measured on collective basis using homogenous groups.

The Company measures impairment on commitments under LoC on similar basis as in case of Loan assets.

(iv) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with all the substantial risks and rewards of ownership of the asset to another party.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received & receivable, and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

in Equity, is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

5.4.2 Financial liabilities

(i) All financial liabilities other than derivatives and financial guarantee contracts are subsequently measured at amortised cost using the effective interest rate (EIR) method.

EIR is determined at the initial recognition of the financial liability. EIR is subsequently updated for financial liabilities having floating interest rate, at the respective reset date, in accordance with the terms of the respective contract.

(ii) Financial guarantee

A financial guarantee issued by the Company is initially measured at fair value and, if not designated as at FVTPL, is subsequently measured at the higher of:

- the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in the Statement of Profit and Loss.

(iii) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid & payable is recognised in Statement of Profit and Loss.

5.5 Investment in Subsidiaries, Joint Ventures and Associates

Investment in equity shares of subsidiaries, joint ventures and associates are accounted at cost, less impairment if any.

5.6 Property, Plant and Equipment (PPE) and Depreciation

(i) Items of PPE are initially recognised at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated. An item of PPE retired from active use and held for disposal is stated at lower of its book value or net realisable value.

(ii) In case of assets put to use, capitalisation is done on the basis of bills approved or estimated value of work done as per contracts where final bill(s) is/are yet to be received/approved, subject to necessary adjustment in the year of final settlement.

(iii) Cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance or servicing costs of PPE are recognised in Statement of Profit and Loss as incurred.

(iv) Under-construction PPE is carried at cost, less any recognised impairment loss. Such PPE items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as of other assets, commences when the assets are ready for their intended use.

(v) Depreciation is recognised so as to write-off the cost of assets less their residual values as per written down value method, over the estimated useful lives that are similar to as prescribed in Schedule II to the Companies Act, 2013, except for cell phones where useful life has been estimated by the Company as 2 years. Residual value is estimated as 5% of the original cost of PPE.

(vi) Depreciation on additions to/deductions from PPE during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/ disposed.

(vii) An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

(viii) Items of PPE costing up to ₹ 5,000/- each are fully depreciated, in the year of purchase.

5.7 Intangible assets and Amortisation

(i) Intangible assets with finite useful lives that are acquired separately are recognised at cost. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use. Subsequent measurement is done at cost less accumulated

Notes to the Standalone Financial Statements

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amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives.

(ii) Expenditure incurred which are eligible for capitalisation under intangible assets is carried as Intangible Assets under Development till they are ready for their intended use.

(iii) Estimated useful life of intangible assets with finite useful lives has been estimated by the Company as 5 years.

(iv) An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised.

5.8 Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(ii) The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(iii) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(iv) Where it is not probable that an outflow of economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability in notes to accounts, unless the probability of outflow of economic benefits is remote.

(v) Contingent assets are not recognised in the financial statements. However, contingent assets are disclosed in the financial statements when inflow of economic benefits is probable.

5.9 Recognition of Income and Expenditure

(i) Interest income, on financial assets subsequently measured at amortised cost, is recognised using the Effective Interest Rate (EIR) method. The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Interest on financial assets subsequently measured at fair value through profit and loss, is recognised on accrual basis in accordance with the terms of the respective contract.

(iii) Rebate on account of timely payment of dues by borrowers is recognised on receipt of entire dues in time, in accordance with the terms of the respective contract and is presented against the corresponding interest income.

(iv) Income from services rendered is recognised based on the terms of agreements/arrangements with reference to the stage of completion of contract at the reporting date.

(v) Dividend income from investments is recognised in Statement of Profit and Loss when the Company's right to receive dividend is established and the amount of dividend can be measured reliably.

(vi) Interest expense on borrowings subsequently measured at amortised cost is recognised using Effective Interest Rate (EIR) method.

(vii) Other income and expenses are accounted on accrual basis, in accordance with terms of the respective contract.

(viii) A Prepaid expense up to ₹ 1,00,000/- is recognised as expense upon initial recognition.

5.10 Expenditure on issue of shares

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

5.11 Employee benefits

(i) Defined Contribution Plan

Company's contribution paid/payable during the reporting period towards provident fund and pension are charged in the Statement of Profit and Loss when employees have rendered service entitling them to the contributions.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(ii) Defined Benefit Plan

The Company's obligation towards gratuity to employees and post-retirement benefits such as medical benefit, economic rehabilitation benefit, and settlement allowance after retirement are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Actuarial gain/ loss on re-measurement of gratuity and other post-employment defined benefit plans are recognised in Other Comprehensive Income (OCI). Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment.

(iii) Other long-term employee benefits

The Company's obligation towards leave encashment, service award scheme is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These obligations are recognised in the Statement of Profit and Loss.

(iv) Short-term employee benefits

Short term employee benefits such as salaries and wages are recognised in the Statement of Profit and Loss, in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

(v) Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognised at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost upon issuance of Loan, which is amortised on a straight-line basis over the expected remaining period of the loan. In case of change in expected remaining period of the loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the Loan on a prospective basis.

5.12 Income Taxes

Income Tax expense comprises of current and deferred tax. It is recognised in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

(i) Current Tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of Previous years.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax is measured at the tax rates based on the laws that have been enacted or substantively enacted by the reporting date, based on the expected manner of realisation or settlement of the carrying amount of assets/liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.13 Leasing

For recognition, measurement and presentation of lease contracts, the Company applies the principles of Ind AS 116 'Leases'.

(i) The Company as a lessee

The Company at inception of a contract assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (a) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and (b) the Company has the right to direct the use of the identified asset.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

The Company at inception of a lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, except for leases with term of less than twelve months (short-term) and low-value assets which are recognised as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. RoU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use (RoU) assets are initially recognised at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. They are subsequently measured at cost less any accumulated depreciation and accumulated impairment losses. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortised cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rates in the country of domicile of the leases.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use (RoU) asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and RoU asset is separately presented in the Balance Sheet. Interest expense on lease liability is presented separately from depreciation on right of use asset as a component of finance cost in the Statement of Profit and Loss. Lease payments are classified as Cash flow used in financing activities.

(ii) The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognises on a straight-line basis over the term of the relevant lease.

Amount due from lessee under finance leases is recognised as receivable at an amount equal to the net investment of the Company in the lease. Finance income on the lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of lease at the reporting date.

5.14 Foreign Currency Transactions and Translations

The functional currency of the Company is Indian Rupees. Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction.

At the end of each reporting period, monetary items denominated in foreign currency are translated using exchange rates prevailing on the last day of the reporting period. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise. However, for the long-term monetary items recognised in the financial statements before April 1, 2018, such exchange differences are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance period of such long term monetary item.

5.15 Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonise significant accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

5.16 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

5.17 Dividends

Final dividends are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

5.18 Earnings per share

Basic earnings per equity share is calculated by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

6. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

In preparation of the Standalone Financial Statements, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities including contingent liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience & other relevant factors and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Changes in accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision & future periods if it affects both current & future periods.

6.1 Significant management judgements

In order to enhance understanding of the Standalone Financial Statements, information about significant areas of critical judgements, apart from those involving estimation (Note 6.2), in applying accounting policies that have the most significant effect on the amounts recognised in the Standalone Financial Statements, are as under:

(i) Deferred tax Liability on Special Reserve

The Company had passed a Board resolution that it has no intention to withdraw any amount from the Special Reserve created and maintained under Section 36(1)(viii) of the Income Tax Act, 1961. Accordingly, the Special Reserve created and maintained is not capable of being reversed. Hence, the Company does not create deferred tax liability on the said reserve.

(ii) Non-recognition of income on Credit Impaired Loans

As a matter of prudence, income on credit impaired loans is recognised as and when received and/or on accrual basis when expected realisation is higher than the loan amount outstanding.

(iii) Amortisation of transaction cost on credit impaired loans

Outstanding amount of unamortised transaction cost is credited to Statement of Profit and Loss on classification of loan asset as credit impaired.

(iv) Classification of Investments

In order to classify an investment in a company as investment in subsidiary or joint venture (JV) or associate, judgement is required to assess the level of control depending upon the facts and circumstances of each case.

a) Energy Efficiency Services Limited (EESL) was incorporated in 2009 as a Joint Venture (JV) of NTPC Ltd., Power Grid Corporation of India Ltd. (PGCIL), REC Ltd. (RECL) and PFC. In line with the JV agreement, all the joint venture partners have identical rights and privileges including without limitation, dividend, voting rights etc., thereby providing substantive participative rights though their right to affirmative vote on certain reserved matters which are in nature of relevant activities as per the requirements of Ind AS 110 'Consolidated Financial Statements'. Therefore,

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

being a company under joint control, EESL has been considered as Joint Venture Company for the purpose of consolidation of financial statement.

b) Ultra-Mega Power Projects (UMPPs) are managed as per the mandate from Government of India (GoI) and the Company does not have the practical ability to direct the relevant activities of these UMPPs unilaterally. The Company therefore, considers its investment in respective UMPPs as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.

c) By virtue of holding Board position or equity stake in borrower companies, the rights exercised by PFC in such companies are protective in nature. Thus, the borrower companies are not considered as associates for the purpose of financial statements.

(v) Low value leases

An assessment is required, if lessee opts not to apply the recognition and measurement requirements of Ind AS 116 'Leases' to leases where the underlying asset is of low value. For the purpose of determining low value, the Company has considered nature of assets and concept of materiality as defined in Ind AS 1 'Presentation of Financial Statements' and the conceptual framework of Ind AS which involve significant judgement.

(vi) Sundry Liabilities- Interest Capitalisation

Unrealised income on credit impaired loans, represented by Funded Interest Term Loan (FITL)/ debt/equity instruments acquired under resolution, is transferred to a separate account titled 'Sundry Liabilities Account (Interest Capitalisation)' and is recognised in Statement of Profit and Loss on repayment of FITL or sale/ redemption of debt/ equity instruments.

(vii) Evaluation of indicators for impairment loss allowance of financial assets

The evaluation of the applicability of indicators for computation of impairment loss allowance of assets requires assessment of several external and internal factors which could result in change in recoverable amount of the assets. The Company makes significant judgement in identifying the default and significant increase in credit risk (SICR) based on available information.

6.2 Assumptions and Key Sources of Estimation Uncertainty

Information about estimates and assumptions that have the significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(i) Defined Benefit Obligation (DBO)

The Company's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses as detailed at Note 44.

(ii) Impairment test of Financial Assets (Expected Credit Loss)

The measurement of impairment loss allowance for financial assets which includes loan, lease assets, LoCs and guarantees measured at amortised cost requires use of statistical models, expected future economic conditions, estimated cash flows and credit behaviour (e.g. inputs and weights used for credit risk scoring, likelihood of borrowers defaulting and resulting losses). In estimating the cash flows expected to be recovered from credit impaired loans, the borrower's financial situation, current status of the project, net realisable value of securities/ collateral etc. are assessed.

As these estimates are based on various assumptions, actual results may vary. Refer Note 40.1 for further details.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(iii) Fair value measurement

Fair value of financial instruments is required to be estimated for financial reporting purposes. The Company applies appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses quoted prices and market-observable data to the extent it is available. In case of non-availability of the same, unobservable inputs are used for calculation of fair value of the assets/liabilities. The information about the valuation techniques, inputs used in determination of fair value of various assets & liabilities and other details are disclosed at Note 42.

(iv) Income Taxes

Estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset. Refer Note 37 for details

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(v) Useful life of Property, Plant & Equipment (PPE) and Intangible Assets

The Company reviews its estimate of the useful lives of depreciable/amortisable assets at the end of each financial year, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets. Refer Note 14 for details on useful lives and carrying values of PPE and Intangible assets.

(vi) Impact of COVID-19 on financial statements

Currently, there is no major impact of COVID-19 on the Standalone Financial Statements of the Company. However, the extent to which impact this pandemic will impact the Company's financial statements continue to be dependent on future developments relating to duration & severity of COVID-19, and any further actions by the Government & Regulatory bodies to contain its impact on the power sector and on the NBFCs. The Company shall also continue to closely monitor any material changes arising of uncertain future economic conditions and potential impact on its financial statements.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

7. CASH AND CASH EQUIVALENTS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	**Balances with Banks (of the nature of cash and cash equivalents)**		
	- In Current Accounts	699.48	182.52
	- In Term Deposit Accounts	3,018.14	-
(ii)	**Cheques, Drafts on hand including Postage and Imprest**	0.00	0.00
	Total Cash and Cash Equivalents	**3,717.62**	**182.52**

7.1 Refer Note 55.6 for disclosure regarding High Quality Liquid Assets (HQLA).

8. BANK BALANCE OTHER THAN INCLUDED IN CASH AND CASH EQUIVALENTS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Earmarked Balances with Banks for		
	- Term Deposits Accounts (Refer Note 8.2)	683.32	-
	- Unpaid Dividend	3.90	3.48
	- Unpaid - Bonds/Interest on Bonds etc.	146.36	12.99
	- Amount received under IPDS /R-APDRP scheme	211.00	0.00
	Total Bank Balance other than included in Cash and Cash Equivalents	**1,044.58**	**16.47**

8.1 There are no repatriation restrictions with respect to 'Bank Balances other than included in Cash and Cash equivalents' as at the end of the reporting periods presented above.

8.2 The Company has taken Loan against these Term Deposits shown under Note 18.

8.3 No amount is due for deposit in Investor Education and Protection Fund.

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative contracts for hedging Currency & Interest Rate risk. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Part-I

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021			As at 31.03.2020		
		Notional amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
(i)	**Currency Derivatives**						
	- Spot and Forwards	2,417.38	5.33	40.53	5,371.88	182.87	20.23
	- Currency Swaps	11,760.75	936.99		12,061.74	1,400.21	-
	- Options	7,717.99		51.92	-	-	-
	Total Currency Derivatives	**21,896.12**	942.32	**92.45**	**17,433.62**	**1,583.08**	**20.23**
(ii)	**Interest Rate Derivatives**						
	- Forward Rate Agreements and Interest Rate Swaps	18,585.59	309.13	401.59	17,517.14	280.34	579.59
	Total Interest Rate Derivatives	**18,585.59**	**309.13**	**401.59**	**17,517.14**	**280.34**	**579.59**
	Total Derivative Financial Instruments (i+ii)	**40,481.71**	**1,251.45**	**494.04**	**34,950.76**	**1,863.42**	**599.82**

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

Part-II
Included in above (Part I) are Derivatives held for hedging and risk management purposes as follows:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021			As at 31.03.2020		
		Notional amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
(i)	Cash Flow Hedging (Designated)						
	- Currency Derivatives	13,689.45	198.77	51.92	6,030.87	428.11	-
	- Interest Rate Derivatives	8,453.04	4.10	178.32	3,769.30	-	233.57
	Total Cash Flow Hedging (Designated)	**22,142.49**	**202.87**	**230.24**	**9,800.17**	**428.11**	**233.57**
(ii)	Undesignated Derivatives	18,339.22	1,048.58	263.80	25,150.59	1,435.31	366.25
	Total Undesignated Derivatives	**18,339.22**	**1,048.58**	**263.80**	**25,150.59**	**1,435.31**	**366.25**
	Total Derivative Financial Instruments [(i)+(ii)]	**40,481.71**	**1,251.45**	**494.04**	**34,950.76**	**1,863.42**	**599.82**

9.1 Details of Forward Rate Agreements/Interest Rate Swaps:

(₹ in crore)

Sr. No.	Description	As at 31.03.2021	As at 31.03.2020
(i)	Notional principal of swap agreements	18,585.59	17,517.14
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	309.13	280.34
(iii)	Collateral required by NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from swaps	Refer note [a] below	
(v)	Fair value of swap book (obtained from counterparty banks)	(92.46)	(299.25)

[a] The Company enters into swap agreements with Category-I Authorised Dealer Banks (PSU Banks, Private Indian Banks & Foreign Banks), in accordance with the RBI guidelines. All the swap agreements entered into with the banks are well within the credit risk limit defined in the Board approved Risk Management Policy.

9.2 Details of nature and terms of Forward Rate Agreements/Interest Rate Swaps

Benchmark	As at 31.03.2021	As at 31.03.2020	Terms
	Notional principal (₹ in crore)		
G-SEC Rate	3,149.60	4,324.60	Fixed Receivable V/s Floating Payable
USD LIBOR	15,435.99	13,192.54	Fixed Payable V/s Floating Receivable
Total	**18,585.59**	**17,517.14**	

9.3 The Company does not hold any exchange traded derivatives as at 31.03.2021 (as at 31.03.2020: Nil).

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

9.4. Quantitative Disclosures on Risk Exposure in Derivatives:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021		As at 31.03.2020	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	For hedging [b] & [c]	21,896.12	18,585.59[a]	17,433.62	17,517.14[a]
(ii)	Marked to Market Positions (MTM)				
	a) Asset (+MTM) [c]	942.33	309.13	1,583.08	280.34
	b) Liability (-MTM)	92.45	401.59	20.23	579.59
(iii)	Credit Exposure	2,938.49	489.54	3,064.32	457.34
(iv)	Unhedged Exposures [b]	29,254.48	3,444.15	31,232.11	6,522.56

[a] Interest rate derivatives include derivatives on rupee liabilities of ₹ 3,149.60 crore as at 31.03.2021 (As at 31.03.2020 ₹ 4,324.60 crore).

[b] Includes JPY loan liability partly hedged through forward rate contract entered for one leg (USD/INR) for ₹ 940.86 crore as at 31.03.2021 (As at 31.03.2020 covering USD/INR ₹ 964.94 crore).

[c] Includes currency derivatives of USD 51 million equivalent to INR ₹ 373.95 crore (Previous year Nil) against interest payments with positive MTM of ₹ 0.56 crore.

9.5. Refer Note 40.3 and Note 40.4 for Foreign Currency Risk Management and Interest Rate Risk Management respectively and Note 41 for disclosures related to hedge accounting.

10. LOANS

The Company has categorised all loans at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments' other than 'Leasing' presented below, which is measured in accordance with Ind AS 116 'Leases'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(A)	**Loans to Borrowers***		
(i)	- Rupee Term Loans (RTLs)	3,60,970.56	3,31,444.41
(ii)	- Foreign Currency Loans	240.99	240.99
(iii)	- Buyer's Line of Credit	2,185.02	2,031.28
(iv)	- Working Capital Loans	6,662.81	10,520.04
(v)	- Leasing (Refer Note No. 10.2)	223.77	223.77
(vi)	- Receivable for invoked Default Payment Guarantee	487.84	444.09
(vii)	- Interest accrued but not due on Loans	5,242.46	4,945.14
(viii)	- Interest accrued & due on Loans	736.65	147.66
(ix)	- Unamortised Fee on Loans	(84.58)	(101.22)
	Gross Loans to Borrowers*	**3,76,665.52**	**3,49,896.16**
	Less: Impairment loss allowance	(16,540.75)	(15,783.56)
	Net Loans to Borrowers*	**3,60,124.77**	**3,34,112.60**
(B)	**Security-wise classification**		
(i)	Secured by Tangible Assets	1,95,117.87	2,17,212.02
(ii)	Secured by Intangible Assets	-	-
(iii)	Covered by Bank/Government Guarantees	1,14,251.00	73,667.83
(iv)	Unsecured	67,296.65	59,016.31
	Gross Security-wise classification	**3,76,665.52**	**3,49,896.16**
	Less: Impairment loss allowance	(16,540.75)	(15,783.56)
	Net Security-wise classification	**3,60,124.77**	**3,34,112.60**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(C) I	**Loans in India**		
(i)	Public Sector	3,16,893.92	2,92,140.85
(ii)	Private Sector	59,771.60	57,755.31
	Gross Loans in India	**3,76,665.52**	**3,49,896.16**
	Less: Impairment loss allowance	(16,540.75)	(15,783.56)
	Net Loans in India	**3,60,124.77**	**3,34,112.60**
(C) II	**Loans Outside India**	-	-
	Less: Impairment loss allowance	-	-
	Net Loans Outside India	**-**	**-**
	Net Loans in India and Outside India	**3,60,124.77**	**3,34,112.60**

*For details of Loans pledged as security refer Note 17.9, 17.10, 17.11 and 18.11.

10.1 During the year, the Company has sent letters to borrowers seeking confirmation of balances as at 31.03.2021 except where loans have been recalled or pending before court/NCLT.

Confirmations for 98.94 % of the said balances have been received. Out of the remaining loans amounting to ₹ 3,752.05 crore for which balance confirmations have not been received, 20.99% loans are secured by tangible securities, 78.24% by way of Government Guarantee/ Loans to Government and 0.77% are unsecured loans.

10.2 Details related to Lease Assets

Gross investment in leased assets and present value of minimum value receivable at the reporting date and value of unearned financial income are given in table below:

(₹ in crore)

Particulars[(a)]	As at 31.03.2021[(d)]	As at 31.03.2020
(i) Total of future undiscounted lease payments receivable (Gross Investment) [(b)]	254.33	280.04
(ii) Present value of lease payments receivable (Net Investments) [(c)]	223.77	223.77
Total unearned finance income (i-ii) [(b)]	**30.56**	**56.27**
Maturity profile of total of future undiscounted lease payments receivable (Gross Investment):		
0-1 year	25.70	25.70
1-2 years	25.70	25.70
2-3 years	25.70	25.70
3-4 years	25.70	25.70
4-5 years	25.70	25.70
Later than 5 years	125.83	151.54
Total gross investment	**254.33**	**280.04**

[(a)] Finance lease for financing wind turbine generators of a lessee RS India Wind Energy Pvt. Ltd. As per original terms, lease rent was to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as primary period and a maximum of 7 years as secondary period. The account is credit impaired since 03.10.2017.

[(b)] Excluding an overdue interest of ₹ 63.29 crore as at 31.03.2021 (Previous year ₹ 48.82 crore).

[(c)] Including an overdue principal of ₹ 39.52 crore as at 31.03.2021 (Previous year ₹ 28.28 crore).

[(d)] During the year, the Company has entered into a one-time settlement (OTS) with the lessee R S India Wind Energy Pvt. Ltd. wherein the settlement amount is to be received in instalments, last being due in June 2021. The amount received under settlement till 31.03.2021 is yet to be appropriated in view of the condition specified in OTS scheme that in case the lessee defaults in payment of any instalment, the amount so collected will be forfeited and utilised towards the settlement of outstanding debt of the lender under the Lease Agreement.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

10.3 Disclosures related to Securitisation

(i) The Company has not entered into any securitisation transaction during the year and there is no exposure on account of securitization as at 31.03.2021 (As at 31.03.2020 Nil).

(ii) The Company has not entered into any One Time Settlement scheme involving assignment of debt to Asset Reconstruction Company during the year ended 31.03.2021. (During the year ended 31.03.2020 the Company had entered into One Time Settlement scheme involving assignment of debt to Asset Reconstruction Company having principal outstanding of ₹ 1,917.44 crore along with interest and other charges).

(iii) The Company has not undertaken any assignment transaction during the year ended 31.03.2021 (Previous year Nil).

(iv) The Company has neither purchased nor sold any non-performing financial assets to other NBFCs during the year ended 31.03.2021 (Previous year Nil).

10.4 The details of resolution plans implemented during the year:

(₹ in crore)

Sr. No.	Name of Borrower	Details of Resolution Plan	Principal O/s prior to date of Resolution	Impairment allowance provided till date of Resolution	Amount written off including impairment on investments	Instruments received by PFC under Resolution Plan*
1	Essar Power Transmission Corp. Ltd.	Restructuring without change in ownership	438.20	13.15	57.63	Optionally Convertible Debentures (OCDs) of the borrower company post restructuring.
2	Suzlon Energy Limited	Restructuring without change in ownership	915.11	518.62	448.23	Equity shares, Optionally Convertible Debentures (OCDs) of the borrower company and Compulsorily Convertible Preference Shares (CCPS) of the borrower's group company post restructuring.
3	RKM Powergen Pvt. Ltd.	Restructuring without change in ownership	5,104.75	2,130.90	2,001.76	Equity shares and Optionally Convertible Debentures (OCDs) of the borrower company post restructuring.
4	Ratnagiri Gas & Power Pvt. Ltd.	Composite Resolution Plan including One time settlement	207.05	66.59	66.59	Nil
5	Jal Power Corporation Ltd.	One time settlement	386.23	287.99	286.39	Nil
	Total		**7,051.34**	**3,017.25**	**2,860.60**	

* For more details of instruments received under resolution plan refer Note 11.

10.5 In addition to the above resolutions, the Company has also entered into a one-time settlement (OTS) with a borrower Krishna Godavari Power Utilities Limited having loan outstanding amounting to ₹ 76.63 crore. Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), the settlement amount is being received in instalments. The amount received under settlement till 31.03.2021 is yet to be appropriated in view of the conditions specified in resolution plan.

10.6 For details of credit risk exposure and management by the Company, refer Note 40.1.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

11. INVESTMENTS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021					
		Amortised Cost (1)	Designated at FVTOCI (2)	FVTPL (3)	Sub-Total (4)=(2)+(3)	Others* (5)	Total (1)+(4)+(5)
(A)	**Investments**						
(i)	Debt securities			-	-		-
(ii)	Equity Instruments						
	- Subsidiaries				-	14,500.65	14,500.65
	- Joint Venture				-	245.50	245.50
	- Associates				-	0.75	0.75
	- Others		842.03	59.96	901.99		901.99
(iii)	Preference Shares	76.99		96.19	96.19		173.18
(iv)	Debentures			151.63	151.63		151.63
(v)	Others		-		-		-
	Total Investments	**76.99**	**842.03**	**307.78**	**1,149.81**	**14,746.90**	**15,973.70**
(B)	**Geography-wise investment**						
(i)	Investments Outside India	-	-	-	-	-	-
(ii)	Investments in India	76.99	842.03	307.78	1,149.81	14,746.90	15,973.70
	Gross Geography wise investment	**76.99**	**842.03**	**307.78**	**1,149.81**	**14,746.90**	**15,973.70**
	Less: Impairment loss allowance	-	-	-	-	(0.20)	(0.20)
	Net Geography wise investment	**76.99**	**842.03**	**307.78**	**1,149.81**	**14,746.70**	**15,973.50**

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020					
		Amortised Cost (1)	Designated at FVTOCI (2)	FVTPL (3)	Subtotal (4)=(2)+(3)	Others* (5)	Total (1)+(4)+(5)
(A)	**Investments**						
(i)	Debt securities			810.05	810.05		810.05
(ii)	Equity Instruments						
	- Subsidiaries				-	14,500.70	14,500.70
	- Joint Venture				-	245.50	245.50
	- Associates				-	0.75	0.75
	- Others		709.85	31.74	741.59		741.59
(iii)	Preference Shares	68.28		100.58	100.58		168.86
(iv)	Debentures			-	-		-
(v)	Others		6.12		6.12		6.12
	Total Investments	**68.28**	**715.97**	**942.37**	**1,658.34**	**14,746.95**	**16,473.57**
(B)	**Geography wise investment**						
(i)	Investments Outside India	-	-	-	-	-	-
(ii)	Investments in India	68.28	715.97	942.37	1,658.34	14,746.95	16,473.57
	Gross Geography wise investment	**68.28**	**715.97**	**942.37**	**1,658.34**	**14,746.95**	**16,473.57**
	Less: Impairment loss allowance	-	-	-	-	(0.25)	(0.25)
	Net Geography wise investment	**68.28**	**715.97**	**942.37**	**1,658.34**	**14,746.70**	**16,473.32**

* Others includes Investment in Subsidiaries, Associates and Joint Venture Companies which have been carried at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.

FVTOCI – Fair Value through Other Comprehensive Income, FVTPL – Fair Value through Profit or Loss

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Details of Investments

(₹ in crore)

Sr. No.	Particulars	Measured at	As at 31.03.2021			As at 31.03.2020		
			Number	Face Value (₹)	Amount	Number	Face Value (₹)	Amount
(i)	**Debt securities**							
	- 10.95% perpetual bonds of Union Bank of India - Quoted	FVTPL	-	-	-	8,000	10,00,000	810.05
(ii)	**Equity Instruments**							
	Subsidiaries							
	- REC Ltd. - Quoted	Cost	1,03,94,95,247	10	14,500.50	1,03,94,95,247	10	14,500.50
	- PFC Consulting Ltd.- Unquoted	Cost	52,246	10	0.15	52,246	10	0.15
	- Power Equity Capital Advisors Private Ltd. - Unquoted (Refer Note 11.3)	Cost	-	-	-	50,000	10	0.05
	Joint Venture							
	- Energy Efficiency Services Limited - Unquoted	Cost	24,55,00,000	10	245.50	24,55,00,000	10	245.50
	Associates							
	- Companies for development of Ultra Mega Power Projects [number and face value for each of 15 companies] - Unquoted (Refer Note 11.2)	Cost	50,000	10	0.75	50,000	10	0.75
	Others							
	- PTC India Limited - Quoted	Designated - FVTOCI	1,20,00,000	10	93.30	1,20,00,000	10	46.50
	- Coal India Limited - Quoted	Designated - FVTOCI	1,39,64,530	10	182.03	1,39,64,530	10	195.57
	- NHPC Limited - Quoted (Refer Note 11.4)	Designated - FVTOCI	21,44,73,240	10	524.39	23,44,73,240	10	467.78
	- Power Exchange India Limited - Unquoted	Designated - FVTOCI	32,20,000	10	-	32,20,000	10	-
	- Suzlon Energy Limited - Quoted (Refer Note 10.4)	Designated - FVTOCI	8,46,15,798	2	42.31	-	-	-
	- RattanIndia Power Limited - Quoted	FVTPL	23,51,27,715	10	59.96	23,51,27,715	10	31.74
	- RKM PowerGen Pvt. Ltd - Unquoted (Refer Note 10.4)	FVTPL	40,39,15,920	1	0.00	-	-	-
(iii)	**Preference Shares - Unquoted**							
	- Raipur Energen Limited - RPS	Amortised Cost	59,82,371	100	10.35	59,82,371	100	9.29
	- Ratnagiri Gas and Power Private Ltd. - CRPS (Valued at ₹ 1 in Previous year)	Amortised Cost	-	-	-	15,24,88,000	10	0.00
	- RattanIndia Power Limited - RPS	Amortised Cost	7,29,49,786	10	66.64	7,29,49,786	10	58.99
	- RattanIndia Power Limited - OCCRPS (Refer Note 42 (iii))	FVTPL	10,99,93,397	10	96.19	10,99,93,397	10	100.58
	- Suzlon Global Services Limited - CCPS (Refer Note 10.4)	FVTPL	38,161	1,00,000	-	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(₹ in crore)

Sr. No.	Particulars	Measured at	As at 31.03.2021			As at 31.03.2020		
			Number	Face Value (₹)	Amount	Number	Face Value (₹)	Amount
(iv)	**Debentures - Unquoted (Refer No. 42 (iii))**							
	- Essar Power Transmission Company Ltd. - Series 1 - OCD - (Refer Note 10.4)	FVTPL	9,00,92,774	10	40.88	-	-	-
	- Essar Power Transmission Company Ltd. - Series 2 - OCD - (Refer Note 10.4)	FVTPL	3,62,88,085	10	16.47	-	-	-
	- Essar Power Transmission Company Ltd. - Series 3 - OCD - (Refer Note 10.4)	FVTPL	68,79,504	10	0.00	-	-	-
	- Suzlon Energy Limited - OCD (Refer Note 10.4)	FVTPL	34,791	1,00,000	94.28	-	-	-
	- RKM Powergen Pvt. Ltd. - Series A - OCD (Refer Note 10.4)	FVTPL	41,93,96,250	100	0.00	-	-	-
	- RKM Powergen Pvt. Ltd. - Series B - OCD (Refer Note 10.4)	FVTPL	1,34,71,484	100	0.00	-	-	-
	- RKM Powergen Pvt. Ltd. - Series AI - OCD (Refer Note 10.4)	FVTPL	2,32,72,410	100	0.00	-	-	-
(v)	**Others**							
	- Units of 'Small is Beautiful' Fund - Unquoted	Designated - FVTOCI	61,52,200	10	-	61,52,200	10	6.12
	Total Investments				**15,973.70**			**16,473.57**
	Less: Impairment (Refer Note 11.1)				(0.20)			(0.25)
	Net Investments				**15,973.50**			**16,473.32**

RPS - Redeemable Preference Shares, CRPS - Cumulative Redeemable Preference Shares, OCCRPS - Optionally Convertible Cumulative Redeemable Preference Shares, CCPS - Compulsorily Convertible Preference Shares, OCD - Optionally Convertible Debenture.

11.1 Movement of impairment loss allowance on investments

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Opening Balance	0.25	-
Add: Impairment loss allowance recognised during the year	-	0.25
Less: Reversal of excess impairment loss allowance during the year (Refer Note 11.3)	0.05	-
Closing Balance	0.20	0.25

11.2 Details of Investment in Subsidiaries, Joint Venture and Associates:

(₹ in crore)

Sr. No.	Name of investee company	Principal place of business/Country of incorporation	Proportion of ownership interest as at	
			31.03.2021	31.03.2020
A.	**Subsidiaries:**			
(i)	REC Limited	India	52.63%	52.63%
(ii)	PFC Consulting Ltd.	India	100%	100%
(iii)	Power Equity Capital Advisors Private Ltd. (Refer Note 11.3)	India	-	100%
B.	**Joint Venture:**			
(i)	Energy Efficiency Services Ltd.	India	24.97%	24.97%

Notes to the Standalone Financial Statements

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(₹ in crore)

Sr. No.	Name of investee company	Principal place of business/Country of incorporation	Proportion of ownership interest as at	
			31.03.2021	31.03.2020
C.	**Associates*:**			
(i)	Coastal Maharashtra Mega Power Limited $	India	100%	100%
(ii)	Orissa Integrated Power Limited	India	100%	100%
(iii)	Coastal Karnataka Power Limited ^	India	100%	100%
(iv)	Coastal Tamil Nadu Power Limited	India	100%	100%
(v)	Chhattisgarh Surguja Power Limited $	India	100%	100%
(vi)	Sakhigopal Integrated Power Company Limited	India	100%	100%
(vii)	Ghogarpalli Integrated Power Company Limited	India	100%	100%
(viii)	Tatiya Andhra Mega Power Limited $	India	100%	100%
(ix)	Deoghar Mega Power Limited	India	100%	100%
(x)	Cheyyur Infra Limited	India	100%	100%
(xi)	Odisha Infrapower Limited	India	100%	100%
(xii)	Deoghar Infra Limited	India	100%	100%
(xiii)	Bihar Infrapower Limited	India	100%	100%
(xiv)	Bihar Mega Power Limited	India	100%	100%
(xv)	Jharkhand Infrapower Limited	India	100%	100%

*Investment in each associate is ₹ 0.05 crore as at 31.03.2021 and 31.03.2020. These associates are companies incorporated as SPVs under mandate from GoI 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.

$ Under Process of striking off.

^ Under approval for winding up.

11.3 The name of Power Equity Capital Advisors Private Limited has been struck off from the Registrar of Companies and the said subsidiary is dissolved vide Ministry of Corporate Affairs' Notice No –ROC/DELHI/248(2)/STK-7/10148 dated 30.06.2020. Accordingly, the Company has written off its equity investment of ₹ 0.05 crore and reversed the cumulative impairment loss allowance of ₹ 0.05 crore held w.r.t. investment in the said subsidiary.

11.4 At initial recognition, the Company made an irrevocable election to present in other comprehensive income, subsequent changes in the fair value of investments in certain equity instruments. The Company's main operation is to provide financial assistance to power sector. Thus, in order to insulate Standalone Statement of Profit and Loss from price fluctuations of these instruments, the Management believes that FVTOCI classification provides a more meaningful presentation, rather than classifying them at FVTPL.

Details of FVTOCI instruments derecognised during the year:

(₹ in crore)

Details of investment	No. of shares derecognised	Fair Value as on date of de-recognition	Cumulative gain/ (loss) on de-recognition
FY 2020-21			
NHPC Limited*	2,00,00,000	50.54	6.98
Total			**6.98**
FY 2019-20			
NHPC Limited*	1,00,00,000	26.33	4.55
GMR Chhattisgarh Energy Ltd.	27,50,00,000	-	(254.51)
Shree Maheshwar Hydro Power Corporation Limited (SMHPCL)	13,18,46,779	-	-
Total			**(249.96)**

*These equity shares were sold in tranches during the year considering the market scenario. The fair value and gain have been computed based on the price as on the respective date of de-recognition and have been presented on aggregate basis.

Subsequent to de-recognition of such investments, the Company has transferred the cumulative gain/loss on such shares within Equity (from Reserve for Equity instruments through OCI to Retained Earnings) during the year. Refer Standalone Statement of Changes in Equity for further details.

11.5 Refer Note 42 for details of fair valuation of investments

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

12. OTHER FINANCIAL ASSETS

The Company has categorised other financial assets at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Recoverable on account of Government of India Serviced Bonds	5,038.21	5,038.72
(ii)	Advances to Subsidiaries and Associates*	169.09	155.05
(iii)	Advances to Employees	0.51	0.60
(iv)	Loans to Employees	99.29	93.11
(v)	Others	52.13	72.05
	Less: Impairment loss allowance on Others	(22.46)	(20.41)
	Total Other Financial Assets	**5,336.77**	**5,339.12**

*Recoverable in cash.

12.1 Detail of Loans & Advances to KMPs

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
	Loans & Advances to KMPs (including interest accrued)	0.57	0.51

12.2 Movement of Impairment on Other Financial Assets

(₹ in crore)

Sr. No.	Particulars	FY 2020-21	FY 2019-20
	Opening Balance	20.41	10.30
	Add: Creation during the year	4.92	12.22
	Less: Reversal during the year	(2.87)	(2.11)
	Closing Balance	**22.46**	**20.41**

13. CURRENT TAX ASSETS/LIABILITIES (NET)

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Advance income tax and TDS	197.20	461.93
(ii)	Tax deposited on income tax demands under contest	63.44	189.38
	Current Tax Assets (Net)	**260.64**	**651.31**
(i)	Provision for income tax net of Advance Tax	43.24	-
(ii)	Provision for income tax for demand under contest	-	0.11
	Current Tax Liabilities (Net)	**43.24**	**0.11**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

14. PROPERTY, PLANT AND EQUIPMENT (PPE) AND INTANGIBLE ASSETS

(₹ in Crore)

Particulars	Property, Plant and Equipment							Intangible Assets
	Freehold Land	Buildings	EDP Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total	Computer Software
Gross Carrying Amount								
Opening Balance as at 01.04.2019	**3.38**	**24.92**	**16.35**	**17.60**	**11.15**	**0.09**	**73.49**	**9.47**
Additions/Adjustments	-	-	3.30	5.13	3.85	0.03	12.31	0.81
Deductions/Adjustments	-	-	1.78	1.63	0.46	-	3.87	-
Closing Balance as at 31.03.2020	**3.38**	**24.92**	**17.87**	**21.10**	**14.54**	**0.12**	**81.93**	**10.28**
Additions/Adjustments	-	-	7.70	6.75	3.18	-	17.63	0.10
Deductions/Adjustments	-	-	3.09	1.87	0.57	-	5.53	-
Closing Balance as at 31.03.2021	**3.38**	**24.92**	**22.48**	**25.98**	**17.15**	**0.12**	**94.03**	**10.38**
Accumulated Depreciation/ Amortisation								
Opening Balance as at 01.04.2019	-	11.79	12.99	13.07	7.83	0.08	45.76	8.88
For the period	-	0.64	2.18	3.45	1.38	0.01	7.66	0.99
On Assets Sold/Written off from books	-	-	1.51	1.21	0.12	-	2.84	-
Closing Balance as at 31.03.2020	**-**	**12.43**	**13.66**	**15.31**	**9.09**	**0.09**	**50.58**	**9.87**
For the period	-	0.61	3.47	4.60	1.76	0.01	10.45	0.27
On Assets Sold/Written off from books	-	-	2.52	1.53	0.16	-	4.21	-
Closing Balance as at 31.03.2021	**-**	**13.04**	**14.61**	**18.38**	**10.69**	**0.10**	**56.82**	**10.14**
Net Carrying Amount								
As at 31.03.2020	**3.38**	**12.49**	**4.21**	**5.79**	**5.45**	**0.03**	**31.35**	**0.41**
As at 31.03.2021	**3.38**	**11.88**	**7.87**	**7.60**	**6.46**	**0.02**	**37.21**	**0.24**

14.1 The estimated useful lives and depreciation on property, plant and equipment (PPE) is in line with the Accounting Policy contained in Note 5.6 (v).

14.2 The Company reviews the estimated useful life, residual values and depreciation method of Property, Plant & Equipment and Intangible Assets at the end of each financial year and changes in estimates, if any, are accounted prospectively. Details of useful life of Property Plant & Equipment and Intangible Assets are as under:

Category	Building	EDP Equipment		Office Equipment	Cell Phone	Furniture and Fixture	Vehicles	Intangible Assets
		Servers and networks	End user devices i.e. desktops, laptops etc.					
Useful Life (in Years)	60	6	3	5	2	10	8	5
Residual value as a % of original Cost	5%	5%	5%	5%	5%	5%	5%	-

14.3 In the opinion of management, there is no impairment on the Property, Plant & Equipment and Intangible Assets of the Company in terms of Ind AS 36 'Impairment of Assets'. Accordingly, no provision for impairment loss as required under Ind AS 36 has been made.

14.4 Certain Property, Plant & Equipment of the Company have been pledged as security against secured borrowings of the Company as per details below:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Gross Carrying Value	4.12	4.12
Net Carrying Value	3.45	3.49

For details of borrowings against which above assets are pledged as security refer note 17.9 and 17.10.

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for the year ended March 31, 2021

15. RIGHT-OF-USE ASSETS

(₹ in crore)

	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	**Opening Balance of Leasehold Land**	35.75	-
(ii)	Additions	-	36.20
(iii)	Less: Depreciation*	0.45	0.45
	Closing Balance of Leasehold Land	**35.30**	**35.75**

*As required by Ind AS 116 'Leases' Depreciation expense on Right-of-Use assets is included under Depreciation, Amortisation and Impairment expenses in the Standalone Statement of Profit and Loss.

16. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Prepaid Expenses	5.50	3.18
(ii)	Deferred Employee Costs	47.41	48.21
(iii)	Excess Spent - CSR Expenses	39.39	-
(iv)	Others	212.93	77.48
	Total Other Non-Financial Assets	**305.23**	**128.87**

17. DEBT SECURITIES

The Company has categorised Debt Securities at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)

	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Bonds/Debenture		
	- Infrastructure Bonds (Refer Note 17.3)	119.56	278.63
	- Tax Free Bonds (Refer Note 17.4)	12,275.11	12,275.11
	- 54EC Capital Gain Tax Exemption Bonds (Refer Note 17.5)	2,564.18	1,918.54
	- Taxable Bonds (Refer Note 17.6)	1,86,226.10	1,72,930.24
	- Foreign Currency Notes (Refer Note 17.7)	30,871.97	27,892.78
(ii)	Commercial Paper (Refer Note 17.8)	3,080.23	-
(iii)	Interest accrued but not due on above	7,867.39	6,814.43
(iv)	Unamortised Transaction Cost on above	(193.00)	(262.06)
	Total Debt Securities	**2,42,811.54**	**2,21,847.67**
	Geography wise Debt Securities		
(i)	Debt Securities in India	2,11,821.46	1,93,872.39
(ii)	Debt Securities outside India	30,990.08	27,975.28
	Total Geography wise Debt Securities	**2,42,811.54**	**2,21,847.67**

17.1 The Company raises funds through various instruments including non-convertible bond issues. During the year, the Company has not defaulted in servicing of any of its debt securities.

17.2 Funds raised during the period have been utilised for the stated objects in the offered document/information memorandum/ facility agreement.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

17.3 Details of Infrastructure Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
1	Infrastructure Bonds 86 D Series	8.72%	2.40	2.40	30.03.2027	17.9	Redeemable at par on a date falling Fifteen years from the date of allotment
2	Infrastructure Bonds 86 C Series	8.72%	0.87	0.87	30.03.2027		Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
3	Infrastructure Bonds (2011-12) - Series III	8.75%	2.86	2.86	21.11.2026		Redeemable at par on a date falling Fifteen years from the date of allotment
4	Infrastructure Bonds (2011-12) - Series IV	8.75%	7.77	7.77	21.11.2026		Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
5	Infrastructure Bonds (2010-11) - Series III	8.50%	5.27	5.27	31.03.2026	17.10	Redeemable at par on a date falling Fifteen years from the date of allotment
6	Infrastructure Bonds (2010-11) - Series IV	8.50%	19.33	19.33	31.03.2026		Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
7	Infrastructure Bonds Private Placement Series I	8.43%	7.39	7.39	30.03.2022	17.9	Redeemable at par on a date falling ten years from the date of allotment
8	Infrastructure Bonds Private Placement Series II	8.43%	15.47	15.47	30.03.2022		Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
9	Infrastructure Bonds (2011-12) - Series I	8.50%	21.85	21.85	21.11.2021		Redeemable at par on a date falling ten years from the date of allotment
10	Infrastructure Bonds (2011-12) - Series II	8.50%	36.35	36.34	21.11.2021		Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
11	Infrastructure Bonds (2010-11) - Series I	8.30%	-	49.96	31.03.2021	17.10	Redeemable at par on a date falling ten years from the date of allotment
12	Infrastructure Bonds (2010-11) - Series II	8.30%	-	109.12	31.03.2021		Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
	Total		**119.56**	**278.63**			

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

17.4 Details of Tax Free Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
1	Tax Free Bonds (2015-16) Series 3-A	7.35%	213.57	213.57	17.10.2035	17.11	Redeemable at par on maturity
2	Tax Free Bonds (2015-16) Series 3-B	7.60%	155.48	155.48	17.10.2035		
3	Tax Free Bonds Series 3-A	8.67%	1,067.38	1,067.38	16.11.2033		
4	Tax Free Bonds Series 3-B	8.92%	861.96	861.96	16.11.2033		
5	Tax Free Bonds (2015-16) Series 2-A	7.27%	131.33	131.33	17.10.2030		
6	Tax Free Bonds (2015-16) Series 2-B	7.52%	45.18	45.18	17.10.2030		
7	Tax Free Bonds Series 2-A	8.54%	932.70	932.70	16.11.2028		
8	Tax Free Bonds Series 2-B	8.79%	353.32	353.32	16.11.2028		
9	Tax Free Bonds Series 107-B	8.46%	1,011.10	1,011.10	30.08.2028		
10	Tax Free Bonds (2012-13) Tranch II	7.04%	10.25	10.25	28.03.2028		
11	Tax Free Bonds (2012-13) Tranch II	7.54%	58.96	58.96	28.03.2028		
12	Tax Free Bonds (2012-13) Tranch-I Series 2	7.36%	162.72	162.72	04.01.2028	17.9	
13	Tax Free Bonds (2012-13) Tranch-I Series 2	7.86%	194.28	194.28	04.01.2028		
14	Tax Free Bonds Series 95B	7.38%	100.00	100.00	29.11.2027		
15	Tax Fee Bond Series 94B	7.38%	25.00	25.00	22.11.2027		
16	Tax Free Bonds (2011-12) Public Issue	8.30%	1,280.58	1,280.58	01.02.2027		
17	Tax Free Bond Series 80-B	8.16%	209.34	209.34	25.11.2026		
18	Tax Free Bond Series 79-B	7.75%	217.99	217.99	15.10.2026		
19	Tax Free Bonds (2015-16) Series 1A	7.11%	75.09	75.09	17.10.2025	17.11	
20	Tax Free Bonds (2015-16) Series 1B	7.36%	79.35	79.35	17.10.2025		
21	Tax Free Bonds Series 136	7.16%	300.00	300.00	17.07.2025		
22	Tax Free Bonds Series 1A	8.18%	325.07	325.07	16.11.2023		
23	Tax Free Bonds Series IB	8.43%	335.47	335.47	16.11.2023		
24	Tax Free Bonds Series 107A	8.01%	113.00	113.00	30.08.2023		
25	Tax Free Bonds (2012-13) Tranch II	6.88%	52.90	52.90	28.03.2023		
26	Tax Free Bonds (2012-13) Tranch II	7.38%	43.25	43.25	28.03.2023		
27	Tax Free Bonds (2012-13) Tranch I Series 1	7.19%	197.09	197.09	04.01.2023	17.9	
28	Tax Free Bonds (2012-13) Tranch I Series 1	7.69%	145.66	145.66	04.01.2023		
29	Tax Free Bonds Series 95A	7.22%	30.00	30.00	29.11.2022		
30	Tax Free Bond Series 94A	7.21%	255.00	255.00	22.11.2022		
31	Tax Free Bonds (2011-12) Public Issue	8.20%	2,752.55	2,752.55	01.02.2022		
32	Tax Free Bond Series 80A	8.09%	334.31	334.31	25.11.2021		
33	Tax Free Bonds Series 79A	7.51%	205.23	205.23	15.10.2021		
	Total		**12,275.11**	**12,275.11**			

17.5 Details of 54 EC Capital Gain Tax Exemption Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020		
1	Series IV (FY 2020-21)	5.00%	685.41	-	17.11	Redeemable at par during FY 2025-26
2	Series IV (FY 2020-21)	5.75%	252.38	-		Redeemable at par during FY 2025-26
3	Series III (FY 2019-20)	5.75%	1,134.44	1,134.44		Redeemable at par during FY 2024-25
4	Series II (FY 2018-19)	5.75%	491.95	491.95		Redeemable at par during FY 2023-24
5	Series I (FY 2017-18)	5.25%	-	292.15		Redeemable at par during FY 2020-21
	Total		**2,564.18**	**1,918.54**		

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

17.6 The details of Taxable Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
1	Secured Public Issue (2020-21) Tranche I Series VI Category I-II	6.78%	3.50	-	22.01.2036	17.11	Redeemable at par on maturity
2	Secured Public Issue (2020-21) Tranche I Series VI Category III-IV	6.97%	53.36	-	22.01.2036		
3	Secured Public Issue (2020-21) Tranche I Series VII Category I-II	6.95%	50.05	-	22.01.2036		
4	Secured Public Issue (2020-21) Tranche I Series VII Category III-IV	7.15%	1,330.05	-	22.01.2036		
5	Series 209	7.34%	1,711.00	-	29.09.2035		
6	Series 205B	7.20%	1,605.70	-	10.08.2035		
7	Series 190	8.25%	4,016.00	4,016.00	06.09.2034		
8	Series 189	8.15%	4,035.00	4,035.00	08.08.2034		
9	Series 186	8.79%	2,578.90	2,578.90	30.04.2034		
10	Series 180	8.75%	2,654.00	2,654.00	22.02.2034		
11	Series 179-B	8.64%	528.40	528.40	19.11.2033		
12	Series 204B	6.88%	1,300.00	-	11.04.2031		
13	Secured Public Issue (2020-21) Tranche I Series III Category I-II	6.63%	0.50	-	22.01.2031	17.11	
14	Secured Public Issue (2020-21) Tranche I Series III Category III-IV	6.82%	28.74	-	22.01.2031		
15	Secured Public Issue (2020-21) Tranche I Series IV Category I-II	6.80%	33.67	-	22.01.2031		
16	Secured Public Issue (2020-21) Tranche I Series IV Category III-IV	7.00%	1,635.53	-	22.01.2031		
17	Secured Public Issue (2020-21) Tranche I Series V Category I-II	6.58% (10YR GSEC Link)	10.35	-	22.01.2031		
18	Secured Public Issue (2020-21) Tranche I Series V Category III-IV	6.83% (10YR GSEC Link)	1,250.73	-	22.01.2031		
19	Series 207	7.04%	1,097.40	-	16.12.2030		
20	Series 207R1	7.04%	2,549.10	-	16.12.2030		
21	Series 71	9.05%	192.70	192.70	15.12.2030		
22	Series 205A	7.05%	1,610.10	-	09.08.2030		
23	Series 202C	7.79%	1,936.00	-	22.07.2030		
24	Series 201	7.68%	3,101.30	-	15.07.2030		
25	Series 66-C	8.85%	633.00	633.00	15.06.2030		
26	Series 203B	7.75%	3,318.00	-	11.06.2030		
27	Series 197	7.41%	5,000.00	5,000.00	15.05.2030		
28	Series 200	7.40%	2,920.00	-	08.05.2030		
29	Series 195	7.86%	1,100.00	1,100.00	12.04.2030		
30	Series 196	7.41%	2,500.00	2,500.00	25.02.2030		
31	Series 196R1	7.41%	1,500.00	-	25.02.2030		
32	Series193	7.93%	4,710.50	4,710.50	31.12.2029		
33	Series 118 Option B III	9.39%	460.00	460.00	27.08.2029		
34	Series 187 B	8.85%	1,982.10	1,982.10	27.05.2029		
35	Series 179-A	8.67%	1,007.40	1,007.40	19.11.2028		
36	Series 178	8.95%	3,000.00	3,000.00	10.10.2028		
37	Series 177	7.85%	3,855.00	3,855.00	03.04.2028		
38	Series 103	8.94%	2,807.00	2,807.00	25.03.2028		
39	Series 102 A (III)	8.90%	403.00	403.00	18.03.2028		
40	Series 101 B	9.00%	1,370.00	1,370.00	11.03.2028		

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
41	Series 172	7.74%	850.00	850.00	29.01.2028		
42	Series 171	7.62%	5,000.00	5,000.00	15.12.2027		
43	Series 170-B	7.65%	2,001.00	2,001.00	22.11.2027		
44	Series 169-B	7.30%	1,500.00	1,500.00	07.08.2027		
45	Series 168-B	7.44%	1,540.00	1,540.00	12.06.2027		
46	Series 155	7.23%	2,635.00	2,635.00	05.01.2027		
47	Series 152	7.55%	4,000.00	4,000.00	25.09.2026		
48	Series 151-B	7.56%	210.00	210.00	16.09.2026		
49	Series - 77-B	9.45%	2,568.00	2,568.00	01.09.2026		
50	Series 150-B	7.63%	1,675.00	1,675.00	14.08.2026		
51	Series - 76-B	9.46%	1,105.00	1,105.00	01.08.2026		
52	Secured Public Issue (2020-21) Tranche I Series II Category I-II	5.65%	27.05	-	22.01.2026	17.11	
53	Secured Public Issue (2020-21) Tranche I Series II Category III-IV	5.80%	3.50	-	22.01.2026		
54	Series 202B	7.17%	810.00	-	22.05.2025		
55	Series 147	8.03%	1,000.00	1,000.00	02.05.2026		
56	Series 71	9.05%	192.70	192.70	15.12.2025		
57	Series 141-B	8.40%	1,000.00	1,000.00	18.09.2025		
58	Series 208	6.50%	2,806.00	-	17.09.2025		
59	Series 66-B	8.75%	1,532.00	1,532.00	15.06.2025		
60	Series 65 III	8.70%	1,337.50	1,337.50	14.05.2025		
61	Series 199B	7.16%	1,320.00	-	24.04.2025		
62	Series 130-C	8.39%	925.00	925.00	19.04.2025		
63	Series 204A	5.77%	900.00	-	11.04.2025		
64	Series 64	8.95%	492.00	492.00	30.03.2025		Redeemable at par on maturity
65	Series 131-C	8.41%	5,000.00	5,000.00	27.03.2025		
66	Series 63-III	8.90%	184.00	184.00	15.03.2025		
67	Series 128	8.20%	1,600.00	1,600.00	10.03.2025		
68	Series 62-B	8.80%	1,172.60	1,172.60	15.01.2025		
69	Series 126	8.65%	5,000.00	5,000.00	04.01.2025		
70	Series 125	8.65%	2,826.00	2,826.00	28.12.2024		
71	Series 61	8.50%	351.00	351.00	15.12.2024		
72	Series 124 C	8.48%	1,000.00	1,000.00	09.12.2024		
73	Series 192	7.42%	3,000.00	3,000.00	19.11.2024		
74	Series 120 Option A	8.98%	961.00	961.00	08.10.2024		
75	Series Option 120 B	8.98%	950.00	950.00	08.10.2024		
76	Series 118 Option B II	9.39%	460.00	460.00	27.08.2024		
77	Series 117 Option B	9.37%	855.00	855.00	19.08.2024		
78	Series 57-C	8.60%	866.50	866.50	07.08.2024		
79	Secured Public Issue (2020-21) tranche I Series I Category III-IV	4.80%	1.95	-	22.01.2024	17.11	
80	Series 206	5.47%	3,000.00	-	19.08.2023		
81	Series 203A	6.72%	2,206.00	-	11.06.2023		
82	Series 188	8.10%	691.10	691.10	04.06.2024		
83	Series 202A	6.75%	2,145.00	-	22.05.2023		
84	Series 198	6.98%	3,160.00	-	20.04.2023		
85	Series 199A	6.83%	1,970.00	-	24.04.2023		
86	Series 85 D	9.26%	736.00	736.00	15.04.2023		
87	Series 194	7.04%	1,400.00	1,400.00	14.04.2023		
88	Series 102 A (II)	8.90%	403.00	403.00	18.03.2023		
89	Series 100 B	8.84%	1,310.00	1,310.00	04.03.2023		

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
90	Zero Coupon Unsecured Taxable Bonds 2022-XIX Series	-	654.92	605.94	30.12.2022		
91	Series 176-B	7.99%	1,295.00	1,295.00	20.12.2022		
92	Series 170-A	7.35%	800.00	800.00	22.11.2022		
93	Series 191	7.35%	3,735.00	3,735.00	15.10.2022		
94	Series 92 C	9.29%	-	640.00	Repaid During FY 2020-21		
95	Series 181	8.45%	2,155.00	2,155.00	11.08.2022		
96	Series 169-A	7.10%	3,395.00	3,395.00	08.08.2022		
97	Series 168-A	7.28%	1,950.00	1,950.00	12.06.2022		
98	Series 187 A	8.20%	1,605.00	1,605.00	27.05.2022		
99	Series 88 C	9.48%	184.70	184.70	15.04.2022		
100	Series 183	8.18%	3,751.20	3,751.20	19.03.2022		
101	Series 154	7.27%	1,101.00	1,101.00	22.12.2021		
102	Series 124 B	8.55%	1,200.00	1,200.00	09.12.2021		
103	Series 123 C	8.66%	200.00	200.00	27.11.2021		
104	Series 153	7.40%	1,830.00	1,830.00	30.09.2021		
105	Series 151-A	7.47%	2,260.00	2,260.00	16.09.2021		
106	Series 150-A	7.50%	2,660.00	2,660.00	16.08.2021		
107	Series - 76-A	9.36%	2,589.40	2,589.40	01.08.2021		
108	Series 115 III	9.20%	700.00	700.00	07.07.2021		
109	Series 75-C	9.61%	2,084.70	2,084.70	29.06.2021		
110	Series 74	9.70%	1,693.20	1,693.20	09.06.2021		
111	Series 28	8.85%	600.00	600.00	31.05.2021		
112	Series 146	8.05%	300.00	300.00	27.04.2021		
113	Series 73	9.18%	1,000.00	1,000.00	15.04.2021		Redeemable at par on maturity
114	Series 175	7.75%	600.00	600.00	15.04.2021		
115	Series 173-B	7.73%	1,325.00	1,325.00	05.04.2021		
116	Series 173-A	7.73%	-	505.00			
117	Series 112-C	9.70%	-	270.00			
118	Series 72-B	8.99%	-	1,219.00			
119	Series 71	9.05%	-	192.70			
120	Series 70	8.78%	-	1,549.00			
121	Series 141-A	8.46%	-	1,000.00			
122	Series 163	7.50%	-	2,435.00			
123	Series 182	8.20%	-	3,500.00			
124	Series 140-B	8.36%	-	1,250.00			
125	Series 138	8.45%	-	1,000.00			
126	Series 137	8.53%	-	2,700.00			
127	Series 68-B	8.70%	-	1,424.00	Repaid in FY 2020-21		
128	Series 167	7.30%	-	1,560.00			
129	Series 165	7.42%	-	3,605.00			
130	Series 66-A	8.65%	-	500.00			
131	Series 166	7.46%	-	1,180.00			
132	Series 149	8.04%	-	100.00			
133	Series 159	7.05%	-	2,551.00			
134	Series 65-II	8.70%	-	1,337.50			
135	Series 131-B	8.38%	-	1,350.00			
136	Series 130-B	8.42%	-	200.00			
137	Series 85 C	9.30%	-	79.50			
138	Series 157	6.83%	-	2,000.00			
	Total		**1,86,226.10**	**1,72,930.24**			

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for the year ended March 31, 2021

17.6.1 During FY 20-21, the Company has raised an amount of ₹ 4,428.99 crore through public issue of 44,289,857 number of Secured Public Issue (2020-21) under Tranche -I at face value of ₹ 1,000 each. These bonds are listed on BSE. The Debenture Trustee for the said public issue of NCDs is Beacon Trusteeship Ltd.

17.7 The details of Foreign Currency Notes outstanding are as follows

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
1	3.35% USD Bonds 2031	3.35%	3,675.23	-	16.05.2031	Redeemable at par on maturity
2	3.95% USD Bonds 2030	3.95%	5,512.85	5,653.94	23.04.2030	
3	3.90% USD Bonds 2029	3.90%	3,307.71	3,392.36	16.09.2029	
4	4.50% USD Bonds 2029	4.50%	4,410.28	4,523.15	18.06.2029	
5	6.15% USD Bonds 2028	6.15%	3,675.24	3,769.29	06.12.2028	
6	5.25% USD Bonds 2028	5.25%	2,205.14	2,261.58	10.08.2028	
7	3.75% USD Green Bonds 2027	3.75%	2,940.19	3,015.44	06.12.2027	
8	3.25% USD Bonds 2024	3.25%	2,205.14	2,261.58	16.09.2024	
9	3.75% USD Bonds 2024	3.75%	2,940.19	3,015.44	18.06.2024	
	Total		**30,871.97**	**27,892.78**		

17.8 The details of Commercial Papers outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
1	CP - 115	4.03%	3,120.00	-	30.07.2021	Redeemable at par on maturity
	Less: Unamortised Financial Charges		(39.77)	-		
	Total		**3,080.23**	**-**		

17.9 These bond series are secured by first pari-passu charge on present and future receivables (excluding those receivables which are specifically charged for infrastructure bonds issued during the FY 2010-11, the security details of which is contained at Note 17.10) along with first pari-passu charge on immovable property situated at Guindy, Chennai.

17.10 Infrastructure Bonds (2010-11) Series I, II, III and IV are secured by charge on specific book debt of ₹ 710.26 crore as on 31.03.2021 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.

17.11 54 EC Capital Gain Tax Exemption Bonds, Taxable Secured Public Issue (2020-21) Tranche-I all Series & all category, and all other Tax Free Bonds Series are secured by first pari-passu charge on the total receivables/book debts of the Company (excluding those receivables which are specifically charged for infrastructure bonds issued during the FY 2010-11, the security details of which is contained at Note 17.10), 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.

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18. BORROWINGS (OTHER THAN DEBT SECURITIES)

The Company has categorised Borrowings (other than Debt Securities) at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(A)	Term Loans		
(i)	From Banks and Financial Institutions		
	- Foreign Currency Loans (Refer Note 18.1)	150.65	172.38
	- Syndicated Foreign Currency Loans (Refer Note 18.2)	18,813.18	19,635.63
	- Rupee Term Loans (Refer Note 18.4)	53,598.98	49,598.98
(ii)	From other Parties		
	- Rupee Term Loans - GoI (Refer Note 18.6)	7,500.00	7,500.00
(B)	Other Loans from Banks		
(i)	Loan against Term Deposits (Refer Note 18.7)	683.04	-
(ii)	Working Capital Demand Loan/Overdraft/Cash Credit/Line of Credit (Refer Note 18.8)	-	2,038.36
(C)	Interest accrued but not due on above	283.74	375.43
(D)	Unamortised Transaction Cost on above	(191.99)	(204.72)
	Total Borrowings (other than Debt Securities)	**80,837.60**	**79,116.06**
	Geography wise Borrowings		
(i)	Borrowings in India	62,015.73	59,448.04
(ii)	Borrowings outside India	18,821.87	19,668.02
	Total Geography wise Borrowings	**80,837.60**	**79,116.06**

18.1 Details of Unsecured Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
1	KFW I (Guaranteed by the Government of India)	46.79	48.26	Semi Annual Instalments Till 30.12.2035	Redeemable in semi annual instalments
2	ADB (Guaranteed by the Government of India)	66.96	79.46	Semi Annual Instalments Till 15.10.2028	
3	Credit National (Guaranteed by the Government of India)	36.90	44.66	Semi Annual Instalments Till 30.06.2028	
	Total Foreign Currency Loans	**150.65**	**172.38**		

18.2 Details of Unsecured Syndicated Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
1	SLN 30	735.05	-	13.10.2025	Bullet Repayment at the end of the tenor
2	SLN 30	2205.14	-	05.11.2025	
3	SLN 29	1,837.62	1,884.65	20.12.2024	
4	SLN 27	1,089.02	1,143.01	01.02.2024	
5	SLN 26	1,837.62	1,884.65	26.09.2023	
6	SLN 23	1,837.62	1,884.65	22.03.2023	
7	SLN 22	1,837.62	1,884.65	28.02.2023	
8	SLN 21	2,205.14	2,261.57	12.12.2022	
9	SLN 28 USD	1,837.62	1,884.65	28.06.2022	
10	SLN 28 JPY	356.30	373.97	28.06.2022	
11	SLN 17	1,102.57	3,392.36	24.09.2021	Redeemable in three equal instalments falling due on 28.09.2020, 26.03.2021 and 24.09.2021.
12	SLN 18	1,931.86	3,041.47	04.11.2022	Redeemable in three equal instalments falling due on 06.11.2020, 08.11.2021 and 04.11.2022.
	Total Syndicated Foreign Currency Loans	**18,813.18**	**19,635.63**		

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

18.3 Foreign Currency Borrowings as at 31.03.2021 in above Note No. 18.1 and 18.2 have been raised at interest rate spread ranging from 60 bps to 150 bps over 6 Months USD/JPY LIBOR (London Inter Bank Offered Rate).

18.4 Details of Rupee Term Loans outstanding are as follows:

(i) Secured Rupee Term Loans

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
1	Indian Bank	500.00	500.00	02.01.2027	Bullet Repayment at the end of the tenor
2	Indian Bank	1,800.00	1,800.00	29.06.2026	The loan is to be repaid in 12 quarterly instalments of ₹ 150 crore each starting from 29-Sep-2023 and ending on 29-Jun-2026
3	Union Bank of India	1,800.00	-	30.09.2025	The loan is to be repaid in 04 annual instalments of ₹ 450 crore each starting from 30-Sep-22 and ending on 30-Sep-2025
4	Punjab National Bank	225.00	225.00	30.09.2025	The loan is to be repaid in 04 annual instalments of ₹ 56.25 crore each starting from 30-Sep-22 and ending on 30-Sep-2025
5	Indian Bank	1,500.00	-	28.09.2025	The loan is to be repaid in 08 half yearly instalments of ₹ 187.50 crore each starting from 28-Mar-22 and ending on 28-Sep-2025
6	State Bank of India	5,000.00	-	10.07.2025	The loan is to be repaid in 7 quarterly instalments comprising 6 instalments of ₹ 715 crore each and thereafter final instalment of ₹ 710 crore each starting from 10-Jul-2022 and ending on 10-Jul-2025
7	Bank of India	1,000.00	1,000.00	02.03.2025	The loan is to be repaid in 2 Annual instalments of ₹ 500 crore each starting from 02-Mar-2024 and ending on 02-Mar-2025
8	Punjab National Bank	1,500.00	1,500.00	25.02.2025	There is a moratorium period of 2 years on principal repayment and after the completion of moratorium period of 02 years from date of disbursement, the loan is to be repaid in 04 annual instalments of ₹ 375 crore each starting from 25-Feb-22 and ending on 25-Feb-2025
9	Union Bank of India	400.00	500.00	30.09.2024	The loan is to be repaid in 5 annual instalments of ₹ 100 crore each starting from 30-Sep-2020 and ending on 30-Sep-2024
10	Canara Bank	1,000.00	1,000.00	29.06.2024	Bullet Repayment at the end of the tenor
11	Canara Bank	500.00	500.00	24.06.2024	
12	Canara Bank	500.00	500.00	21.06.2024	
13	Union Bank of India	600.00	800.00	15.03.2024	The loan is to be repaid in 5 annual instalments of ₹ 200 crore each starting from 15-Mar-2020 and ending on 15-Mar-2024
14	Bank of Maharashtra	750.00	750.00	11.03.2024	Moratorium: 2 years (8 quarters) from the date of 1st disbursement. Principal shall be repaid in 12 structured quarterly instalments, i.e. 4 instalments of ₹ 18.75 crore each from 9th-12th quarter, 4 instalments of ₹ 56.25 crore each from 13th-16th quarter and thereafter 4 instalments of ₹ 112.50 crore each from 17th-20th quarter
15	Canara Bank	1,000.00	1,000.00	20.02.2024	Bullet Repayment at the end of the tenor
16	Bank of Baroda	1,400.00	-	15.10.2023	The loan is to be repaid in 8 quarterly instalments of ₹ 175 crore each starting from January 15, 2022 and ending on October 15, 2023
17	Karnataka Bank	500.00	500.00	31.07.2022	The loan is to be repaid in 5 quarterly instalments of ₹ 100 crore each starting from July 31, 2021 and ending on July 31, 2022
	Total Secured Rupee Term Loans	**19,975.00**	**10,575.00**		

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(ii) Unsecured Rupee Term Loans

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
1	Canara Bank	2,000.00	-	22.09.2026	The loan is to be repaid in 20 quarterly instalments of ₹ 100 crore each starting from 22-Dec-2021 and ending on 22-Sep-2026
2	Bank of India	1,000.00	-	11.09.2026	The loan is to be repaid in 4 annual instalments of ₹ 250 crore each starting from 11-Sep-2023 and ending on 11-Sep-2026
3	Canara Bank	500.00	500.00	23.03.2026	The loan is to be repaid in 10 half-yearly instalments of ₹ 50 crore each starting from 23-Sep-2021 and ending on 23-Mar-2026
4	Bank of Maharashtra	500.00	-	30.06.2025	The loan is to be repaid in 2 instalments of ₹ 250 crore each due on starting from 30-Jun-2023 and 30-Jun-2025
5	Union Bank of India	2,500.00	2,500.00	23.03.2025	The loan is to be repaid in 4 annual instalments of ₹ 625 crore each starting from 23-Mar-2022 and ending on 23-Mar-2025
6	Punjab National Bank	1,000.00	1,000.00	20.03.2025	The loan is to be repaid in 3 annual instalments of ₹ 333.33 crore each starting from 20-Mar-2023 and ending on 20-Mar-2025
7	Union Bank of India	800.00	800.00	15.01.2025	The loan is to be repaid in 8 quarterly instalments of ₹ 100 crore each starting from 15-Apr-2023 and ending on 15-Jan-2025
8	State Bank of India	3,000.00	3,000.00	19.12.2024	Bullet Repayment at the end of the tenor
9	Bank of Baroda	1,900.00	2,000.00	15.04.2024	The loan is to be repaid in 5 annual instalments comprising 2 instalment of ₹ 100 crore each and thereafter 3 instalment of ₹ 600 crore each starting from 15-Apr-2020 and ending on 15-Apr-2024
10	Canara Bank	1,750.00	1,750.00	20.03.2024	The loan is to be repaid in 8 quarterly instalments of ₹ 218.75 crore each starting from 20-Jun-2022 and ending on 20-Mar-2024
11	Bank of India	2,000.00	2,000.00	21.01.2024	Bullet Repayment at the end of the tenor
12	Canara Bank	500.00	500.00	15.01.2024	
13	Canara Bank	500.00	500.00	28.12.2023	
14	Punjab National Bank	995.00	995.00	24.12.2023	
15	HDFC Bank Ltd.	750.00	750.00	05.10.2023	
16	State Bank of India	2,999.98	5,999.98	27.09.2023	₹ 3,000 crore repaid on 30.03.2021 balance amount to be paid at the end of the tenor
17	Bank of Baroda	3,000.00	-	15.07.2023	The loan is to be repaid in 8 quarterly instalments comprising 4 instalment of ₹ 250 crore each and thereafter 4 instalment of ₹ 500 crore each starting from 15-Oct-2021 and ending on 15-Jul-2023
18	UCO Bank	200.00	-	26.05.2023	Bullet Repayment at the end of the tenor
19	UCO Bank	500.00	500.00	31.03.2023	
20	HDFC Bank Ltd.	2,000.00	-	31.05.2022	
21	India Infrastructure Finance Company Limited	1,429.00	1,429.00	31.03.2022	
22	HDFC Bank Ltd.	1,000.00	-	30.12.2021	
23	HDFC Bank Ltd.	1,000.00	-	27.11.2021	
24	India Infrastructure Finance Company Limited	800.00	800.00	14.09.2021	

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
25	UCO Bank	1,000.00	1,000.00	23.08.2021	Bullet Repayment at the end of the tenor
26	Indian Overseas Bank	-	400.00	Repaid in FY 202-21	
27	Indian Overseas Bank	-	400.00		
28	India Infrastructure Finance Company Limited	-	271.00		
29	Bank of Baroda	-	700.00		
30	HDFC Bank Ltd.	-	750.00		
31	Canara Bank	-	1,500.00		
32	Bank of India	-	1,000.00		
33	Union Bank of India	-	1,979.00		
34	Bank of Baroda	-	2,000.00		
35	Punjab National Bank	-	2,000.00		
36	Punjab National Bank	-	2,000.00		
	Total Unsecured Rupee Term Loans	**33,623.98**	**39,023.98**		
	Total Rupee Term Loans (Unsecured & Secured)	**53,598.98**	**49,598.98**		

18.5 Borrowings as at 31.03.2021 in above Note 18.4 have been raised at respective bank's Benchmark rate plus spread ranging from 5 to 320 bps.

18.6 Details of Unsecured Rupee term Loan - GoI outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
1	National Small Savings Fund Scheme (NSSF) (Coupon rate - 8.11% p.a.)	7,500.00	7,500.00	27.12.2028	Bullet Repayment at the end of the tenor

18.7 Details of Loan against Term Deposits outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
1	HDFC Bank Ltd.	683.04	-	02.04.2021	Redeemed at par on maturity date
	Total Loan against Term Deposits	**683.04**	**-**		

18.8 Details of Unsecured WCDL/OD/CC/Line of Credit outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
1	State Bank of India (WCL)	-	1,200.00	Repaid in FY 2020-21	Bullet Repayment at the end of the tenor
2	Punjab National Bank (WCDL)	-	600.00		
3	Punjab National Bank (OD)	-	238.36		Running facility
	Total WCDL/OD/CC/Line of Credit	**-**	**2,038.36**		

18.9 None of the borrowings have been guaranteed by Directors.

18.10 There has been no default in repayment of borrowings and interest during periods presented above.

18.11 Refer Note 10 for carrying values of the receivable pledged as security against secured rupee term loans. Secured rupee term loans are secured by first pari-passu charge in favour of lending banks on the receivables of the Company limited to payment/ repayment of the term loan including interest, additional interest, cost and expenses and all other monies whatsoever payable/ repayable by the Company to lending bank and/or others under/pursuant to the security document except for those receivables which are already charged in favour of Catalyst Trusteeship Ltd. (formally known as GDA Trusteeship Limited).

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19. SUBORDINATED LIABILITIES

The Company has categorised Subordinated Liabilities at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(A)	**Subordinated Liabilities**		
(i)	Subordinated Bonds (Refer Note 19.1)	9,211.50	9,211.50
(ii)	Interest accrued but not due on above	101.80	103.04
(iii)	Unamortised Transaction Cost on above	(3.10)	(3.59)
	Total Subordinated Liabilities	**9,310.20**	**9,310.95**
(B)	**Geography wise Subordinated Liabilities**		
(i)	Subordinated Bonds in India	9,310.20	**9,310.95**
(ii)	Subordinated Bonds outside India	-	-
	Total Geography wise Subordinated Liabilities	**9,310.20**	**9,310.95**

19.1 Details of Subordinated Bonds are as under:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Subordinated Tier II Debt Bond - 8.19% Bond Series 105	800.00	800.00
(ii)	Subordinated Tier II Debt Bond - 9.65% Bond Series 111	1,000.00	1,000.00
(iii)	Subordinated Tier II Debt Bond - 9.70% Bond Series 114	2,000.00	2,000.00
(iv)	Subordinated Tier II Debt Bond - 9.25% Bond Series 184A	2,000.00	2,000.00
(v)	Subordinated Tier II Debt Bond - 9.10% Bond Series 184 B	2,411.50	2,411.50
(vi)	Subordinated Tier II Debt Bond - 8.98% Bond Series 185	1,000.00	1,000.00
	Total Subordinated Bond Series	**9,211.50**	**9,211.50**

20. OTHER FINANCIAL LIABILITIES

The Company has categorised Other Financial Liabilities at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments' other than 'Lease Liability' presented below, which is measured in accordance with Ind AS 116 'Leases'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Payable on account of Government of India Serviced Bonds (Refer Note 20.1)	5,038.21	5,038.72
(ii)	Advance received from Subsidiaries and Associates*	176.86	168.42
(iii)	Unclaimed Dividends (Refer Note 20.2)	3.90	3.48
(iv)	Unpaid - Bonds and Interest Accrued thereon (Refer Note 20.2)		
	- Unclaimed Bonds	0.53	0.53
	- Unclaimed Interest on Bonds	148.92	15.16
(v)	Others		
	- Application Money Refundable on Bonds and interest accrued thereon	0.69	0.83
	- Interest Subsidy Fund (Refer Note. 20.3)	18.72	17.31
	- Payable under APDRP/IPDS scheme (Refer Note. 51)	211.00	-
	- Lease Liability	8.81	8.81
	- Other liabilities	220.41	121.90
	Total Other Financial Liabilities	**5,828.05**	**5,375.16**

*Payable in cash

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for the year ended March 31, 2021

20.1 Details of GoI Serviced Bonds (Unsecured Taxable Bonds) :

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	PFC Bond Series 164-GoI Fully Serviced Bond	2,000.00	2,000.00
(ii)	PFC Bond Series 160-GoI Fully Serviced Bond	1,465.00	1,465.00
(iii)	PFC Bond Series 158-GoI Fully Serviced Bond	1,335.00	1,335.00
(iv)	PFC Bond Series 156-GoI Fully Serviced Bond	200.00	200.00
(v)	Interest accrued on above	38.21	38.72
	Total GoI Serviced Bonds	**5,038.21**	**5,038.72**

20.2 Unclaimed dividends, unclaimed bonds and interest thereon include the amounts which have either not been claimed by the investors/holders of the instruments or are on hold pending legal formalities etc. Out of the above, the amount eligible to be transferred to Investor Education and Protection Fund has been transferred.

20.3 Interest Subsidy Fund under Accelerated Generation & Supply Programme (AG&SP):

(i) The Company claimed subsidy from GoI at net present value calculated at indicative interest rates in accordance with GOI's letter vide D.O.No.32024/17/97 – PFC dated 23.09.1997 and O.M.No.32024/23/2001 – PFC dated 07.03.2003, irrespective of actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrowers is retained as Interest Subsidy Fund Account. Impact of difference between indicative rate & period considered at the time of claims and at the time of actual disbursement can be ascertained only after end of respective schemes.

(ii) Balance under the head Interest Subsidy Fund shown under Other Financial Liabilities, representing amount of subsidy received from MoP, GoI, comprises of the following:

(₹ in crore)

Description*	As at 31.03.2021	As at 31.03.2020
Opening Balance	**17.31**	**15.96**
Add: Received during the period	-	-
Interest credited during the period	1.41	1.35
Refund by the borrower due to non-commissioning of project in time	-	-
Less: Refunded to MoP :		
Estimated net excess against IX & X Plan	-	-
Due to non-commissioning of Project in time	-	-
Closing Balance	**18.72**	**17.31**

*Interest subsidy passed on to borrowers during FY 2020-21 is ₹ 0.37 crore (Previous year ₹ 1.13 crore).

21. PROVISIONS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	For Employee Benefits (Refer Note 44):		
	- Gratuity	1.79	2.76
	- Leave Encashment	40.28	35.11
	- Economic Rehabilitation of Employees	4.53	2.89
	- Provision for Bonus/Incentive	34.73	28.18
	- Provision for Staff Welfare Expenses	16.79	14.88
(ii)	Impairment Loss Allowance - Letter of Comfort (Refer Note 21.1 & 21.2)	57.03	180.47
	Total Provisions	**155.15**	**264.29**

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21.1 Movement of Impairment on Letter of Comfort

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
	Opening balance	180.47	186.71
	Creation during the year	12.72	0.49
	Reversal during the year	(136.16)	(6.73)
	Closing balance	**57.03**	**180.47**

21.2 Letter of Comfort amounting to ₹ 3913.01 crore (As at 31.03.2020 ₹ 870.49 crore) is in the nature of commitment to the borrowers, hence the impairment allowance on the same has been categorised as provisions in accordance with requirements of Ind AS 107 'Financial Instruments: Disclosures'.

22. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Unamortised Fee - Undisbursed Loan Assets	148.72	105.76
(ii)	Statutory dues payable	29.71	3.31
(iii)	Sundry Liabilities Account (Interest Capitalisation)	32.02	-
(iv)	Others	0.68	-
	Total Other Non-Financial Liabilities	**211.13**	**109.07**

23. EQUITY SHARE CAPITAL

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021		As at 31.03.2020	
		Number	Amount (₹in crore)	Number	Amount (₹ in crore)
(A)	**Authorised Capital**				
	Equity Share Capital (Par Value per share ₹ 10)	11,00,00,00,000	11,000.00	11,00,00,00,000	11,000.00
	Preference Share Capital (Par Value per share ₹ 10)	20,00,00,000	200.00	20,00,00,000	200.00
(B)	**Issued, Subscribed and Fully Paid-up Capital**				
	Equity Share Capital (Par Value per share ₹ 10)	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08
(C)	**Reconciliation of Equity Share Capital**				
	Opening Equity Share Capital	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08
	Changes during the period	-	-	-	-
	Closing Equity Share Capital	**2,64,00,81,408**	**2,640.08**	**2,64,00,81,408**	**2,640.08**

23.1 Rights, preferences and restriction attached to equity shares

The Company had issued equity shares having par value of ₹ 10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of the shareholders.

23.2 Shares in the Company held by each shareholder holding more than 5% of the shares

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021		As at 31.03.2020	
		Number of Shares	% of Equity Share Capital	Number of Shares	% of Equity Share Capital
(i)	President of India (Promoters)	1,47,82,91,778	55.99%	1,47,82,91,778	55.99%
(ii)	HDFC Trustee Company Ltd	23,81,25,247	9.02%	24,41,49,623	9.25%
(iii)	Life Insurance Corporation of India	15,75,97,304	5.97%	15,51,78,214	5.88%

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

23.3 Shares reserved for issue under options and contract/commitment for the sale of shares or disinvestment, including the terms and amount: Nil

23.4 During the period of last 5 years, the Company has issued 132,00,40,704 bonus shares in the ratio of 1:1 during FY 2016-17 and has not bought back any shares.

23.5 Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date: Nil

23.6 Calls unpaid (showing aggregate value of calls unpaid by directors and officers): Nil

23.7 Forfeited shares (amount originally paid-up): Nil

23.8 Refer Note 39 for Capital Management.

24. OTHER EQUITY*

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Securities Premium (Refer Note 24.1 (i))	2,776.54	2,776.54
(ii)	Foreign Currency Monetary Item Translation Difference Account (Refer Note 24.1 (ii))	(634.33)	(1,441.18)
(iii)	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934 (Refer Note 24.1 (iii))	4,233.76	2,544.96
(iv)	Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income Tax Act,1961 (Refer Note 24.1 (iv))	287.25	2,514.17
(v)	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 up to Financial Year 1996-97 (Refer Note 24.1 (v))	599.85	599.85
(vi)	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98 (Refer Note 24.1 (v))	21,715.55	18,848.40
(vii)	Interest Differential Reserve - KFW Loan (Refer Note 24.1 (vi))	62.65	61.40
(viii)	General Reserve (Refer Note 24.1 (vii))	13,827.86	10,983.81
(ix)	Retained Earnings (Refer Note 24.1 (viii))	7,203.86	6,042.40
(x)	Reserve for Equity Instruments through Other Comprehensive Income (Refer Note 24.1 (ix))	(183.37)	(313.64)
(xi)	Reserve for Effective portion of gains and loss on hedging instruments in a Cash Flow Hedge through Other Comprehensive Income (Refer Note 24.1 (x))	(113.34)	(92.66)
(xii)	Cost of Hedging Reserve (Refer Note 24.1 (xi))	(23.24)	-
	Total Other Equity*	**49,753.04**	**42,524.05**

*For movements during the year refer Standalone Statement of Changes in Equity.

24.1 Nature and purpose of reserves

(i) Securities Premium:

It represents amount of premium received on issue of equity share capital net of expense incurred on issue of equity shares. This amount can be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Foreign Currency Monetary Item Translation Difference Account:

It represents unamortised foreign exchange gain/loss on Long-term Foreign Currency Borrowings (existing as on 31.03.2018) and are amortised over the tenure of the respective borrowings.

(iii) Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934:

It represents transfer from retained earning @ 20 % of net profit after tax for the year as disclosed in profit and loss account and before any dividend is declared. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India (RBI) from time to time and further, any such appropriation is also required to be reported to the RBI within 21 days from the date of such withdrawal.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(iv) Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income Tax Act,1961:

It has been created to enable the Company to avail income tax deduction. The reserve so maintained is primarily utilised for adjustment of actual bad debts or part thereof. As per Section 36(1)(viia)(c) of Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/reserve made for bad and doubtful debts, not exceeding five percent of the total income as per Income Tax Act.

(v) Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961

It is maintained in order to enable the Company to avail tax benefits. As per Section 36(1)(viii) of the Income Tax Act, 1961, the Company is eligible for deduction not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

(vi) Interest Differential Reserve – KFW Loan:

It represents difference between the interest due and interest paid on KFW loan as per the loan agreement. Exchange gain/loss upon re-statement of loan balance, in accordance with the terms of the Foreign currency borrowing from KFW, is adjusted against this reserve. The Company is not required to repay the unadjusted balance in the reserve after complete repayment of KFW Loan. Any unadjusted balance in the reserve after complete repayment of KFW Loan shall be used for further lending by the Company after consulting with KFW.

(vii) General Reserve:

General Reserve includes the amounts appropriated from the profits of the Company before declaration of dividend (as was required under erstwhile Companies Act, 1956). It also includes the amount transferred from Statutory Reserves on utilization/ reversal of such Reserves. Further the Company appropriates profit to General Reserve in order to avail full eligible deduction of Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961.

(viii) Retained Earnings:

It represent profits and specified items of other comprehensive income recognised directly in retained earnings earned by the Company after transfer to and from other reserves and dividend distributions.

(ix) Reserve for Equity Instruments through Other Comprehensive Income :

The Company elected to recognise changes in the fair value of certain investment in equity instruments through other comprehensive income. It represents cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income. When the asset is derecognised, amounts in the reserve are subsequently transferred to retained earnings and not to standalone statement of profit and loss. Dividends on such investments are recognised in statement of profit & loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(x) Reserve for Effective portion of gains and loss on hedging instruments in a Cash Flow Hedge through OCI:

The Company designates the intrinsic value of hedging instruments in 'Cash Flow Hedge' relationships. Amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

(xi) Cost of Hedging Reserve:

The changes in fair value of the time value of hedging instruments are accumulated in a separate component of equity as 'Cost of hedging reserve' and amortised to the Statement of Profit and Loss on a systematic basis.

24.2 The details of dividend paid on equity shares of face value of ₹ 10 each is as under:

(₹ in crore)

Particulars	FY 2020-21			FY 2019-20		
	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)
Interim Dividend	80%	8.00	2,112.07	95%	9.50	2,508.08
Total Dividend	**80%**	**8.00**	**2,112.07**	**95%**	**9.50**	**2,508.08**

24.3 Events occuring after Balance Sheet date:

Board of Directors in its meeting held on 15.06.2021 has recommended final dividend @ 20% on the paid up equity share capital i.e. ₹ 2/- per equity share of ₹ 10/- each for the FY 2020-21 subject to approval of shareholders in ensuing Annual General Meeting.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

25. INTEREST INCOME

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(A)	**On Financial Assets measured at Amortised Cost**		
(i)	Interest on Loans	36,058.44	32,069.35
	Less: Rebate for Timely Payment to Borrowers	(331.27)	(401.91)
(ii)	Interest on Deposits with Banks	289.80	160.72
(iii)	Other Interest Income	33.91	31.86
(B)	**On Financial Assets Classified at Fair Value Through Profit or Loss**		
(i)	Interest on Investment	90.93	87.81
(ii)	Other Income	3.95	2.59
	Total Interest Income ((A)+(B))	**36,145.76**	**31,950.42**

26. DIVIDEND INCOME

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(A)	**Dividend on equity investments designated at FVTOCI**		
(i)	Investments held at the end of the year	60.13	66.81
(ii)	Investments derecognised during the year	0.64	0.66
	Sub-Total	**60.77**	**67.47**
(B)	**Dividend on equity investments at cost (Subsidiaries, JVs)**	1,143.44	1,220.81
(C)	**Dividend on mutual funds**	-	1.24
	Total Dividend Income	**1,204.21**	**1,289.52**

27. FEES AND COMMISSION INCOME

On the basis of nature of services, the Company's revenue from contracts with customers are:

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Prepayment Premium on Loans	330.46	79.58
(ii)	Fee based Income on Loans	59.79	43.38
(iii)	Fee for implementation of GoI Schemes (Refer Note 51)	4.65	-
	Total Fees and Commission Income	**394.90**	**122.96**

28. OTHER INCOME

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Excess Liabilities written back	-	0.18
(ii)	Miscellaneous Income	21.70	7.98
	Total Other Income	**21.70**	**8.16**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

29. FINANCE COSTS

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(A)	**On Financial Liabilities Measured At Amortised Cost**		
(i)	**Interest on Borrowings**		
	- Term Loans and Others	4,694.63	4,429.49
	- Interest on Lease Liability	0.77	0.77
(ii)	**Interest on Debt Securities**		
	- Bonds/Debentures	17,081.20	15,932.23
	- Commercial Papers	129.42	433.33
(iii)	**Interest on Subordinated Liabilities**	850.04	851.51
(iv)	**Other Interest Expense**		
	- Interest on Interest Subsidy Fund (Refer Note 20.3 (ii))	1.41	1.35
	- Interest on Application Money - Bonds	0.04	0.06
	- Interest on advances received from Subsidiaries	2.88	5.07
	- Interest under Income Tax Act, 1961	2.19	0.17
(v)	- Swap Premium (Net)	431.91	199.21
	Total Finance Costs	**23,194.49**	**21,853.19**

30. NET TRANSLATION/TRANSACTION EXCHANGE LOSS /(GAIN)

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	Net Translation/Transaction Exchange Loss /(Gain) on account of		
(i)	Translation of Long-term foreign currency monetary item (LTFCMI) recognised on or after 01.04.2018	(683.84)	1,950.69
(ii)	Amortisation of Foreign Currency Monetary Item Translation Difference Account created on LTFCMI recognised up to 31.03.2018	519.78	682.73
	Total Translation/Transaction Exchange Loss /(Gain)	**(164.06)**	**2,633.42**

30.1 The foreign currency monetary items are translated at prevailing rate at the year-end as below:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Exchange Rates		
USD / INR	73.5047	75.3859
Euro / INR	86.0990	83.0496
JPY / INR	0.6636	0.6965

31. FEES AND COMMISSION EXPENSE

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Agency Fees	1.28	1.33
(ii)	Guarantee, Listing and Trusteeship fees	2.31	1.57
(iii)	Credit Rating Fees	9.36	6.23
(iv)	Other Finance Charges	1.33	1.63
	Total Fees and Commission Expense	**14.28**	**10.76**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

32. NET LOSS / (GAIN) ON FAIR VALUE CHANGES

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	On financial instruments at Fair value through Profit or Loss:		
(i)	- Change in Fair Value of Derivatives	542.78	(696.26)
(ii)	- Change in Fair Value of Investments	(23.83)	(2.79)
	Total Net Loss/(Gain) on Fair Value changes	**518.95**	**(699.05)**
	Fair value changes:		
(i)	- Realised	258.50	145.56
(ii)	- Unrealised	260.45	(844.61)
	Total Net Loss/(Gain) on Fair Value changes	**518.95**	**(699.05)**

32.1 Fair value changes in this note are other than those arising on account of accrued interest income/expense.

33. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	On Financial Assets measured at Amortised Cost:		
(i)	Loans*	3,617.79	987.09
(ii)	Other Financial Assets	2.05	10.11
(iii)	Letter of Comfort	(123.44)	(6.23)
(iv)	Investment	-	0.25
	Total Impairment on Financial Instruments	**3,496.40**	**991.22**

* Includes write off and impairment on investment acquired under loan settlement amounting to ₹ 2,860.60 crore (Previous year 1,463.55 crore) and corresponding reversal of impairment loss allowance of ₹ 3,017.25 crore (Previous year 1,610.28 crore)

33.1 Refer Note 40.1 for details of impairment on financial assets.

34. EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Salaries and Wages	141.31	129.98
(ii)	Contribution to Provident and other Funds	15.19	14.79
(iii)	Staff Welfare Expenses	32.28	43.81
(iv)	Rent for Residential Accommodation of Employees	5.84	5.24
	Total Employee Benefit Expenses	**194.62**	**193.82**

34.1 Disclosures as per Ind AS 19 'Employee Benefits' in respect of provision made towards various employee benefits are provided in Note 44.

35. CORPORATE SOCIAL RESPONSIBILITY

During the year, Ministry of Corporate Affairs (MCA) has notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ('amendment') and has also notified the effective date as 22.01.2021 for the amendments of Section 135 of the Companies Act made vide Companies Amendment Act, 2019 and Companies Amendment Act, 2020.

In accordance with the amendment under the said notifications, any unspent CSR amount, other than for any ongoing project, shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Any unspent amount pursuant to any ongoing project must be transferred to unspent CSR Account in any scheduled bank within a period of thirty days from the end of the financial year, to be utilised within a period of three financial years, failing which it shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

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Further, if the Company spends an amount in excess of the requirement under statute, the excess amount may be set off for three succeeding financial years against the amount to be spent.

As the notification is made effective during FY 2020-21, The Company is complying with the amended provisions of Section 135 of the Companies Act, 2013 with effect from the current financial year. Further, the unspent CSR amount as at 31.03.2020 would continue to be dealt with in accordance with the pre-amendment framework.

35.1 Details of amount required to be spent by the Company on CSR activities as per the pre-amendment framework (i.e. for period up to 31.03.2020) and as per the post-amendment framework (i.e. for FY 2020-21) during the year is as under:

(₹ in crore)

Sr. No.	Particulars	FY 2020-21			FY 2019-20
		For period up to 31.03.2020	For FY 2020-21	Total	
(i)	Opening unspent amount	217.59	-	217.59	178.88
(ii)	Amount required to be spent for FY 2020-21 as per Section 135 (5) of Companies Act, 2013	-	148.45	148.45	135.86
(iii)	Amount approved by the Board out of (ii) above to be spent during the year	-	148.45	148.45	135.86
(iv)	Amount spent during the year	74.16	187.84	262.00	97.15
(v)	Unspent/(Excess)	143.43*	(39.39)$	104.04	217.59

*Sanctioned to various projects where disbursement is being made as per agreed terms.

$ To be set-off against the CSR budget to be spent in three succeeding financial years

35.2 Activity-wise detail of amount spent during the year on CSR activities:

(₹ in crore)

Sr. No.	Particulars	FY 2020-21			FY 2019-20		
		Paid or settled	Yet to be paid	Total	Paid or settled	Yet to be paid	Total
(i)	Construction/acquisition of any assets	-	-	-	-	-	-
(ii)	On purposes other than (i) above						
(iia)	Sanitation/Waste Management/Drinking water	11.69	-	11.69	11.88	-	11.88
(iib)	Education/Vocational Skill development	15.91	-	15.91	23.20	-	23.20
(iic)	Environmental Sustainability (Solar Applications/Afforestation/Energy efficient LED lighting)	8.17	-	8.17	21.49	-	21.49
(iid)	Sports	0.15	-	0.15	-	-	-
(iie)	Others #	221.23	-	221.23	36.55	-	36.55
(iif)	Administrative overheads including training, impact assessment etc. limited to 5% of total amount required to be spent on CSR	4.85	-	4.85	4.03	-	4.03
(iii)	**Total Amount Spent during FY (35.1(ii) +35.2(ii))**	**262.00**	-	**262.00**	**97.15**	**-**	**97.15**
(iv)	Less: Excess amount spent (to be carried forward to next year)	39.39	-	39.39	-	-	-
(v)	**Amount Spent charged to Standalone Statement of Profit and Loss (iii – iv)**	**222.61**	**-**	**222.61**	**97.15**	**-**	**97.15**

Includes a contribution of ₹ 200 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) made during the year ended 31.03.2021.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

36. OTHER EXPENSES

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Rent, Taxes and Energy Cost	4.43	4.99
(ii)	Repairs and Maintenance	4.63	5.40
(iii)	Communication Costs	2.09	1.61
(iv)	Printing and Stationery	0.92	1.64
(v)	Advertisement and Publicity	8.30	13.62
(vi)	Directors Fees, Allowance and Expenses	0.20	0.17
(vii)	Auditor's fees and expenses (Refer Note 36.1)	1.19	1.26
(viii)	Legal & Professional charges	8.11	6.73
(ix)	Insurance	0.27	0.18
(x)	Travelling and Conveyance	11.09	18.35
(xi)	Net Loss/(Gain) on derecognition of Property, Plant and Equipment	1.12	0.96
(xii)	Other Expenditure	28.45	34.00
	Total Other Expenses	**70.80**	**88.91**

36.1 Auditor's fees and expenses are as under :

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	Fee paid to Statutory Auditors:		
(i)	- as Auditor	0.46	0.46
(ii)	- for Taxation matters	0.12	0.12
(iii)	- for Company Law Matters (includes Limited Review Fees)	0.28	0.30
(iv)	- for Other services	0.24	0.33
(v)	- Non-recoverable GST credit in respect of fees paid to auditors	0.09	0.05
	Total Auditor's fees and expenses	**1.19**	**1.26**

37. DISCLOSURES RELATED TO 'INCOME TAXES'

37.1 Income tax expense recognised in Standalone Statement of Profit and Loss:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Tax expense:		
Current Year	2,613.09	1,406.73
Earlier Years*	178.94	17.75
(A) Total Tax Expense	**2,792.03**	**1,424.48**
Deferred Tax Expense		
Origination and reversal of temporary differences	(1,028.73)	(20.29)
Relating to changes in tax rates or the imposition of new taxes	-	1,133.21
(B) Total Deferred Tax Expense	**(1,028.73)**	**1,112.92**
Total Income Tax Expense (A+B)	**1,763.30**	**2,537.40**

*The Company has opted for settlement of Income Tax Litigations pertaining to AY 1996-97 to AY 2015-16 under the Direct Tax Vivad se Vishwas Scheme, 2020. Accordingly, an amount of ₹ 131.38 crore has been charged to Standalone Statement of Profit and Loss during FY 2020-21 as tax expense for earlier years.

Notes to the Standalone Financial Statements

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37.2 Income tax expense recognised in Other Comprehensive Income:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Deferred Tax Expense		
(A) Items that will not be reclassified to Profit and Loss		
Re-measurement of Defined Benefit Plans	(1.13)	(0.08)
(B) Items that will be reclassified to Profit and Loss		
Effective portion of Gains and Losses on Hedging Instruments in Cash flow Hedge	(6.96)	(4.23)
Cost of hedging reserve	(7.82)	-
Total Deferred Tax Expense (A+B)	**(15.91)**	**(4.31)**

37.3 Reconciliation of tax expenses and accounting profit

Reconciliation of tax expenses (income) and profit before tax multiplied by corporate tax rate:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Profit before Tax	**10,207.31**	**8,192.54**
Company's Applicable Tax Rate	25.168%	25.168%
Tax using the Company's applicable tax rate	**2,568.98**	**2,061.90**
Tax effect of:		
Non-deductible tax expenses	8.09	96.52
Tax exempt income	-	(324.55)
Deduction u/s 36(1)(viii)	(637.95)	(339.80)
Others	(354.76)	(107.63)
Previous year tax liability	178.94	17.75
Change in tax rate*	-	1,133.21
Total tax expenses in the Standalone Statement of Profit and Loss	**1,763.30**	**2,537.40**

* Because of change in applicable tax rate in the previous financial year from 34.944% to 25.168% as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

37.4 Deductible temporary differences/ unused tax losses/ unused tax credits carried forward

Particulars	As at 31.03.2021 (₹ in crore)	Expiry date	As at 31.03.2020 (₹ in crore)	Expiry date
Deductible temporary differences/unused tax losses/unused tax credits for which no deferred tax asset has been recognised in the Standalone Balance Sheet	1.25	31.03.2024	1.25	31.03.2024
	2.54	31.03.2025	2.54	31.03.2025
	0.03	31.03.2028	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

37.5 Movement in Deferred Tax balances:

FY 2020-21

(₹ in crore)

Description	Net balance at 01.04.2020	Recognised in Profit and Loss	Recognised in OCI	Net balance at 31.03.2021
(A) Deferred Tax Asset				
(i) Provision for expenses deductible on payment basis under Income Tax Act	20.42	2.71	1.13	24.26
(ii) Unamortised income on loans to borrowers	51.99	6.72	-	58.71
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	3,390.19	720.49	-	4,110.68
(iv) Depreciation and amortisation	1.49	0.86	-	2.35
(v) Fair value of derivatives (Net)	10.88	(6.99)	14.78	18.67
(vi) Others	20.60	3.78	-	24.38
(B) (Deferred Tax Liabilities)				
(i) Lease income	(47.99)	47.99	-	-
(ii) Unamortised Exchange Loss (Net)	(365.07)	204.61	-	(160.46)
(iii) Unamortised expenditure on loan liabilities	(80.04)	(1.76)	-	(81.80)
(iv) Others	(50.35)	50.32	-	(0.03)
Net Deferred Tax Assets /(liabilities)	**2,952.12**	**1,028.73**	**15.91**	**3,996.76**

FY 2019-20

(₹ in crore)

Description	Net balance at 01.04.2019	Recognised in Profit and Loss	Recognised in OCI	Net balance at 31.03.2020
(A) Deferred Tax Asset				
(i) Provision for expenses deductible on payment basis under Income Tax Act	26.77	(6.43)	0.08	20.42
(ii) Unamortised income on loans to borrowers	64.03	(12.04)	-	51.99
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	4,416.17	(1,025.98)	-	3,390.19
(iv) Depreciation and amortisation	0.98	0.51	-	1.49
(v) Fair value of derivatives (Net)	31.56	(24.91)	4.23	10.88
(vi) Others	-	20.60	-	20.60
(B) (Deferred Tax Liabilities)				
(i) Lease income	(66.64)	18.65	-	(47.99)
(ii) Unamortised Exchange Loss (Net)	(271.19)	(93.88)	-	(365.07)
(iii) Unamortised expenditure on loan liabilities	(98.65)	18.61	-	(80.04)
(iv) Others	(42.30)	(8.05)	-	(50.35)
Net Deferred Tax Assets /(liabilities)	**4,060.73**	**(1,112.92)**	**4.31**	**2,952.12**

38. DISCLOSURE AS PER IND AS 33 'EARNINGS PER SHARE'

(₹ in crore)

Sr. No.	Description	FY 2020-21	FY 2019-20
(A)	Profit for the period used as numerator (basic & diluted) (₹ in crore):		
	(i) from continuing operations	8,444.01	5,655.14
	(ii) from discontinued operations	-	-
	(iii) from continuing and discontinued operations	8,444.01	5,655.14
(B)	Weighted average number of equity shares used as denominator (basic & diluted)	2,64,00,81,408	2,64,00,81,408
(C)	Earning per equity share (basic & diluted), face value ₹ 10 each (₹):		
	(i) for continuing operations	31.98	21.42
	(ii) for discontinued operations	-	-
	(iii) for continuing and discontinued operations	31.98	21.42

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39. CAPITAL MANAGEMENT

The Company maintains a capital base that is adequate to support the Company's risk profile, regulatory and business needs. The Company sources funds from domestic and international financial markets, *inter-alia* leading to diverse investor base and optimised cost of capital. Refer Note 17, 18 and 19 for details w.r.t. sources of funds and refer Standalone Statement of Changes in Equity for details w.r.t Equity.

As contained in RBI Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended (hereinafter referred to as 'RBI Master Directions'), the Company is required to maintain a capital ratio consisting of Tier I and Tier II capital not less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. Out of this, Tier I capital shall not be less than 10%. The Company regularly monitors the maintenance of prescribed levels of Capital to Risk Weighted Assets Ratio (CRAR). Further, with regard to capital restructuring, the Company is also guided, *inter-alia*, by guidelines on 'Capital Restructuring of Central Public Sector Enterprises' issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc.

39.1 Capital to Risk Weighted Assets Ratio (CRAR) and other key financial parameters of the Company are as under:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
CRAR – Tier I Capital	15.46%	12.45%
CRAR – Tier II Capital	3.37%	4.51%
Total CRAR	18.83%	16.96%
Net Worth (₹ in crore)	52,393.12	45,164.13
Debt Equity Ratio*	6.20	6.72

*calculated using principal outstanding of debt securities, borrowings and subordinated liabilities.

39.2 Details of Subordinated Debt/Perpetual Debt raised are as under:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

39.3 Dividend Distribution Policy

The Company has a well-defined dividend distribution policy. Dividend distribution policy focuses on various factors including but not limited to GoI guidelines, future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by Department of Investment and Public Asset Management (DIPAM), Government of India, the Company is required to pay a minimum annual dividend of 30% of Profit after Tax or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under extant legal provisions. Though, the Company endeavours to declare dividend as per these guidelines, it may propose to MoP, a lower dividend after analysis of various financial parameters like net-worth, CAPEX/business expansion needs; additional investments in subsidiaries/associates of the Company; etc. For details of dividend paid/recommended during the year, refer Note 24.2 and Note 24.3.

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40. FINANCIAL RISK MANAGEMENT

The Company is exposed to several risks which are inherent to the environment that it operates in. The Company is into business of extending financial assistance to power sector. The principal risks which are inherent with the Company's business model and from its use of financial instruments include credit risk, liquidity risk and market risk (currency risk, interest rate risk and price risk).

The following table broadly explains sources of risks which the Company is exposed to and how it manages the same and related impact in the financial statements:

Note	Risk	Exposure arising from	Measurement	Risk Management
40.1	Credit Risk	Loans, investments, cash and cash equivalents, other financial assets	Ageing analysis	Detailed appraisal process, credit limits and collateral including government guarantee
40.2	Liquidity Risk	Debt securities, borrowings, subordinated liabilities and other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
40.3	Market Risk – Foreign Currency Risk	Recognised financial liabilities not denominated in Indian Rupee (INR)	Sensitivity Analysis	Derivative contracts for hedging currency risk
40.4	Market Risk – Interest Rate Risk	Debt securities, Borrowings, subordinated liabilities and loans at variable rates	Interest rate gap analysis	Mix of loan arrangements with varied interest rate terms, derivative contract like interest rate swaps etc.
40.5	Market Risk – Price Risk	Investments in quoted equity securities	Sensitivity Analysis	Diversification of portfolio, with focus on strategic investments

For managing these risks, the Company has put in place an integrated enterprise-wide risk management mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO/.099/03.10.001/2018-19 dated 16.05.2019; to augment risk management practices in the Company, the Board of Directors has also appointed a Chief Risk Officer (CRO) who is involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e., Company's objectives, policies and processes for identifying, measuring and managing each of above risk is set out in the subsequent paragraphs.

40.1 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Company by failing to discharge its obligation. Details of financial assets that expose the Company to credit risk are:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Low Credit Risk		
Cash and cash equivalents[(a)]	3,717.62	182.52
Bank balances other than included in cash and cash equivalents[(b)]	1,044.58	16.47
Loans (Principal Outstanding)[(c)]	3,02,100.27	2,84,211.50
Investments (Excluding equity investments)[(a)]	324.81	978.91
Other financial assets[(b)]	5,336.77	5,339.12
Moderate Credit Risk		
Loans (Principal Outstanding)[(c)]	47,520.56	32,821.38
High Credit Risk		
Loans (Principal Outstanding)[(c)]	21,150.16	27,871.70
Other financial assets[(b)]	22.46	20.41

[(a)]Credit risk on cash and cash equivalents and other bank balances is limited as these are held with scheduled commercial public sector banks, high rated private sector banks and mutual fund houses, which meets the empanelment criteria as set out in the Company's policy. The Company has also set exposure limits for deployment of funds in various types of instruments with respective banks/ mutual fund houses.

For its investments, the Company manages its exposure to credit risk by periodically monitoring such investments, and applying the appropriate valuation techniques to arrive at the carrying value.

[(b)]Credit risk on other financial assets is evaluated based on Company's knowledge of the credit worthiness of those parties and managed by monitoring the recoverability of such amounts. The Company carries an impairment loss allowance of ₹ 22.46 crore on its other financial assets as at 31.03.2021 (as at 31.03.2020 ₹ 20.41 crore).

[(c)]The Company is exposed to credit risk primarily through its lending operations. The same is explained in the paragraphs below.

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40.1.1 Credit Risk Management for Lending Operations

The Company has put in place key policies and processes for managing credit risk, which include formulating credit policies, guiding the Company's appetite for credit risk exposures, undertaking reviews & objective assessment of credit risk, and monitoring performance and management of portfolios. All the procedures and processes of the Company are ISO 9001:2015 certified.

The credit risk management covers two key areas, i.e., project appraisal & project monitoring. The Company selects the borrowers in accordance with the Company's approved credit policy, which inter alia, defines factors to be considered for rating of the borrower/ project. The Company's customer selection procedure assesses viability of project along with that of its promoting entity. Rate of interest and maximum admissible exposure is, inter alia, based on internal rating awarded by the Company.

(i) Project Appraisal

The Company follows a systematic, institutional project appraisal process to assess the credit risk before financing any project.

(a) Appraisal for Private Sector Power Projects

For private sector projects, a two-stage appraisal process is followed. Initially a preliminary appraisal is carried out in order to decide the prima facie preparedness of the project to be taken up for detailed appraisal. Detailed appraisal is carried out for those projects shortlisted on the basis of preliminary appraisal.

The Company along with evaluation of project viability also assesses the ability of its promoter(s) to contribute equity and complete the project. The Company follows an integrated rating methodology whereby Integrated Rating (IR) is calculated using the weighted average of the scores of the project grading and promoter grading. Based on the IR of the project, terms and conditions (including security package and interest rate) are stipulated.

(b) Appraisal for State Sector Power Projects

State sector projects are taken up for detailed appraisal to determine, inter-alia, if they are techno economically sound and compatible with integrated power development & expansion plans of the State.

The Company classifies state power generation utilities into various risk rating grades based on the evaluation of utility's performance against specific parameters covering operational and financial performance. With regards to transmission utilities, the Company adopts the categorisation of its subsidiary RECL as per its policy. With regard to State Power Distribution utilities including integrated utilities, the Company's categorisation policy provides for adoption of Ministry of Power's (MoP's) Integrated Ratings by aligning such ratings/ grading with that of Company's rating structure.

Such categories/ratings are used to determine credit exposure limits, security requirements and pricing of loans given to the State Sector Borrowers. The Company also has a mechanism in place for monitoring the exposure to single borrower and exposure within a State.

The detailed project appraisal involves technical and financial appraisal covering various aspects such as project inputs, statutory and non-statutory clearances, contracts, project linkages, financial modelling/ projections, calculation of returns, sensitivity analysis etc.

After detailed analysis indicated above, the overall viability of the project and entity is assessed and various conditions in the form of pre-commitment, pre-disbursement and the like are stipulated so as to ensure tying up of funds (debt and equity both), all physical inputs, appropriateness of all the contracts, compliance of conditions precedent in agreements/ contracts/ statutory and non-statutory clearances related to the project etc. and in general to ensure bankability of the project & protection of the interest of the Company as a lender for timely servicing of debt. The Company has an authorisation/ delegation structure for the approval and renewal of credit facilities commensurating with the size of the loan.

(ii) Security and Covenants

The Company stipulates a package of security measures/ covenants to mitigate risks during the construction and post COD (commercial operation date) stage of the project. Based on the risk appetite and appraisal of the project, the Company adopts a combination of the following measures:

(a) Primary Security–Charge on Project Assets or State Government Guarantees

(b) Collateral Securities–Corporate guarantee, Personal guarantee of promoters, Pledge of shares, Charge on assets/revenues of group/other companies

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(c) Payment Security Mechanism - Escrow Account/Letter of Credit, Trust and Retention Account (TRA)

(d) Other covenants - Assignment of all project contracts, documents, insurance policies in favour of the Company, Upfront equity requirement, Debt Service Reserve Account (DSRA), Debt Equity ratio, shareholders' agreements, financial closure, etc.

(iii) Project Monitoring

The Company has comprehensive project/loan monitoring guidelines that captures aspects relating to monitoring and tracking of project construction and implementation, progress of commissioned projects; identifies risks where intervention is required to minimise the time & cost overruns and consequent slippages in disbursements.

For State sector projects, monitoring is carried out based on project progress details obtained regularly from borrowers through progress monitoring reports, site visits, discussions with the borrowers, information/reports available on Central Electricity Authority's (CEA) website etc.

For private sector, where the Company is Lead Financial Institution (FI), the Company engages Lenders' Engineers (LEs) and Lenders' Financial Advisors (LFAs), which are independent agencies to act on behalf of various lenders/ consortium members. The LEs conduct periodic site visits, review relevant documents, discusses with the borrowers and submit its reports on progress of the project. LFAs submit the statements of fund flow and utilization of funds in the project periodically. In cases the Company is not the lead FI, the tasks related to LEs and LFAs services are coordinated with the concerned lead lender.

Also, the consolidated periodic progress report of certain projects is prepared comprising important observations/ issues viz. areas of concern, reasons for delay, issues affecting project construction/implementation etc. and is reviewed by the Company on a regular basis.

The Company continuously monitors delays and/or default of borrowers and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC) etc., regularisation of the account by recovering all over dues, invocation of guarantees/ securities to recover the dues, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/investors, other recovery mechanisms like referring the case for legal action before Debt Recovery Tribunal (DRT), SARFAESI, National Company Law Tribunal (NCLT) (IBC -2016) etc. and other actions as specified under regulatory/legal framework.

40.1.2 Credit Risk Measurement - Impairment Assessment

(i) Staging of loans

Ind AS 109 outlines a three staged model for measurement of impairment based on changes in credit risk since initial recognition. For classification of its borrowers into various stages, the Company uses the following basis:

- A financial asset that is not credit impaired on initial recognition is classified in 'Stage I'.

- If a significant increase in credit risk (SICR) is identified, the financial asset is moved to 'Stage II'.

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting date by considering the change in the risk of default occurring over the remaining life of the financial assets. In accordance with Ind AS 109 'Financial Instruments', the Company has applied rebuttable presumption that considers more than 30 days past due as a parameter for determining significant increase in credit risk.

- If the financial asset is credit-impaired, it is moved to 'Stage III' category.

In case of Stage III financial assets, after implementation of the resolution plan (except for change of ownership and/or resolution through NCLT), the financial asset is upgraded and classified as Stage II for two quarters from the date of implementation of resolution plan.

(ii) Default

In accordance with Ind AS 109 'Financial Instruments', the Company considers the rebuttable presumption to define a financial asset as in default, i.e. when the loan account is more than 90 days past due on its contractual payments. Credit impaired financial assets are aligned with the definition of default.

(iii) Measurement of Expected Credit Loss (ECL)

The Company recognises impairment loss allowance for the financial assets in accordance with a Board-approved expected credit loss (ECL) policy. ECL is measured on either a 12 month or lifetime basis depending on whether there is significant increase in credit risk since initial recognition. ECL is the product of Probability of default (PD), Loss Given

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Default (LGD) and Exposure at Default (EAD). The Company has appointed an independent agency, ICRA Analytics Ltd., during the financial year for assessment of ECL in accordance with Ind AS 109 'Financial Instruments'. The brief methodology of computation of ECL is as follows:

(a) Probability of default (PD)

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. For assessing 12-month PD, probability of a loan defaulting in next 12 months is ascertained and similarly for assessing lifetime PD, probability of a loan defaulting in its remaining lifetime is ascertained.

For Stage I accounts, 12 months PD is used.

For Stage II significantly increased credit risk accounts, Lifetime PD is used.

For Stage III credit impaired accounts, 100% PD is taken.

For 12-month PD: PDs as associated with external ratings grades (published as a part of rating transition matrix of ICRA) have been used for assessment of ECL. In case of State Sector borrowers, the same have been derived on the basis of mapping with the Company's internal ratings. Whereas in case of private sector borrowers, the same have been derived on the basis of mapping with latest external ratings as published by various credit rating agencies. In case of non-availability of external rating for private sector borrowers, the 12-month PD has been computed through a Proxy Risk Scoring Model developed by the agency. The said model uses the Quantitative financial ratios like Gearing (Debt/ Equity), Return on Capital Employed, Interest Coverage ratio, Debt to EBITDA ratio and qualitative parameters like Plant Load Factor, LAF and ACS ARR gap.

For Lifetime PD: Markov Chain Model has been used to compute Lifetime PDs of the rating grade.

(b) Loss Given Default (LGD)

LGD is the loss factor which the Company may experience in case the default occurs.

For State sector borrowers, LGD has been assigned on the basis of risk category considering State GDP and fiscal deficit.

In case of Private sector borrowers, LGD has been assessed considering factors like Project Cost per Unit, Percentage Completion, Project Capacity in case of generation projects and on the basis of book value of assets, Percentage Completion in case of transmission & distribution projects. The said assessed values have thereafter been discounted by applying stress factor and depreciation based on useful life of assets as published by CERC. Further, stage wise average LGD had been applied in case of other types of projects.

For Stage III borrowers, LGD has been assessed based on discounted projected cash flow analysis for operational projects and on assets valuation for projects under liquidation.

(c) Exposure at Default (EAD)

It is outstanding exposure on which ECL is computed. EAD includes outstanding principal and interest in respect of the loan.

(d) Key assumptions used in measurement of ECL

- The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

- Since the Company has a right to cancel any sanctioned but undrawn limits to any of its borrowers, EAD is assumed to be outstanding balance as on the reporting date.

(e) The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. Further, the Credit Rating Models used by the independent agency appointed to assist the Company in ECL assessment also consider the forward-looking information in the determination of the credit rating to be assigned to the borrower, by taking into consideration various financial ratios, extension of the project completion and also possibility of stressed and favourable economic conditions. The incorporation of macroeconomic adjustments to the PD also covers the ICAI guidelines related to COVID-19 published in March 2020. The co-relation of macroeconomic parameters such as IIP (index of industrial production) electricity y-o-y growth rate, Money supply y-o-y growth rate is considered with the GNPA ratio of PFC portfolio for Worst, Base and Best case scenarios and a weighted shock factor was then added to the base PD term structure. Hence PD value will constitute both idiosyncratic risk of the portfolio as well as the influence of macroeconomic risk factors.

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40.1.3 Credit risk analysis

(i) Exposure to credit risk

For loans recognised in the balance sheet, the gross exposure to credit risk equals their carrying amount.

Refer Note 10 'Loans' for Company's exposure to credit risk arising from loans.

For financial guarantee issued, the maximum exposure to credit risk is the maximum amount that the Company would have to pay if the guarantees are called upon. For irrevocable loan commitments, the maximum exposure to credit risk is the full amount of the commitment facilities. Refer Note 46 for exposure of Guarantee and Outstanding Disbursement Commitments.

(ii) Concentration of credit risk

Credit concentration risk refers to risk associated with large credit/investment exposure to a single company or a group of companies based on its ownership, sector, region etc. that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions, with the potential to adversely affect lender's core operations.

The following table sets out an analysis of risk concentration of overall loan portfolio on the basis of similar risk characteristics:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
Concentration by ownership				
Loans to state sector (i.e. entities under the control of state and /or central government)	3,11,386.55	1,335.17	2,87,513.78	256.89
Loans to private sector	59,384.44	15,262.62	57,390.80	15,707.14
Total	**3,70,770.99**	**16,597.79**	**3,44,904.58**	**15,964.03**

*including impairment loss allowance on Letter of Comfort of ₹ 57.03 crore (as at 31.03.2020 ₹ 180.47 crore).

Loans to state sector are well diversified as these are extended to multiple entities under the control of various State Governments and Central Government. The Company considers that these loans have a low credit risk in comparison to lending to private sector mainly due to low default/loss history in state sector and availability of government guarantee in certain loans. Presence of Government interest in these projects also lowers the risk of non-recoverability of dues.

Further, the Company has a lending portfolio comprising of loans to generation (renewable and non-renewable), transmission and distribution power projects spread across diverse geographical areas.

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
Concentration by schemes				
Generation	1,89,577.54	12,775.90	1,48,651.44	13,288.17
Renewable	37,474.49	2,016.49	19,210.17	453.98
Transmission	29,344.59	1,194.83	46,255.36	1,023.20
Distribution	1,12,298.51	572.90	50,075.05	63.95
Others	2,075.85	37.67	80,712.56	1,134.73
Total	**3,70,770.99**	**16,597.79**	**3,44,904.58**	**15,964.03**

*including impairment loss allowance on Letter of Comfort of ₹ 57.03 crore (as at 31.03.2020 ₹ 180.47 crore).

The Company's exposure to various projects and borrowers is constantly monitored in line with the applicable Credit Concentration Norms.

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(iii) Details regarding Concentration of Loans and Exposures:

(a) Concentration of Advances:

Description	As at 31.03.2021	As at 31.03.2020
Total Advances (Principal Outstanding) to twenty largest borrowers (₹ in crore)	2,31,514.64	2,06,588.74
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	62.44%	59.90%

(b) Concentration of Exposures:

Description	As at 31.03.2021	As at 31.03.2020
Total Exposure to twenty largest borrowers / customers (₹ in crore)	3,17,648.56	2,86,228.18
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	52.42%	54.90%

(c) Concentration of Stage III accounts:

(₹ in crore)

Description	As at 31.03.2021	As at 31.03.2020
Principal outstanding of top four Stage III accounts	10,939.56	13,883.24

(iv) Details of Stage-wise Principal outstanding and Impairment loss Allowance:

(₹ in crore)

Particulars	As at 31.03.2021			As at 31.03.2020		
	Principal Outstanding	Impairment loss allowance*	Impairment loss allowance Coverage (%)	Principal Outstanding	Impairment loss allowance*	Impairment loss allowance Coverage (%)
Stage I	3,02,100.27	1,236.19	0.41	2,84,211.50	441.67	0.15
Stage II	47,520.56	1,945.24	4.09	32,821.38	773.90	2.36
Stage III	21,150.16	13,416.36	63.43	27,871.70	14,748.46	52.92
Total	**3,70,770.99**	**16,597.79**	**4.48**	**3,44,904.58**	**15,964.03**	**4.63**

*including impairment loss allowance on Letter of Comfort of ₹ 57.03 crore (as at 31.03.2020 ₹ 180.47 crore).

(v) The following tables explain the changes in the loans and the corresponding impairment loss allowance between the beginning and the end of the reporting period:

(₹ in crore)

FY 2020-21	Stage I		Stage II		Stage III		Total	
Particulars	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*
Opening Balance	2,84,211.50	441.67	32,821.37	773.90	27,871.70	14,748.46	3,44,904.58	15,964.03
Transfer to Stage I	26,498.71	198.33	(25,837.68)	(127.94)	(661.03)	(70.39)	-	-
Transfer to Stage II	(37,317.79)	(37.93)	40,425.43	316.05	(3,107.64)	(278.12)	-	-
Transfer to Stage III	(151.59)	(3.28)	-	-	151.59	3.28	-	-
Net change in Principal/ECL during the year	5,745.50	417.94	(958.63)	976.38	51.36	1,806.06	4,838.23	3,200.38
New financial assets originated	48,620.96	239.42	1,657.09	6.89	-	-	50,278.05	246.31
Derecognised financial assets (loans repaid)	(25,440.44)	(17.28)	(587.02)	(0.04)	(201.68)	(43.42)	(26,229.14)	(60.75)
Financial Assets derecognised during the period (Write Off)	(66.59)	(2.67)	-	-	(286.39)	(286.39)	(352.98)	(289.06)
Financial Assets derecognised during the period (Investment Received)	-	-	-	-	(2,667.74)	(2,463.13)	(2,667.74)	(2,463.13)
Closing Balance	**3,02,100.27**	**1,236.19**	**47,520.56**	**1,945.24**	**21,150.16**	**13,416.36**	**3,70,770.99**	**16,597.79**

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(₹ in crore)

FY 2019-20	Stage I		Stage II		Stage III		Total	
Particulars	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***
Opening Balance	2,75,658.63	863.03	9,467.99	303.07	29,540.31	15,201.65	3,14,666.93	16,367.75
Transfer to Stage I	6,252.50	471.50	(5,324.44)	(0.51)	(928.06)	(470.99)	-	-
Transfer to Stage II	(29,742.96)	(55.06)	29,742.96	55.06	-	-	-	-
Transfer to Stage III	-	-	(924.31)	(301.68)	924.31	301.68	-	-
Net change in Principal/ECL during the year	5,369.59	(173.63)	(1,280.50)	717.73	46.40	567.78	4,135.47	1,111.88
New financial assets originated	41,482.62	81.98	1,691.92	0.34	75.00	30.80	43,249.54	113.11
Derecognised financial assets (loans repaid)	(14,112.42)	(275.39)	(552.24)	(0.12)	(836.20)	(7.33)	(15,500.87)	(282.84)
Financial Assets derecognised during the period (Write Off)	(636.64)	(410.93)	-	-	(732.28)	(674.55)	(1,368.92)	(1,085.48)
Financial Assets derecognised during the period (Investment Received)	(59.82)	(59.82)	-	-	(217.74)	(200.57)	(277.57)	(260.40)
Closing Balance	**2,84,211.50**	**441.67**	**32,821.37**	**773.90**	**27,871.70**	**14,748.46**	**3,44,904.58**	**15,964.03**

*Including impairment loss allowance on Letter of Comfort

(vi) Movement of Stage III accounts:

(₹ in crore)

Sr. No	Description	As at 31.03.2021	As at 31.03.2020
(i)	Net Stage III accounts to Gross Loans (%)	2.09	3.80
(ii)	Net Stage III accounts to Net Loans (%)	2.16	3.97
		FY 2020-21	**FY 2019-20**
(iii)	Movement of Stage III (Gross)		
	(a) Opening balance	27,871.70	29,540.31
	(b) Additions during the year	205.11	1,045.69
	(c) Reductions during the year	(6,926.65)	(2,714.30)
	(d) Closing balance	21,150.16	27,871.70
(iv)	Movement of Net Stage III		
	(a) Opening balance	13,123.24	14,338.65
	(b) Additions during the year	131.53	88.50
	(c) Reductions during the year	(5,520.97)	(1,303.91)
	(d) Closing balance	7,733.80	13,123.24
(v)	Movement of impairment loss allowance on Stage III		
	(a) Opening balance	14,748.46	15,201.66
	(b) Provisions made during the year	1,809.86	957.21
	(c) Write-off / write-back of excess provisions	(3,141.96)	(1,410.39)
	(d) Closing balance	13,416.36	14,748.46

(vii) Percentage of Gross Stage III to Gross Loans – sector-wise

(₹ in crore)

Description	As at 31.03.2021	As at 31.03.2020
Power Sector	5.70%	8.08%

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40.1.4 Write-off of Loan Assets

The Company writes off financial assets, in whole or in part, when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

40.1.5 Policy on sales out of amortised cost business

The Company does not resort to the sale of financial assets, in ordinary course of business. However, the Company has an approved policy that it may proceed for resolution of stressed assets by either restructuring, change of ownership, settlement or otherwise. The assets are then assessed for derecognition as per Ind AS 109 'Financial Instruments'.

40.1.6 Disclosure in respect of accounts that are beyond 90 days overdue but not treated as credit impaired (excluding accounts to whom relief under RBI COVID-19 Relief package has been allowed)

Particulars	As at 31.03.2021	As at 31.03.2020
Number of Borrowers	2	1
Amount of loan outstanding(₹ in crore)	1,767.16	1,116.65

Since, borrower(s) had obtained Ad-interim order from Hon'ble High Court(s). The Company holds adequate impairment loss allowance with respect to these loan accounts and has categorised them into Stage II. Further, interest income is not recognised on these loan accounts on accrual basis during the year ended 31.03.2021 (interest income was also not recognised on the loan on accrual basis during the previous half year ended 31.03.2020).

40.1.7 In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13.03.2020, NPA ratios duly considering credit impaired loans and restructured loans which would have been classified as NPA as per RBI norms is as under:

Particulars	As at 31.03.2021	As at 31.03.2020
Gross NPA to Gross Loans	5.99%	8.39%
Net NPA to Net Loans	2.45%	4.30%

40.1.8 Details of provision required as per Income Recognition, Asset Classification & Provisioning Norms (IRACP) of RBI and impairment allowance as per Ind AS 109 'Financial Instruments'

(₹ in crore)

As at 31.03.2021						
Asset Classification as per RBI Norms	**Asset classification as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowances (Provisions) as required under Ind AS 109**	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,05,410.67	1,193.00	3,04,217.67	1,586.86	(393.86)
	Stage 2	49,037.04	1,901.40	47,135.64	2,226.57	(325.17)
	Stage 3	-	-	-	-	-
Sub-Total		**3,54,447.71**	**3,094.40**	**3,51,353.31**	**3,813.43**	**(719.03)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 1	321.79	29.33	292.46	32.17	(2.84)
	Stage 2	-	-	-	-	-
	Stage 3	170.10	40.24	129.86	17.01	23.23
Sub-Total for Substandard		**491.89**	**69.57**	**422.32**	**49.18**	**20.39**
Doubtful - up to 1 year	Stage 1	115.49	0.05	115.44	22.59	(22.55)
1 to 3 years	Stage 1	313.92	0.50	313.42	94.35	(93.85)
More than 3 years	Stage 1	316.45	0.11	316.34	154.45	(154.34)

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(₹ in crore)

As at 31.03.2021						
Asset Classification as per RBI Norms	**Asset classification as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowances (Provisions) as required under Ind AS 109**	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	13,863.97	7,703.23	6,160.75	6,357.63	1,345.59
More than 3 years	Stage 3	5,874.82	4,431.62	1,443.19	4,650.66	(219.04)
Sub-Total for doubtful		**20,484.65**	**12,135.51**	**8,349.14**	**11,279.68**	**855.81**
Loss	Stage 3	1,241.27	1,241.27	-	1,241.27	-
Sub-Total for NPA		**22,217.85**	**13,446.35**	**8,771.50**	**12,570.14**	**876.21**
Other items (whose exposure forms part of contingent liability) such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	-	13.20	(13.20)	-	13.20
	Stage 2	-	43.83	(43.83)	-	43.83
	Stage 3	-	-	-	-	-
Sub-Total		**-**	**57.03**	**(57.03)**	**-**	**57.03**
Total	**Stage 1**	**3,06,478.32**	**1,236.19**	**3,05,242.13**	**1,890.43**	**(654.24)**
	Stage 2	**49,037.04**	**1,945.24**	**47,091.81**	**2,226.57**	**(281.33)**
	Stage 3	**21,150.16**	**13,416.36**	**7,733.80**	**12,266.57**	**1,149.79**
	Total	**3,76,665.52**	**16,597.79**	**3,60,067.74**	**16,383.57**	**214.22**

(₹ in crore)

As at 31.03.2020						
Asset Classification as per RBI Norms	**Asset classification as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowances (Provisions) as required under Ind AS 109**	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	2,87,255.52	441.06	2,86,814.45	1,322.84	(881.78)
	Stage 2	33,713.58	773.89	32,939.69	238.46	535.43
	Stage 3	5,203.08	2,137.83	3,065.25	1,822.31	315.52
Sub-Total		**3,26,172.17**	**3,352.78**	**3,22,819.39**	**3,383.61**	**(30.83)**
Non-Performing Assets (NPA)						
Substandard	Stage 1	755.11	0.08	755.03	73.78	(73.70)
	Stage 2	6.00	0.01	5.99	0.59	(0.58)
	Stage 3	923.18	520.69	402.49	275.41	245.29
Sub-Total for Substandard		**1,684.30**	**520.78**	**1,163.52**	**349.78**	**171.01**
Doubtful - up to 1 year	Stage 1	7.60	0.02	7.57	1.48	(1.46)
1 to 3 years	Stage 1	313.73	0.01	313.72	91.81	(91.80)
Doubtful - up to 1 year	Stage 3	3,755.54	1,274.46	2,481.08	828.34	446.11
1 to 3 years	Stage 3	11,702.63	5,995.02	5,707.62	5,919.65	75.37
More than 3 years	Stage 3	5,018.92	3,399.22	1,619.70	3,578.09	(178.87)
Sub-Total for doubtful		**20,798.42**	**10,668.73**	**10,129.69**	**10,419.37**	**249.36**
Loss	Stage 3	1,241.27	1,241.27	-	1,241.27	-
Sub-Total for NPA		**23,723.99**	**12,430.78**	**11,293.21**	**12,010.41**	**420.37**

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(₹ in crore)

As at 31.03.2020							
Asset Classification as per RBI Norms	**Asset classification as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowances (Provisions) as required under Ind AS 109**	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Other items (whose exposure forms part of contingent liability) such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	-	0.49	(0.49)	-	0.49
	Stage 2	-	-	-	-	-
	Stage 3	-	179.98	(179.98)	-	179.98
Sub-Total		-	180.47	(180.47)	-	180.47
Total	**Stage 1**	**2,88,331.96**	**441.67**	**2,87,890.29**	**1,489.91**	**(1,048.24)**
	Stage 2	**33,719.58**	**773.90**	**32,945.68**	**239.05**	**534.85**
	Stage 3	**27,844.62**	**14,748.46**	**13,096.16**	**13,665.06**	**1,083.40**
	Total	**3,49,896.16**	**15,964.03**	**3,33,932.13**	**15,394.02**	**570.01**

40.2 Liquidity Risk

Liquidity risk is the risk that the Company doesn't have sufficient financial resources to meet its obligations as and when they fall due. The risk arises from the mismatches in the timing of the cash flows which are inherent in all financing operations and can be affected by a range of company specific and market wide events.

In order to effectively manage liquidity risk, the Company endeavours to maintain sufficient cash flows to cover maturing liabilities without incurring unacceptable losses or risking damage to the Company's reputation and also endeavours to maintain a diversified fund base by raising resources through different funding instruments. The adequacy of the Company's liquidity position is determined keeping in view the current liquidity position, anticipated future funding needs, present and future earning capacity and available sources of funds.

The Company manages its day to day liquidity to ensure that the Company has sufficient liquidity to meet its financial obligation as & when due. The long term liquidity is managed keeping in view the long term fund position and the market factors. This is in line with the Board approved framework and breaches, if any, are to be reported to the Board of Directors. The Company has never defaulted in servicing of its borrowings.

Further, for overall liquidity monitoring and supervision, the Company has an Asset Liability Committee (ALCO) headed by Director (Finance). The ALCO tracks the liquidity risk by analysing the maturity or cash flow mismatches of its financial assets and liabilities. The mismatches are analysed by way of liquidity statements prescribed by RBI, wherein the cumulative surplus or deficit of funds is arrived at by distributing the cash flows against outstanding financial assets and financial liabilities according to the maturity ladder.

(i) The following table analyses the maturity pattern of items of financial liabilities(debt securities, borrowings and subordinated liabilities) by remaining maturity of contractual principal and interest on an undiscounted basis:

(₹ in crore)

Particulars*	**Up to 1 year**	**1 – 5 years**	**More than 5 years**	**Total**
As at 31.03.2021				
Domestic borrowings				
Principal	40,237.18	1,21,261.97	1,13,894.40	2,75,393.55
Interest	20,451.25	54,751.33	37,843.56	1,13,046.14
Foreign Currency borrowings				
Principal	2,091.66	21,970.46	25,773.68	49,835.80
Interest	1,476.91	5,322.99	3,938.05	10,737.95
Total	**64,257.00**	**2,03,306.75**	**1,81,449.69**	**4,49,013.44**

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(₹ in crore)

Particulars*	Up to 1 year	1 – 5 years	More than 5 years	Total
As at 31.03.2020				
Domestic borrowings				
Principal	47,537.27	1,18,287.12	90,071.03	2,55,895.42
Interest	19,835.83	52,269.69	33,404.89	1,05,510.41
Foreign Currency borrowings				
Principal	3,298.38	21,725.55	22,676.86	47,700.79
Interest	1,579.04	5,475.58	4,384.43	11,439.05
Total	**72,250.52**	**1,97,757.94**	**1,50,537.21**	**4,20,545.67**

* In the above table, bonds with put & call option have been shown considering the earliest exercise date. Further, the commercial papers and zero-coupon bonds have been shown at the maturity value.

(ii) The following table analyses the maturity pattern of Derivative financial liabilities*:

(₹ in crore)

Particulars*	Up to 1 year	1 – 5 years	More than 5 years	Total
As at 31.03.2021				
Forward	40.53	-	-	40.53
Option/ swaps	15.48	438.03	-	453.51
Total	**56.01**	**438.03**	**-**	**494.04**
As at 31.03.2020				
Forward	20.23	-	-	20.23
Option/ swaps	36.17	543.42	-	579.59
Total	**56.40**	**543.42**	**-**	**599.82**

* The above table details the Company's liquidity analysis for its derivative financial liabilities based on MTMs received from counterparty banks. Maturity buckets are as per the remaining tenor of the respective derivative instrument.

(iii) The Company has access to cash credit, overdraft, line of credits and working capital demand loans from banks to meet unanticipated liquidity need. Further, the Company has the highest domestic Credit Rating of AAA, thereby enabling it to mobilise funds from the domestic market within a short span of time. The Company has access to the following undrawn borrowing facilities:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
CC/ OD/ LoC/ WCDL limits	8,098.00	5,270.00

(iv) The Company also maintains sufficient liquidity buffer in the form of High-Quality Liquid Assets (HQLA) as prescribed by RBI for NBFCs. Refer note 55.6 for disclosure in this regard.

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40.3 Market Risk – Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument, denominated in currency other than functional currency, will fluctuate because of changes in foreign exchange rates.

(i) The Company is exposed to foreign currency risk mainly on its borrowings denominated in foreign currency. The carrying amount of the Company's foreign currency denominated borrowings is as follows:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Crore in respective currency	₹ in Crore	Crore in respective currency	₹ in Crore
USD Loans	**630.91**	**46,374.92**	**571.05**	**43,049.43**
- Hedged	280.00	20,581.32	205.00	15,454.11
- Unhedged	350.91	25,793.60	366.05	27,595.32
Euro Loans	**0.97**	**83.69**	**1.12**	**92.91**
- Hedged	-	-	-	-
- Unhedged	0.97	83.69	1.12	92.91
JPY Loans	**5,089.20**	**3,377.19**	**6,544.80**	**4,558.45**
- Hedged	-	-	1,456.68	1,014.57
- Unhedged#	5,089.20	3,377.19	5,088.12	3,543.88
Total		**49,835.80**		**47,700.79**
- Hedged		**20,581.32**		**16,468.68**
- Unhedged		**29,254.48**		**31,232.11**

#Includes JPY loan partly hedged through forwards covering USD/ INR exposure for ₹ 940.86 crore as at 31.03.2021 (as at 31.03.2020 ₹ 964.94 crore).

(ii) Foreign currency risk monitoring and management

The Company has put in place a Board approved Currency Risk Management (CRM) policy to manage and hedge risks associated with foreign currency borrowings which prescribes the structure and organization for management of associated risks.

The Company enters into various derivative transactions viz. principal only swaps, options and forward contracts for hedging the exchange rate risk. As per CRM policy, a system for reporting and monitoring of risks is in place wherein Risk Management Committee (RMC), consisting of senior executives of the Company, monitors the foreign currency exchange rate. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. The policy lays down the appropriate systems and controls to identify, measure and monitors, the currency risk for reporting to the Management. Parameters like hedging ratio, un-hedged exposure, mark-to market position, exposure limit with banks etc. are continuously monitored as a part of currency risk management.

(iii) Foreign Currency Sensitivity Analysis

The following table presents the impact on total equity [Gain/(Loss)] for 5% change in foreign currency exchange rate against INR on unhedged portfolio of outstanding foreign currency borrowings:

(₹ in crore)

Foreign Currency Liabilities	As at 31.03.2021		As at 31.03.2020	
	Decrease	Increase	Decrease	Increase
	on account of change in foreign exchange rate			
USD	1,289.68	(1,289.68)	1,379.77	(1,379.77)
Euro	4.18	(4.18)	4.65	(4.65)
JPY	168.86	(168.86)	177.19	(177.19)
Total	**1,462.72**	**(1,462.72)**	**1,561.61**	**(1,561.61)**

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40.4 Market Risk – Interest Rate Risk

40.4.1 Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. The impact may be beneficial or adverse depending on the direction of change in interest rates and whether assets or liabilities re-price faster.

(i) Interest rate risk is managed with the objective to control market risk exposure while optimising the return.

The Asset Liability Committee (ALCO) tracks the interest rate risk through the gap analysis i.e. by analysing the mis-matches between Rate Sensitive Assets and Rate Sensitive Liabilities. For gap analysis, the interest rate sensitivity statement prescribed by RBI is used, wherein the gap is measured between the Rate Sensitive Assets and Rate Sensitive Liabilities which are distributed based on the maturity date or the re-pricing date whichever is earlier.

Further, for managing the interest rate risk, the Company reviews its interest rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, etc. The asset mix is managed by the Company through its interest rate & credit policies which inter-alia covers aspects like reset periods; repayment periods, prepayment premium etc. The liabilities are managed keeping in view factors like cost, market appetite, timing, market scenario, ALM gap position etc.

(ii) Interest Rate Sensitivity Analysis

As per RBI Guidelines, Earning at Risk (EaR) is an important focal point for interest risk management. For Interest Rate Sensitivity analysis, the impact of movement of interest rates has been measured on the Earning at Risk derived from the gap statements. The impact has been worked out considering 25 basis upward/downward shocks to interest rates over a one-year period, assuming a constant balance sheet. The analysis shows that if rates are increased/decreased by 25 bps, the impact on EaR will be (+/-) ₹ 58.00 crore. (As at 31.03.2020 (+/-) ₹ 73.08 crore).

The analysis assumes that the Rate Sensitive Assets and Rate Sensitive Liabilities are being re-priced at the same time. Further, the analysis considers the earliest/first re-pricing date of the Rate Sensitive Assets and Rate Sensitive Liabilities.

Note: A 25 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

40.4.2 Disclosures in respect of Interest Rate Benchmark Reform

The Company has variable interest rate borrowings whose interest rate is based on interest rate benchmarks. Also, to hedge the variability of cash flows on these borrowings, the Company has entered into multiple interest rate swaps with key terms (principal amount, payment dates, repricing dates, currency) that match those of the debt on which it pays a fixed rate and receives a variable rate. Significant interest rate benchmark used in the Company's borrowings is 6 month USD /JPY LIBOR (London Interbank offer rate).

Following is the detail of the foreign currency borrowing which may be impacted based on LIBOR transition as planned after June 2023 for 6 month USD LIBOR & December 2021 for JPY LIBOR:-

Benchmark	Amount in respective currency (million)
6 month USD LIBOR	USD 909
6 month JPY LIBOR	JPY 36,336

The Company is managing LIBOR transition plan. The significant change will be amendments to the contractual terms of the LIBOR referenced floating rate borrowings and the associated swap and the corresponding update of the hedge designation. The Company has incorporated LIBOR transition related clauses in all its facility agreement linked with interest rate benchmarks. Further, the Company is under discussion with other counterparties to discuss available alternative benchmark and commercials, but changes required by the IBOR (Interbank offer rate) reforms have not been agreed yet.

The nominal amount of the hedging instruments which may be impacted due to LIBOR transition i.e. after June 2023 is USD Interest rate swap – USD 900 million.

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40.5 Market Risk - Price risk

(i) The Company is exposed to price risks arising from investments in listed equity shares. Refer Note 11 'Investments' for Company's exposure to the same.

(ii) Sensitivity Analysis

The table below represents the impact on Statement of Profit and Loss for 5% increase or decrease in the respective prices on Company's equity investments, outside the group:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Increase	(Decrease)	Increase	(Decrease)
Impact on P&L	3.00	(3.00)	1.59	(1.59)
Impact on OCI	42.10	(42.10)	35.80	(35.80)

41. HEDGE ACCOUNTING

Derivatives are measured at FVTPL unless designated under Hedge Accounting relationship. The Company has designated certain derivative contracts under cash flow hedge. For derivatives other than interest rate derivative, the Company designates only the intrinsic value of option contracts as a hedged item by excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. The time value of the options at the inception of the hedging relationship is reclassified to profit or loss on a systematic basis over the term of hedging instrument.

(i) Hedge Effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company applies the following effectiveness testing strategies:

a) For derivatives other than options that exactly match the terms of the hedged item, the economic relationship and hedge effectiveness are based on the qualitative factors using critical terms match method (where principal terms of the hedging instrument and the hedged item are same).

b) For option structures, the Company analyses the relationship of changes in value of the hedging instrument and hedged item using regression analysis based dollar offset method.

(ii) Details of hedging instruments designated as Cash-flow hedge:

Sr. No.	Particulars	Nominal Amount (₹ in Crore)	Carrying Amount		Date of maturity	Weighted Average Rate/ Strike Price[1]
			Assets (₹ in Crore)	Liabilities (₹ in Crore)		
As at 31.03.2021						
1.	Currency Derivatives	55.13	0.09	-	17.06.2021	73.6705
		9.38	0.02	-	21.06.2021	73.6890
		26.57	0.06	-	30.06.2021	73.7625
		1,837.62	81.33	-	28.06.2022	4.53%
		1,837.62	44.40	-	26.09.2023	4.12%
		735.05	-	1.58	13.10.2023	3.67%
		2,205.14	-	16.08	05.11.2023	3.48%
		2,940.19	-	9.17	14.06.2024	3.95%
		2,205.14	72.87	-	13.09.2024	4.43%
		1,837.61	-	25.09	20.12.2024	3.88%
	Sub-Total	**13,689.45**	**198.77**	**51.92**		

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Sr. No.	Particulars	Nominal Amount (₹ in Crore)	Carrying Amount Assets (₹ in Crore)	Carrying Amount Liabilities (₹ in Crore)	Date of maturity	Weighted Average Rate/ Strike Price[1]
2.	Interest rate Derivatives	1,837.62	-	43.96	28.06.2022	1.76%
		1,837.62	-	134.36	26.09.2023	3.15%
		735.05	0.78	-	13.04.2024	0.50%
		2,205.14	1.25	-	05.05.2024	0.55%
		1,837.61	2.07	-	20.06.2024	0.58%
	Sub Total	**8,453.04**	**4.10**	**178.32**		
3.	**Total (1+2)**	**22,142.49**	**202.87**	**230.24**		

Sr. No.	Particulars	Nominal Amount (₹ in Crore)	Carrying Amount Assets (₹ in Crore)	Carrying Amount Liabilities (₹ in Crore)	Date of maturity	Weighted Average Rate/ Strike Price[1]
As at 31.03.2020						
1.	Currency derivatives	1,884.65	120.04	-	26.09.2023	4.12%
		1,884.65	141.60	-	28.06.2022	4.53%
		2,261.58	166.47	-	13.09.2024	4.43%
	Sub Total	**6,030.88**	**428.11**	**-**		
2.	Interest rate Derivatives	1,884.65	-	183.34	26.09.2023	3.15%
		1,884.65	-	50.23	28.06.2022	1.76%
	Sub Total	**3,769.30**	**-**	**233.57**		
3.	**Total (1+2)**	**9,800.18**	**428.11**	**233.57**		

[1]In case of POS/Options/IRS – weighted average rate has been indicated and in case of forwards deal rate has been indicated.

(iii) Profile of timing of nominal amount of hedging instrument*

(₹ in crore)

Description (including derivative)	As at 31.03.2021	As at 31.03.2020
Currency derivatives		
Up to 1 year	91.08	-
1 – 5 years	13,598.37	6,030.88
More than 5 years	-	-
Sub Total (A)	**13,689.45**	**6,030.88**
Interest rate derivatives		
Up to 1 year	-	-
1 – 5 years	8,453.04	3,769.30
More than 5 years	-	-
Sub Total (B)	**8,453.04**	**3,769.30**
Total (A+B)	**22,142.49**	**9,800.18**

*Maturity buckets in the above table are as per the remaining tenor of the respective derivative instrument.

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(iv) Reconciliation of Effective Portion of Gains/(Loss) on Hedging Instruments in Cash Flow Hedge and cost of hedging reserve

(₹ in crore)

Sr. No.	Particulars	FY 2020-21		FY 2019-20	
		Currency Derivative	Interest rate Derivative	Currency Derivative	Interest rate Derivative
(a)	**Opening balance of Reserves (net of tax)**	**82.30**	**(174.96)**	**(8.02)**	**(42.13)**
(b)	Hedge ineffectiveness recognised in P&L	-	-	-	-
(c)	Amount recognised in OCI during the year	(621.69)	1.18	552.41	(175.13)
(d)	Amount reclassified from OCI to P&L	495.35[a]	66.46[b]	(430.10)[a]	6.08[b]
(e)	**Net amount recognised in OCI during the year (c + d)**	**(126.34)**	**67.64**	**122.31**	**(169.05)**
(f)	Deferred Tax on (e) above	31.80	(17.02)	(32.01)	36.22
(g)	**Net amount recognised in OCI during the year (Net of Tax) (e + f)**	**(94.54)**	**50.62**	**90.30**	**(132.83)**
(h)	**Closing balance of Reserves (net of Tax) (a + g)**	**(12.24)**	**(124.34)**	**82.30**	**(174.96)**

[a]forms part of the line item 'Net Translation/Transaction exchange Gain/Loss' and

[b] forms part of line item 'Finance Cost' in the Standalone Statement of Profit and Loss.

42. FAIR VALUE MEASUREMENTS

(i) Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

(₹ in crore)

Sr. No.	Financial asset/ Financial Liability - Recurring fair value	Fair Value as at 31.03.2021	Fair Value as at 31.03.2020	Fair value hierarchy (Refer Note 5.1)	Valuation technique(s) & Key input(s)
1	Investment in Bonds of Union Bank (Pre-merger Andhra Bank)	-	810.05	Level 3	Although, these bonds are listed on NSE, but in absence of any trading, the fair value as per Level 1 is not ascertainable. In absence of market interest rate for similar kind of bonds, the Company had considered the coupon rate as the present market rate and accordingly computed the fair value using the discounted cash flow method.
2	**Quoted Equity investments**				
	- PTC India Limited	93.30	46.50	Level 1	Quoted market price
	- Coal India Limited	182.03	195.57		
	- NHPC Limited	524.39	467.78		
	- Suzlon Energy Limited	42.31	-		
	- RattanIndia Power Limited	59.96	31.74		
3	**Un-Quoted Equity investments**				
	- Power Exchange India Limited	0.00	0.00	Level 3	Fair value has been calculated as Nil as PFC estimates no material amount may be realised from the investment on the basis of the financial statements of the investee company.
	- RKM PowerGen Pvt. Ltd	0.00	0.00		Allotted pursuant to restructuring, valued at ₹ 1 on prudent basis.
4	**Investment in preference shares**				
	- RattanIndia Power Limited-OCCRPS	96.19	100.58	Level 3	Fair valued using discounted future cash flow as per terms of agreement.
	- Suzlon Global Services Limited -CCPS	0.00	-		Allotted pursuant to restructuring, valued at ₹ 1 on prudent basis.

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(₹ in crore)

Sr. No.	Financial asset/ Financial Liability - Recurring fair value	Fair Value as at 31.03.2021	Fair Value as at 31.03.2020	Fair value hierarchy (Refer Note 5.1)	Valuation technique(s) & Key input(s)
5	**Investment in debentures**				
	- Essar Power Transmission Company Ltd. - Series 1 - OCD	40.88	-	Level 3	Fair valued using discounted future cash flow as per terms of agreement
	- Essar Power Transmission Company Ltd. - Series 2 - OCD	16.47	-		
	- Suzlon Energy Limited - OCD	94.28	-		
	- Essar Power Transmission Company Ltd. - Series 3 - OCD	0.00	-		Fair valued a ₹ 1 due to the non-availability of structured repayment schedule.
	- RKM Powergen Pvt. Ltd. - Series A - OCD	0.00	-		
	- RKM Powergen Pvt. Ltd. - Series B - OCD	0.00	-		
	- RKM Powergen Pvt. Ltd. - Series AI - OCD	0.00	-		
6	Units of 'Small Is Beautiful' Fund of KSK	0.00	6.12	Level 3	Fair valued at nil as the fund is under liquidation and realisable value is uncertain.
7	Derivative Financial Instruments				The fair value of these contracts is obtained from counterparty banks, who determines it using valuation models that use inputs which are observable for the contracts, such as interest rates and yield curves, implied volatilities etc.
	- Assets	1,251.45	1,863.42	Level 2	
	- Liability	494.04	599.82		

(ii) There were no transfers between Level 1 and Level 2 in the period.

(iii) Reconciliation of Financial Instruments fair valued through Level 3 inputs:

The following tables show the reconciliation of the opening and closing amounts of financial assets and liabilities measured at fair value through Level 3 inputs:

(₹ in crore)

Particulars	Investment in Bonds of Union Bank (Pre-merger Andhra Bank)	Investment in Units of SIB fund of KSK	Investment in Preference Shares	Investment in Debentures
FY 2020-21				
Opening Balance	**810.05**	**-**	**100.58**	**-**
Investment made during the year	-	-	-	157.06
Net interest income	77.55	-	-	13.38
Settlement	(887.60)	-	-	(18.81)
Transfer in Level 3	-	6.12	-	-
Transfer from Level 3	-	-	-	-
Fair Value gain/ (loss)		(6.12)	(4.39)	-
Closing Balance	-	-	96.19	151.63
Unrealised gains/(loss) on balances held at the end of the period	-	(6.12)	(4.39)	-
FY 2019-20				
Opening Balance	**809.84**	**-**	**-**	**-**
Investment made during the year	-	-	94.73	-
Net interest income	87.81	-	-	-
Settlement	(87.60)	-	-	-
Fair Value gain/ (loss)	-	-	5.85	-
Closing Balance	810.05	-	100.58	-
Unrealised gains/(loss) on balances held at the end of the period	10.05	-	5.85	-

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(iv) Fair Value of financial assets/ liabilities measured at amortised cost:

The fair value of the following financial assets and liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties except for the cases where quoted market prices are available. These fair values were calculated for disclosure purposes only.

(₹ in crore)

Asset/Liability	Fair value hierarchy	As at 31.03.2021		As at 31.03.2020	
		Amortised Cost	Fair Value	Amortised Cost	Fair Value
Loans	Level 3	3,60,124.77	3,63,723.47	3,34,112.60	3,33,405.61
Other Financial Assets	Level 2	5,336.77	5,346.27	5,339.12	5,343.52
Debt Securities[a]	Level 1/2	2,42,811.54	2,53,736.40	2,21,847.67	2,24,795.43
Borrowings other than debt securities[b]	Level 2	80,837.60	79,334.36	79,116.06	85,042.31
Subordinated Liabilities	Level 2	9,310.20	10,215.26	9,310.95	10,138.66

[a]Includes listed instruments with Level 1 fair value hierarchy

Foreign currency Notes (GMTN issuances) being fair valued as per closing prices as per Reuters.

[b]Includes foreign currency loans linked to LIBOR and multilateral agencies loans being valued at par.

The carrying amounts of financial assets and financial liabilities other than those shown in the above table are considered to be a reasonable approximation of their fair values.

43. RELATED PARTY DISCLOSURES

43.1 Related Parties

Subsidiaries:			
1	PFC Consulting Limited (PFCCL)	2	Power Equity Capital Advisors (Pvt) Limited (PECAP) (struck off from the Registrar of Companies vide order dated 30.06.2020)
3	REC Limited (RECL) (formerly Rural Electrification Corporation Limited)	4	REC Transmission Projects Company Limited (through RECL) (amalgamated with REC Power Distribution Company Ltd. vide MCA order dated 05.02.2021)
5	REC Power Distribution Company Limited (through RECL)		
Joint Ventures:			
1	Energy Efficiency Services Limited (EESL)	2	Creighton Energy Limited (through EESL)
3	EESL EnergyPro Assets Limited (through EESL)	4	Edina Acquisition Limited (through EESL)
5	Anesco Energy Services (South) Limited (through EESL)	6	Edina Limited (through EESL)
7	EPAL Holdings Limited (through EESL)	8	Edina Australia Pty Limited (through EESL)
9	Edina Power Services Limited (through EESL)	10	Stanbeck Limited (through EESL)
11	Edina UK Limited (through EESL)	12	Edina Power Limited (through EESL)
13	Armoura Holdings Limited (through EESL)	14	Edina Manufacturing Limited (through EESL)
15	EPSL Trigeneration Private Limited (through EESL)	16	Convergence Energy Services Limited(through EESL)(incorporated on 29.10.2020)
Associates:			
1	Bihar Mega Power Limited	2	Sakhigopal Integrated Power Company Limited
3	Orissa Integrated Power Limited	4	Ghogarpalli Integrated Power Company Limited
5	Jharkhand Infrapower Limited	6	Odisha Infrapower Limited
7	Coastal Tamil Nadu Power Limited	8	Deoghar Mega Power Limited
9	Bihar Infrapower Limited	10	Cheyyur Infra Limited
11	Deoghar Infra Limited	12	Tatiya Andhra Mega Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)
13	Chhattisgarh Surguja Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)	14	Coastal Maharashtra Mega Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)
15	Coastal Karnataka Power Limited (under approval for winding up)		

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Through PFCCL			
16	Vapi II North Lakhimpur Transmission Limited (transferred on 23.06.2020)	17	Karur Transmission Limited
18	Shongtong Karcham-Wangtoo Transmission Limited (under process of Striking off the name of Company from the records of Registrar of Companies)	19	Bijawar-Vidarbha Transmission Limited (National Committee on Transmission (NCT) has already recommended for closure/de-notification of the scheme/ITP, however, formal gazette notification from MoP is awaited)
20	Koppal- Narendra Transmission Limited	21	Tanda Transmission Company Limited (under process of Striking off the name of Company from the records of Registrar of Companies)
22	Bhadla Sikar Transmission Limited (incorporated on 13.05.2020)	23	Ananthpuram Kurnool Transmission Limited (incorporated on13.05.2020)
24	Bikaner-II Bhiwadi Transco Limited (incorporated on 12-05-2020 and sold on 25.03.2021)	25	Khetri-Narela Transmission Limited (incorporated on 15.05.2020)
26	Sikar-II Aligarh Transmission Limited (incorporated on 17.05.2020)		
	Through RECL		
27	Dumka Transmission Limited	28	Dinchang Transmission Limited (under process of Striking off the name of Company from the records of Registrar of Companies)
29	Koderma Transmission Limited	30	Chandil Transmission Limited
31	Mandar Transmission Limited	32	Sikar New Transmission Limited (incorporated on 11.06.2020)
33	Ramgarh New Transmission Limited (incorporated on 26.06.2020 and transferred on 09.03.2021)	34	MP Power Transmission Package-I Limited (incorporated on 04.08.2020)
35	MP Power Transmission Package-II Limited (incorporated on 20.08.2020)	36	Kallam Transmission Limited (incorporated on 28.05.2020)
37	Gadag Transmission Limited (incorporated on 02.06.2020)	38	Fatehgarh Bhadla Transco Limited ((incorporated on 02.06.2020)
39	Rajgarh Transmission Limited (incorporated on 06.06.2020)	40	Bidar Transmission Limited (incorporated on 08.06.2020)

Key Managerial Personnel (KMP) of the Company:		Designation
1	Shri Ravinder Singh Dhillon (Director (Projects) from 12.06.2019 till 31.05.2020)	Chairman and Managing Director (w.e.f. 01.06.2020)
2	Shri Rajeev Sharma (superannuated on 31.05.2020)	Chairman and Managing Director
3	Shri P.K. Singh	Director (Commercial) & Additional charge Director(Projects)
4	Smt. Parminder Chopra (w.e.f. 01.07.2020)	Director (Finance)
5	Shri N. B. Gupta (superannuated on 30.06.2020)	Director (Finance)
6	Shri Tanmay Kumar (w.e.f. 04.11.2020)	Government Nominee Director
7	Shri Mritunjay Kumar Narayan (up to 04.11.2020)	Government Nominee Director
8	Shri Ram Chandra Mishra	Part Time Non-Official Independent Director
9	Smt. Gouri Chaudhury (up to 03.11.2020)	Part Time Non-Official Independent Director
10	Shri Manohar Balwani	CGM & Company Secretary

Trusts/Funds under control of the Company			
1	PFC Employees Provident Fund	2	PFC Employees Gratuity Fund
3	PFC Defined Contribution Pension Scheme 2007	4	PFC Superannuation Medical Fund
Others			
1	PTC India Limited	2	NHPC Limited (w.e.f. 04.11.2020)
3	SJVN Limited (w.e.f. 04.11.2020)	4	Kholongchhu Hydro Energy Limited (w.e.f. 04.11.2020)
5	Punatsangchhu-I, Hydroelectric Project Authority in Bhutan (w.e.f. 04.11.2020)	6	Punatsangchhu-II Hydroelectric Project Authority in Bhutan (w.e.f. 04.11.2020)
7	Mangdechhu Hydroelectric Project Authority in Bhutan (w.e.f. 04.11.2020)		

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43.2 Transactions with the Related Parties are as follows:

(₹ in crore)

Particulars	During FY 2020-21	During FY 2019-20
Subsidiaries		
Loans (including interest) to subsidiaries - RECL	3,000.49	-
Advances (including interest) to subsidiaries - PFCCL	2.13	0.78
Repayment of advances (including interest) to subsidiaries	-	1.00
Dividend received from subsidiaries – PFCCL	-	75.00
– RECL	1,143.44	1,143.44
Allocation of employee benefits - PFCCL	1.04	0.95
Directors' sitting fee -RECL	0.10	0.02
Joint Venture		
Dividend received from EESL	-	2.37
Others	0.21	0.74
Associates		
Recovery of advances (including interest) from associates	33.21	14.92
Interest income on advances to associates	15.70	20.51
Advances received from Associates	6.81	8.65
Interest expenses on advances from associates	2.88	5.07
Trusts/Funds under control of the Company		
Contributions made during the year	8.25	7.71
Finance cost on bonds	0.34	-
Key managerial personnel		
(i) Short term employee benefits	3.42	3.90
(ii) Post-employment benefits	0.38	0.44
(iii) Other long-term benefits	0.45	0.33
Sub Total (i+ii+iii)	**4.25**	**4.67**
Repayment/ Recovery of loans and advances	0.30	0.10
Directors' Sitting Fees	0.19	0.16
Finance cost on bonds	0.04	-
Redemption of bonds(net of subscription)	0.36	-
Others		
Dividend received – PTC India Limited	9.00	4.80
Directors' Sitting Fee	0.02	0.02

43.3 Outstanding balances with Related Parties are as follows:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Amount recoverable towards loans & advances (including interest)		
Associates	166.19	154.28
Key managerial personnel	0.57	0.51
Subsidiaries	3,003.39	0.78
Amount payable towards loans & advances (including interest)		
Associates	176.86	168.43
Debt Securities		
Key managerial personnel	0.04	0.42
Trusts/ Funds under control of the Company	3.70	3.70

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43.4 Disclosure in respect of entities under the control of the same government (Government related entities)

The Company is a Central Public Sector Undertaking (CPSU) controlled by Central Government. During the year, the Company had transactions with the related entities under the control/ joint control of the same government including but not limited to:

Bhartiya Rail Bijlee Company Ltd.	Damodar Valley Corporation
Tehri Hydro Development Corporation	Power Grid Corporation of India Ltd.
Neyveli UP Power Ltd.	Bihar Grid Company Ltd.
Meja Urja Nigam Pvt Ltd.	Coal India Ltd.
Raichur Power Corporation Ltd.	NHPC Ltd.
NTPC Ltd.	Aravali Power Company Pvt Ltd.
NLC Tamil Nadu Power Ltd.	North East Transmission Company Ltd.
National High Power Test Laboratory Pvt Ltd.	Neyveli Lignite Corporation Ltd.
Sardar Sarovar Narmada Nigam Ltd.	Ratnagiri Gas & Power (P) Ltd.

Significant transactions with entities under the control of same government:

(₹ in crore)

Nature of Transaction	During FY 2020-21	During FY 2019-20
Dividend received	51.77	62.67
Disbursement of loans	3,034.61	3,333.33
Interest received	3,920.30	4,459.12
Repayment of principal received	15,789.64	5,554.11

Refer Note 12, 18, 20.1, 20.3, and 51 in respect of material transactions with the Central Govt.

Above transactions with the Government related entities cover transactions that are significant individually and collectively. The Company has also entered into other transactions such as telephone expenses, air travel and deposits etc. with other CPSUs. They are insignificant individually & collectively and hence not disclosed. All the transactions have been carried out on market terms.

43.5 Major terms and conditions of transactions with related parties

(i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

(ii) The remuneration and staff loans to Key Managerial Personnel are in line with the service rules of the Company.

(iii) The Company makes advances to its associate companies which are incorporated as SPVs to meet the preliminary expenditure. Such advances carry interest rates at the rate applicable to Term Loans as per the Company's policy.

(iv) The interest and/or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the debt securities and/or equity shares of the Company and the interest and/or dividend paid on such securities is uniformly applicable to all the holders.

(v) Outstanding balances of group companies at the year-end are unsecured.

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44. EMPLOYEE BENEFITS

44.1 Defined contribution plans:

(a) Pension

The Company pays fixed contribution under the Corporate Sector Model of National Pension Scheme (NPS) for its pension obligation towards employees at pre-determined rates into the Tier-I NPS Account (Pension Account) of the employees.

(b) Provident Fund

The Company pays fixed contribution on account of provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The trust has to ensure a minimum rate of return to the members, as specified by GoI. However, any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

An amount of ₹ 13.10 crore (Previous year ₹ 12.90 crore) for the year is recognised as expense in the Standalone Statement of Profit and Loss on account of the Company's contribution to the defined contribution plans.

44.2 Defined benefit plans:

(a) Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crore on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability for the same is recognised on the basis of actuarial valuation.

(₹ in crore)

Particulars		As at 31.03.2021	As at 31.03.2020
(a)	Present value of Defined benefit obligation	28.67	28.43
(b)	Fair Value of Plan Assets	26.88	25.67
(c)	Net Defined Benefit (Asset)/ Liability (a-b)	1.79	2.76

Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
I. Opening Balance	**28.43**	**26.50**	**25.67**	**25.75**	**2.76**	**0.75**
Included in profit and loss						
Current service Cost	1.85	1.78	-	-	1.85	1.78
Past service cost	-	-	-	-	-	-
Interest cost/income	1.92	2.07	1.74	2.01	0.18	0.06
II. Total amount recognised in profit and loss	**3.77**	**3.85**	**1.74**	**2.01**	**2.03**	**1.84**
Included in OCI						
Re-measurement loss/ (gain):						
Actuarial loss (gain) arising from changes in financial assumptions	(0.81)	2.34	-	-	(0.81)	2.34
Actuarial loss (gain) arising from experience adjustment	0.12	(1.44)	-	-	0.12	(1.44)
Actuarial loss (gain) arising from changes in demographic assumptions	-	-	-	-	-	-

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(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Return on plan assets excluding interest income	-	-	(0.45)	(0.03)	0.45	0.03
III. Total amount recognised in OCI	**(0.69)**	**0.90**	**(0.45)**	**(0.03)**	**(0.24)**	**0.93**
IV. Contribution by participants	-	-	-	-	-	-
V. Contribution by employer	-	-	2.76	0.76	(2.76)	(0.76)
VI. Benefits paid	(2.84)	(2.82)	(2.84)	(2.82)	-	-
VII. Closing Balance (I+II+III+IV+V+VI)	**28.67**	**28.43**	**26.88**	**25.67**	**1.79**	**2.76**

(b) Post-Retirement Medical Scheme (PRMS)

The Company has a Post-Retirement Medical Scheme (PRMS) to provide medical facilities to superannuated employees, dependent family members of superannuated and deceased employees. The liability for PRMS is recognised on the basis of actuarial valuation.

This scheme is managed by a separate trust. The trust has to ensure adequate corpus for meeting the medical expenditure incurred by the eligible employees. However, any short fall has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

(₹ in crore)

Particulars		As at 31.03.2021	As at 31.03.2020
(a)	Present value of Defined benefit obligation	48.37	42.00
(b)	Fair Value of Plan Assets	43.40	37.07
(c)	Net Defined Benefit (Asset)/Liability (a-b)	4.97	4.93

Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
I. Opening Balance	42.00	35.14	37.07	28.51	4.93	6.63
Included in profit and loss						
Current service Cost	2.16	1.78	-	-	2.16	1.78
Past service cost	-	-	-	-	-	-
Interest cost/income	2.85	2.75	2.51	2.22	0.34	0.53
II. Total amount recognised in profit and loss	5.01	4.53	2.51	2.22	2.50	2.31
Included in OCI						
Re-measurement loss/ (gain):						
Actuarial loss (gain) arising from changes in financial assumptions	(2.53)	2.35	-	-	(2.53)	2.35
Actuarial loss (gain) arising from experience adjustment	5.30	1.79	-	-	5.30	1.79
Actuarial loss (gain) arising from changes in demographic assumptions	-	-	-	-	-	-
Return on plan assets excluding interest income	-	-	(0.37)	0.92	0.37	(0.92)

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(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
III. Total amount recognised in OCI	**2.77**	**4.14**	**(0.37)**	**0.92**	**3.14**	**3.22**
IV. Contribution by participants	-	-	0.04	0.03	(0.04)	(0.03)
V. Contribution by employer	-	-	5.49	6.95	(5.49)	(6.95)
VI. Benefits paid	(1.41)	(1.81)	(1.34)	(1.56)	(0.07)	(0.25)
VII. Closing Balance (I+II+III+IV+V+VI)	**48.37**	**42.00**	**43.40**	**37.07**	**4.97**	**4.93**

(c) Economic Rehabilitation Scheme (ERS)

The Company has an Economic Rehabilitation Scheme (ERS) to provide monetary benefit in case of permanent disability/ death of an employee. This scheme is unfunded and the liability is determined based on actuarial valuation.

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Present value of Defined benefit obligation	4.53	2.89

Movement in defined benefit obligation

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation for the year ended	
	31.03.2021	31.03.2020
I. Opening Balance	2.89	1.69
Included in profit and loss		
Current service Cost	0.36	0.31
Past service cost	-	-
Interest cost/income	0.20	0.14
II. Total amount recognised in profit and loss	**0.56**	**0.45**
Included in OCI		
Actuarial loss (gain) arising from changes in financial assumptions	(0.10)	0.21
Actuarial loss (gain) arising from Experience adjustment	1.47	0.74
Actuarial loss (gain) arising from changes in demographic assumptions	-	-
Return on plan assets excluding interest income	-	-
III. Total amount recognised in OCI	**1.37**	**0.95**
IV. Contribution by participants	-	-
V. Contribution by employers	-	-
VI. Benefits paid	(0.29)	(0.20)
VII. Closing Balance (I+II+III+IV+V+VI)	**4.53**	**2.89**

(d) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

i) Investment risk

Most of the plan asset investments are in government securities, other fixed income securities with high grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market & macro-economic factors. There is also a risk of asset liability matching i.e. the cash flow for plan assets does not match with cash flow for plan liabilities.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

ii) **Changes in discount rate**

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to government bonds' yields at the end of the reporting period. A decrease (increase) in discount rate will increase (decrease) present values of plan liabilities, although this will be partially offset by an increase in the value of the plans' investments.

iii) **Mortality rate risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase/decrease in the life expectancy of the plan participants will increase the plan's liability.

iv) **Salary escalation risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

v) **Turnover rate/Withdrawal rate of employee**

If the actual employee withdrawal rate in the future turns out to be more or less than expected then it may result in increase/ decrease in the liability.

(e) Plan Assets

The value of plan assets for each category is as follows:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Cash & Cash Equivalents	0.59	1.46
State/ Central Government Debt Securities	37.01	31.33
Corporate Bonds/ Debentures	31.67	27.71
Others	1.01	0.80
Total	**70.28**	**61.30**

As at 31.03.2021, an amount of ₹ 0.50 crore (as at 31.03.2020 ₹ 0.50 crore) is included in the value of plan assets in respect of the Company's own financial instruments (corporate bonds).

Actual return on plan assets is ₹ 3.43 crore (Previous year ₹ 5.13 crore).

(f) Significant actuarial assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31.03.2021 by TransValue Consultants. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method. The principal assumptions used for actuarial valuation are:

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Discount Rate & expected return on plan assets, if funded	7.08%	6.76%	7.08%	6.76%	7.08%	6.76%
Salary Escalation Rate/ Medical inflation rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality Rate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate
Withdrawal rate	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

Notes to the Standalone Financial Statements

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(g) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
- Gratuity	(1.24)	1.27	(1.13)	1.22
- PRMS	(3.67)	4.13	(3.19)	3.59
- ERS	(0.16)	0.18	(0.10)	0.12
Salary Escalation/Medical inflation Rate (0.50% movement)				
- Gratuity	0.16	(0.16)	0.31	(0.29)
- PRMS	3.95	(3.63)	3.43	(3.15)
- ERS	0.17	(0.15)	0.11	(0.09)
Medical Cost (10% movement)				
- PRMS	5.29	(4.41)	4.59	(3.83)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Company to manage its risks from prior periods.

(h) Expected maturity analysis of the defined benefit plans in future years

(₹ in crore)

Particulars	Gratuity		PRMS		ERS	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Up to 1 year	1.91	1.68	1.60	1.85	0.54	0.31
1 to 5 years	8.84	7.76	10.76	12.45	2.17	1.27
Over 5 years	49.61	49.85	51.09	54.92	5.07	3.14
Total	**60.36**	**59.29**	**63.45**	**69.22**	**7.78**	**4.72**

The table above is drawn on the basis of expected cash flows.

(i) Expected contributions to post-employment benefit plans

(₹ in crore)

Particulars	Gratuity		PRMS	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Expected contribution	3.58	4.60	7.55	7.09

(j) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 15.94 years (as at 31.03.2020: 16.02 years).

44.3 Other long term employee benefits

(a) Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. On separation after 10 years of service or on superannuation, earned leave plus half pay leave taken together can be en-cashed subject to a maximum of 300 days. However, there is no restriction on the number of years of service for encashment of earned leave on separation from the service. Provision based on actuarial valuation amounting to ₹ 8.85 crore (Previous year ₹ 11.73 crore) for the year has been made at the year end and debited to the Standalone Statement of Profit and Loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(b) Other employee benefits

Provision for settlement allowance and long service awards amounting to ₹ 2.68 crore for the year (Previous year ₹ 3.53 crore) has been made on the basis of actuarial valuation and debited to the Standalone Statement of Profit and Loss.

44.4 Employee benefits (viz. Gratuity, PRMS, Terminal Benefits, leave encashment and other employee benefits) in respect of Company's employees working in its wholly-owned subsidiary on deputation/secondment basis are being allocated based on a fixed percentage of employee cost.

45. LEASES

Details of 'Right of Use Asset' and 'Lease Liability' with respect to leasehold land of the Company used as office premises:

45.1 The table below shows the movement of lease liabilities during the year:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Opening balance	8.81	-
Additions during the year	-	8.81
Finance cost accrued during the period	0.77	0.77
Payment of lease liabilities	(0.77)	(0.77)
Closing balance	8.81	8.81

45.2 The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Up to 1 year	0.77	0.77
1-5 years	3.09	3.09
More than 5 years	56.29	57.83

45.3 During the year 2020-21, the expenses relating to short-term/low value leases amounting to ₹ 6.49 crore (Previous year ₹ 5.78 crore) has been charged to Standalone statement of Profit and Loss. Included in the amount above are leases pertaining to residential accommodation of employees, space for official use, hiring of EDP equipment & other office equipment etc. These leases are usually renewable on mutually agreed terms and are cancellable.

45.4 The total cash outflow towards all leases, including Right-of-Use Assets is ₹ 7.14 crore. (Previous year ₹ 6.62 crore)

46. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in crore)

Sr. No.	Description	As at 31.03.2021	As at 31.03.2020
Contingent Liabilities			
(i)	Guarantees[(a)]	44.65	81.02
(ii)	Claims against the Company not acknowledged as debts	-	-
(iii)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	3,913.01	870.49
(iv)[(b)]	- Additional demands raised by the Income Tax Department of earlier years which are being contested	62.23	88.14
	- Further, the Income Tax Department has filed appeals against the relief allowed by appellate authorities to the Company. The same are also being contested.	-	302.10
(v)	- Service Tax demand or show cause notices raised by Service Tax Department in respect of earlier years which are being contested.	22.51	20.56
	- Further, the Service Tax Department has filed appeals before CESTAT against the order of Commissioner (CE&ST) who had dropped a demand of service tax. The same is also being contested.	50.07	46.31

Notes to the Standalone Financial Statements

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(₹ in crore)

Sr. No.	Description	As at 31.03.2021	As at 31.03.2020
Commitments			
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	335.65	430.40
(ii)	Contractual commitments for the acquisition of intangible assets	-	-
(iii)	Other Commitments – CSR unspent amount pertaining to the period up to 31.03.2020	143.43	217.59
	Total	**4,571.55**	**2,056.61**

[a] Default payment guarantee given by the Company in favour of a borrower company. The amount paid /payable against this guarantee is reimbursable by Government of Madhya Pradesh.

[b] Income Tax litigation for AY 2016-17 is pending before CIT (A). All other Income Tax litigations pertaining to AY 1996-97 to AY 2015-16 are in the process of being settled under the Direct Tax Vivad se Vishwas Scheme, 2020. Accordingly, an amount of ₹ 131.38 crore has been charged to Standalone Statement of Profit and Loss during FY 2020-21 as tax expense for earlier years.

47. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31.03.2021 (Nil as at 31.03.2020). This has been determined to the extent the status of such parties could be identified on the basis of information available with the Company.

48. In the context of reporting business/geographical segment as required by Ind AS 108 - 'Operating Segments', the Company's operations comprise of only one business segment - lending to power sector entities. All activities revolve around the main business. Hence, there are no reportable segments as per Ind AS 108.

49. MODIFICATIONS IN THE SIGNIFICANT ACCOUNTING POLICIES:

The policy on the additional Income Tax on distribution of dividend has been deleted subsequent to the abolition of the incidence of Dividend Distribution Tax (DDT) on companies. Further, certain accounting policies have also been reworded to bring in more clarity and align with Company's practice. There is no financial impact of such modifications carried out in the accounting policies.

50. Amount expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities:

(₹ in crore)

	Particulars	As at 31.03.2021			As at 31.03.2020		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
	ASSETS						
1	**Financial Assets**						
(a)	Cash and Cash Equivalents	3,717.62	-	3,717.62	182.52	-	182.52
(b)	Bank Balance other than included in Cash & Cash Equivalents	1,044.58	-	1,044.58	16.47	-	16.47
(c)	Derivative Financial Instruments	5.33	1,246.12	1,251.45	63.94	1,799.48	1,863.42
(d)	Loans	55,541.19	3,04,583.58	3,60,124.77	57,818.46	2,76,294.14	3,34,112.6
(e)	Investments	882.65	15,090.85	15,973.50	663.35	15,809.97	16,473.32
(f)	Other Financial Assets	138.30	5,198.47	5,336.77	103.88	5,235.24	5,339.12
	Total financial assets (1)	**61,329.67**	**3,26,119.02**	**3,87,448.69**	**58,848.62**	**2,99,138.83**	**3,57,987.45**
2	**Non- Financial Assets**						
(a)	Current Tax Assets (Net)	-	260.64	260.64	133.19	518.12	651.31
(b)	Deferred Tax Assets (Net)	-	3,996.76	3,996.76	-	2,952.12	2,952.12
(c)	Property, Plant and Equipment	-	37.21	37.21	-	31.35	31.35
(d)	Other Intangible Assets	-	0.24	0.24	-	0.41	0.41
(e)	Right of use asset	-	35.30	35.30	-	35.75	35.75
(f)	Other Non-Financial Assets	112.55	192.68	305.23	84.75	44.12	128.87
	Total non-financial assets (2)	**112.55**	**4,522.83**	**4,635.38**	**217.94**	**3,581.87**	**3,799.81**
	Total Asset (1+2)	**61,442.22**	**3,30,641.85**	**3,92,084.07**	**59,066.56**	**3,02,720.70**	**3,61,787.26**

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for the year ended March 31, 2021

(₹ in crore)

	Particulars	As at 31.03.2021			As at 31.03.2020		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
	LIABILITIES						
1	**Financial Liabilities**						
(a)	Derivative Financial Instruments	56.01	438.03	494.04	56.40	543.42	599.82
(b)	Debt Securities	38,118.69	2,04,692.85	2,42,811.54	37,152.92	1,84,694.75	2,21,847.7
(c)	Borrowings (other than Debt Securities)	11,220.79	69,616.81	80,837.60	17,902.17	61,213.89	79,116.06
(d)	Subordinated Liabilities	101.80	9,208.40	9,310.20	103.04	9,207.91	9,310.95
(e)	Other Financial Liabilities	683.31	5,144.74	5,828.05	316.07	5,059.09	5,375.16
	Total financial liabilities (1)	50,180.60	2,89,100.83	3,39,281.43	55,530.60	2,60,719.06	3,16,249.66
2	**Non-Financial Liabilities**						
(a)	Current Tax Liabilities (Net)	-	43.24	43.24	0.11	-	0.11
(b)	Provisions	99.61	55.54	155.15	219.38	44.91	264.29
(c)	Other Non-Financial Liabilities	181.19	29.94	211.13	2.93	106.14	109.07
	Total non-financial liabilities (2)	**280.80**	**128.72**	**409.52**	**222.42**	**151.05**	**373.47**
	Total liabilities (1+2)	**50,461.40**	**2,89,229.55**	**3,39,690.95**	**55,753.02**	**2,60,870.11**	**3,16,623.13**

51. GOI. SCHEMES BEING IMPLEMENTED BY THE COMPANY - INTEGRATED POWER DEVELOPMENT SCHEME (IPDS) (WITH RESTRUCTURED ACCELERATED POWER DEVELOPMENT AND REFORM PROGRAMME (R-APDRP) SUBSUMED IN IT)

The Company has been designated as Nodal Agency for operationalisation and implementation of IPDS scheme under overall guidance of the MoP, GoI. Role of Nodal agency is mentioned in IPDS scheme which inter-alia includes pass through of loans/grants to eligible utilities under schemes of GOI. The Company receives the amount on such accounts and disburses it in accordance with the scheme. When funds are received from GOI, the amount is shown under other financial liabilities till the payments are released to the beneficiaries.

The Company is eligible for nodal agency fee at the rate of 0.50% (to be accrued in phases as per scheme) of total project cost approved by Monitoring Committee or award cost, whichever is lower. The total amount of nodal agency fee income for FY 2020-21 stands at ₹ 4.65 crore (Previous year Nil).

Additionally, the Company has also received ₹ 6.29 crore (Previous year ₹ 28.04 crore) as reimbursement of expenditure from MoP under the said scheme.

The estimated outlay of IPDS scheme is ₹ 32,612 crore including a budgetary support of ₹ 25,354 crore from Government of India during the entire implementation period and the amount of GOI grant administered to the eligible utilities till 31.03.2021 is ₹ 15,782.44 crore (₹ 12,702.45 crore as at 31.03.2020).

The Company was also designated as Nodal Agency for operationalisation and associated service for implementation of erstwhile R – APDRP scheme (a back-to-back arrangements of amounts received from GoI for on-lending to eligible borrowers) which has been subsumed in the IPDS scheme. R-APDRP scheme cost of ₹ 44,011 crore including budgetary support of ₹ 22,727 crore as already approved by CCEA have been carried forward to IPDS in addition to the outlay of ₹ 32,612 crore.

52.

(a) Status of documentation subsequent to reorganisation of the State of Jammu & Kashmir

After the bifurcation of the State of Jammu & Kashmir into two Union territories- Jammu & Kashmir UT and Ladakh UT, the existing entities pertaining to the erstwhile state of Jammu & Kashmir have been restructured vide unbundling order dated 23.10.19. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documents, the existing loans are being serviced/repaid in line with the existing loan agreement.

Notes to the Standalone Financial Statements

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(b) Status of documentation subsequent to reorganisation of the State of Andhra Pradesh

Subsequent to the reorganization of erstwhile Andhra Pradesh, the State of Telangana has been formed on 02.06.2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal gazette notification.

Once the final transfer scheme is notified through Gazette Notification by Govt. duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new/name changed utilities. Till that time, the demand for payment of interest/principal is being segregated by the utilities and the respective portions are being paid by utilities in Telangana and Andhra Pradesh.

53. DISCLOSURES AS REQUIRED UNDER RBI'S MASTER DIRECTION-NON-BANKING FINANCIAL COMPANY– SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY(RESERVE BANK) DIRECTIONS, 2016.

53.1 Asset Liability Management - Maturity pattern of items of Assets and Liabilities:

In the tables below, the principal cash flows net of impairment loss allowance relating to Stage III assets have been considered in over 5 years bucket irrespective of the maturity date. Further, Bonds with put & call option have been shown considering the earliest exercise date. Further, the commercial papers and zero-coupon bonds have been shown at the maturity value.

(₹ in crore)

Bucket as at 31.03.2021	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
1 to 7 days	2,308.02	1,000.00	2,008.04	-	-
8 to 14 days	-	2,130.70	-	-	-
15 days to 30/31 Days	1,392.13	3,933.99	2,000.00	-	5.26
Over 1 Month up to 2 Months	799.72	3,729.18	600	-	-
Over 2 Months up to 3 Months	-	1,328.74	3,796.65	-	6.32
Over 3 Months & up to 6 Months	-	7,340.85	15,228.15	-	1,102.57
Over 6 Months & up to 1 Year	-	14,139.88	16,604.34	-	977.51
Over 1 Year & up to 3 Years	-	57,861.78	66,122.35	-	12,012.31
Over 3 Years & up to 5 Years	-	61,587.27	55,139.62	-	9,958.15
Over 5 Years	15,173.78	2,04,302.25	1,13,894.40	-	25,773.68
Total	**19,673.65**	**3,57,354.63**	**2,75,393.55**	**-**	**49,835.80**

(₹ in crore)

Bucket as at 31.03.2020*	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
Up to 30/31 Days	-	1,529.70	8,046.86	-	5.40
Over 1 Month up to 2 Months	1,519.90	492.70	5,988.50	-	-
Over 2 Months up to 3 Months	-	416.63	10,845.00	-	6.09
Over 3 Months & up to 6 Months	-	3,511.49	17,351.67	-	1,130.79
Over 6 Months & up to 1 Year	-	18,837.19	5,305.25	-	2,156.10
Over 1 Year & up to 3 Years	-	59,187.06	57,474.09	-	11,493.88
Over 3 Years & up to 5 Years	-	56,046.51	60,813.03	-	10,231.67
Over 5 Years	14,953.42	1,90,314.82	90,071.03	-	22,676.86
Total	**16,473.32**	**3,30,336.11**	**2,55,895.42**	**-**	**47,700.79**

* As per applicable format as at 31.03.2020.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

53.2 Exposures

53.2.1 The Company does not have any exposure to real estate sector.

53.2.2 Exposure to Capital Market:

(₹ in crore)

Sr. No.	Description	Amount as at 31.03.2021	Amount as at 31.03.2020
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares);	15,896.71	15,589.12
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e., where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	2,705.94	2,628.55
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	6.12
	Total Exposure to Capital Market	**18,602.65**	**18,223.79**

53.2.3 Details of financing of parent company products:

The Company does not have a parent company.

53.2.4 RBI has categorised the Company as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12.02.2010. In respect of Central/State Government entities, RBI has exempted the Company from applicability of its concentration of credit/investment norms till 31.03.2022. The Company continues to follow MoP approved credit concentration norms for these entities.

As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower, 40% in case of a single group of borrowers and the exposure for lending & investing taken together can be up to 30% and 50% of owned funds, respectively.

53.2.5 Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the Company:

The Company has not exceeded applicable prudential exposure limits against Single Borrower/Group Borrower during FY 2020-21 and FY 2019-20.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

53.3 Details of registrations obtained from regulators

Sr. No.	Regulator	Particulars	Registration Details
1.	Ministry of Corporate Affairs	Corporate Identification Number	L65910DL1986GOI024862
2.	Reserve Bank of India	Registration Number	B- 14.00004
3.	Legal Entity Identifier India Ltd	LEI Number	3358003Q6D9LIJJZ1614
4.	Central Registry of Securitisation Asset Reconstruction and Security Interest of India	Registration Number	F0084

53.4 Disclosure of Penalties imposed by RBI and other regulators during the year

During FY 2020-21, NSE and BSE have levied fine on the Company for non-compliance in regard to composition of Board of Directors and Nomination & Remuneration Committee of the Board of Directors. The Company in its reply to NSE & BSE has stated that being a Central Public Sector Undertaking and in terms of Article 86 of Articles of Association of the Company, the Directors on the board of the Company are appointed by President of India through Ministry of Power, Government of India. The Company has taken up the matter with Ministry of Power to expedite the process of appointment of balance number of Independent Directors on the Board of the Company for compliance of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. During the Previous year, NSE & BSE had also levied fine on the Company for the similar reason. BSE vide its e-mail dated September 24, 2020 and April 19, 2021 has waived the penalty imposed for the above periods.

53.5 Credit Ratings

53.5.1 Ratings assigned by credit rating agencies as at 31.03.2021 and migration of ratings during the year:

Sr. No.	Rating Agency	Long-Term Rating	Short-Term Rating
1.	CRISIL	CRISIL AAA	CRISIL A1+
2.	ICRA	ICRA AAA	ICRA A1+
3.	CARE	CARE AAA	CARE A1+

53.5.2 Long-Term foreign currency issuer rating assigned to the Company as at 31.03.2021:

Sr. No.	Rating Agency	Rating
1.	Fitch Ratings	BBB-
2.	Moody's	Baa3

53.5.3 In respect of the above, there has been no migration of ratings during the year.

53.6 Provisions, Contingencies and Impairment loss allowances debited to Standalone Statement of Profit and Loss

(₹ in crore)

Sr. No.	Particulars	FY 2020-21	FY 2019-20
1	Impairment loss allowance towards loans, investments acquired under loan settlement and letter of comfort *	3,494.35	980.86
2	Impairment loss allowance on other receivables	2.05	10.11
3	Impairment loss allowance on investment	-	0.25
4	Provision made towards Income tax	2,792.03	1,424.48

* including write off and impairment on investment acquired under loan settlement of ₹ 2,860.60 crore (Previous year ₹ 1,463.55 crore) and corresponding reversal of impairment loss allowance of ₹ 3,017.25 crore (Previous year ₹ 1,610.28 crore).

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

53.7 Draw Down from reserves

Reference may be made to Standalone Statement of Changes in Equity and Note 24.

53.8 Others

(a) The Company is preparing Consolidated Financial Statements in accordance with Ind AS – 110 'Consolidated Financial Statements'.

(b) The Company does not have any Overseas Assets in the form of Joint Ventures/Subsidiaries abroad.

(c) There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

53.9 Customer Complaints for FY 2020-21

No complaints have been received by the Company from its borrowers during the year ended 31.03.2021. (Previous year Nil).

54. INFORMATION / PARTICULARS AS SET OUT IN ANNEXURE IV OF RBI'S MASTER DIRECTION DATED 01.09.2016 APPLICABLE TO THE COMPANY, AS UPDATED FROM TIME TO TIME :

(₹ in Crore)

Particulars	Amount as on 31.03.2021		Amount as on 31.03.2020	
Liabilities Side	**outstanding**	**overdue**	**outstanding**	**overdue**
(1) Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid:				
(a) Bonds : Secured	15,617.62	0.00	15,157.24	0.00
: Unsecured	2,33,619.99	0.00	2,16,267.03	0.00
(b) (i) Rupee Term Loans	61,332.50	0.00	57,409.63	0.00
(ii) Foreign Currency Loans	19,013.86	0.00	19,872.75	0.00
(c) Commercial Paper	3,080.23	0.00	-	0.00
(d) Short Term Borrowings	683.23	0.00	2,038.40	0.00

Assets Side	Amount Outstanding as on 31.03.2021	Amount Outstanding as on 31.03.2020
(2) Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid:		
(a) Secured	1,91,256.29	2,12,693.81
(b) Unsecured	1,79,559.82	1,32,235.76
(c) Less: Impairment loss allowance	(16,410.98)	(15,658.97)
(d) Loans and advances (net of provision)	3,54,405.13	3,29,270.60

Assets Side	Amount Outstanding as on 31.03.2021	Amount Outstanding as on 31.03.2020
(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities (Net of Provisions) :		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	94.00	99.18
(b) Operating lease	0.00	0.00

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Assets Side	Amount Outstanding as on 31.03.2021	Amount Outstanding as on 31.03.2020
(4) Break-up of Investments (Net of Provisions)		
Current Investments		
1. **Quoted**		
(i) Shares		
(a) Equity	706.42	663.35
Long-Term Investments		
1. **Quoted**		
(i) Shares		
(a) Equity	14,696.07	14,578.74
(ii) Debentures and Bonds	-	810.05
2. **Unquoted**		
(i) Shares		
(a) Equity	246.20	246.20
(b) Preference	173.18	168.86
(ii) Debentures and Bonds	151.63	-
(iii) Units of SIB Fund	-	6.12

(5) Borrower group-wise classification of assets financed as in (2) and (3) above: (as per applicable provisioning norms)

Category	Amount Net of Provisions (as on 31.03.2021)			Amount Net of Provisions (as on 31.03.2020)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries and Associates	-	3,168.51	3,168.51	-	155.05	155.05
(b) Other related parties	0.57	-	0.57	0.51	-	0.51
2. Other than related parties	1,91,349.72	1,76,391.31	3,67,741.03	2,12,792.48	1,32,080.71	3,44,873.19
Total	**1,91,350.29**	**1,79,559.82**	**3,70,910.11**	**2,12,792.99**	**1,32,235.76**	**3,45,028.75**

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	As on 31.03.2021		As on 31.03.2020	
	Break up value$	Book Value (Net of Provisions)	Break up value$	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	22,825.70	14,500.65	18,685.88	14,500.45
(b) Companies in the same group	290.37	246.05	289.35	246.25
2. Other than related parties	1,226.80	1,226.80	1,726.62	1,726.62
Total	24,342.87	15,973.50	20,701.85	16,473.32

(7) Other Information

Particulars	Amount (as on 31.03.2021)	Amount (as on 31.03.2020)
(i) Gross Stage III Assets		
(a) Other than related parties	21,150.16	27,871.70
(ii) Net Stage III Assets		
(a) Other than related parties	7,733.80	13,123.24
(iii) Assets acquired in satisfaction of debt (Gross value of investment)	467.96	200.60

$In case of negative break-up value, Nil value has been considered.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

55. DISCLOSURES IN ACCORDANCE WITH GUIDELINES ON LIQUIDITY RISK MANAGEMENT FRAMEWORK AND LIQUIDITY COVERAGE RATIO AS PER RBI'S MASTER DIRECTION-NON-BANKING FINANCIAL COMPANY– SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016.

55.1 Funding Concentration based on significant counterparty (borrowings)

Particulars	Number of significant counterparties*	Amount (₹ crore)	% of Total Liabilities
As at 31.03.2021	7	52,897.08	15.57%
As at 31.03.2020	8	81,440.48	25.72%

*Significant counterparty/significant instrument/product is defined as a single counterparty or group of connected or affiliated counter parties accounting in aggregate for more than 1% of the total liabilities.

55.2 Top 10 borrowings (amount in ₹ crore & % of total borrowings)

Sr. No.	Particulars*	As at 31.03.2021	
		Amount (₹ crore)	% of Total Borrowings
1	RTL from State Bank of India	10,999.98	3.38%
2	RTL from Canara Bank	8,250.00	2.54%
3	RTL from National Small Savings Scheme Fund (NSSF)	7,500.00	2.31%
4	RTL from Bank of Baroda	6,300.00	1.94%
5	RTL from Union Bank of India	6,100.00	1.88%
6	3 95 USD Bonds 2030	5,512.85	1.70%
7	7 41 Taxable Bond Series 197	5,000.00	1.54%
8	7 62 Taxable Bond Series 171	5,000.00	1.54%
9	8 41 Taxable Bond Series 131 C	5,000.00	1.54%
10	8 65 Taxable Bond Series 126	5,000.00	1.54%

*Based on size of bond issuance/term loans from banks

Sr. No.	Particulars*	As at 31.03.2020	
		Amount (₹ crore)	% of Total Borrowings
1	RTL from State Bank of India	8,999.98	2.97%
2	RTL from National Small Savings Scheme Fund (NSSF)	7,500.00	2.47%
3	RTL from Canara Bank	6,000.00	1.98%
4	3 95 USD Bonds 2030	5,674.87	1.87%
5	7 41 Taxable Bond Series 197	5,000.00	1.65%
6	7 62 Taxable Bond Series 171	5,000.00	1.65%
7	8 41 Taxable Bond Series 131 C	5,000.00	1.65%
8	8 65 Taxable Bond Series 126	5,000.00	1.65%
9	7 93 Taxable Bond Series 193	4,710.50	1.55%
10	4 50 USD Bonds 2029	4,539.90	1.50%

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

55.3 Funding Concentration based on significant instrument /product

Sr. No.	Significant instrument /product	As at 31.03.2021		As at 31.03.2020	
		Amount (₹ crore)	% of Total Liabilities	Amount (₹ crore)	% of Total Liabilities
1	**Debt Securities**				
	- Infrastructure Bonds	119.56	0.04%	278.63	0.09%
	- Tax Free Bonds	12,275.11	3.61%	12,275.11	3.88%
	- 54EC Capital Gain Tax Exemption Bonds	2,564.18	0.75%	1,918.54	0.61%
	- Taxable Bonds	1,86,226.10	54.82%	1,72,930.24	54.62%
	- Foreign Currency Notes	30,871.97	9.09%	27,892.78	8.81%
	- Commercial Paper	3,080.23	0.91%	-	0.00%
	Sub-Total (1)	**2,35,137.15**	**69.22%**	**2,15,295.30**	**68.00%**
2	**Borrowings (other than Debt Securities)**				
	- Foreign Currency Loans	150.65	0.04%	172.38	0.05%
	- Syndicated Foreign Currency Loans	18,813.18	5.54%	19,635.63	6.20%
	- Rupee Term Loan	53,598.98	15.78%	49,598.98	15.66%
	- Rupee Term Loan - GoI	7,500.00	2.21%	7,500.00	2.37%
	- Loan against Term Deposits	683.04	0.20%	-	0.00%
	- Working Capital Demand Loan/ Overdraft/ Cash Credit/ Line of Credit	-	0.00%	2,038.36	0.64%
	Sub-Total (2)	**80,745.85**	**23.77%**	**78,945.35**	**24.93%**
3	Subordinated Liabilities	9,211.50	2.71%	9,211.50	2.91%
	Sub-Total (3)	**9,211.50**	**2.71%**	**9,211.50**	**2.91%**
	Total (1+2+3)	**3,25,094.50**	**95.70%**	**3,03,452.15**	**95.84%**

55.4 Stock Ratios

Sr. No.	Particulars	% to total public funds	% to total liabilities	% to total assets
As at 31.03.2021				
1	Non-convertible debentures (original maturity less than 1 year)	-	-	-
2	Commercial papers	0.95%	0.91%	0.79%
3	Other short-term liabilities	0.21%	0.20%	0.17%
As at 31.03.2020				
1	Non-convertible debentures (original maturity less than 1 year)	-	-	-
2	Commercial papers	-	-	-
3	Other short-term liabilities	0.67%	0.64%	0.56%

55.5 Refer Note 40.2 for Institutional set up for management of liquidity risk in the Company.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

55.6 Liquidity Coverage Ratio

Particulars		Quarter ended 31.03.2021		Quarter ended 31.12.2020	
		Total Unweighted Value (Average)	Total weighted Value (Average)	Total Unweighted Value (Average)	Total weighted Value (Average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA) (a)	1,393.57	1,393.57	733.75	733.75
Cash Outflows					
2	Outflows related to derivative exposures and other collateral requirements	-	-	8.15	9.37
3	Other contractual funding obligations	4,008.29	4,609.54	2,940.22	3,381.25
4	Other contingent funding obligations	2,990.66	3,439.26	2,155.96	2,479.35
5	**TOTAL CASH OUTFLOWS**	**6,998.95**	**8,048.80**	**5,104.33**	**5,869.97**
Cash Inflows					
6	Inflows from fully performing exposures	6,717.70	5,038.28	8,787.09	6,590.32
7	Other cash inflows	297.85	223.39	4.01	3.01
8	**TOTAL CASH INFLOWS**	**7,015.55**	**5,261.67**	**8,791.10**	**6,593.33**
			Total Adjusted Value		Total Adjusted Value
9	**TOTAL HQLA**		**1,393.57**		**733.75**
10	**TOTAL NET CASH OUTFLOWS** [(Total Weighted Cash Outflows)- Minimum of (75% of Total Weighted Cash outflow or Total Weighted Cash inflows)]		**2,787.14**		**1,467.49**
11	**LIQUIDITY COVERAGE RATIO (%)**		**50.00%**		**50.00%**

(a) The Company is having adequate HQLA. However, for the above disclosure, HQLA amount required to meet the LCR level of 50% has been considered.

55.7 RBI vide circular dated 4.11.2019 issued the guidelines covering liquidity risk management for NBFCs wherein RBI introduced Liquidity Coverage Ratio (LCR) applicable on all non-deposit taking NBFCs with asset size of more than ₹ 5,000 crore. The guidelines aim to maintain a liquidity buffer in terms of LCR by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for next 30 days. As per the guideline, LCR is represented by Stock of High-Quality Liquid Assets (HQLA) divided by Total Net Cash Outflows (stressed outflow less stressed inflows) over the next 30 calendar days. HQLA are defined by RBI as the liquid assets that can be readily sold or immediately convertible into cash at little/no loss of value or can be used as collateral to obtain funds in stress situations.

The Company has complied with LCR requirement w.e.f. 01.12.2020 against stipulated requirement of minimum LCR of 50%, progressively increasing up to the required level of 100% by December 1, 2024.The HQLA is being maintained by the Company as balance with Banks in Current Account and Fixed Deposits with Scheduled Commercial Banks and eligible securities. The Company is maintaining LCR in INR only; hence there is no currency mismatch. For the quarter ended 31.12.2020 data has been presented as simple average of values as on 01.12.2020 and 31.12.2020. For the quarter ended 31.03.2021, data has been presented as simple averages of monthly observations, as on last calendar date of the each month of the quarter.

56. The disclosures as required under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 have been made in Note 9.1 to 9.4, 10.3, 39.1, 39.2, 40.1.3(iii), 40.1.3(vi), 53, 54 and Note 55.

57. IMPACT OF COVID-19 ON THE COMPANY

India is currently witnessing the second wave of COVID-19 pandemic with significant increase in the number of infected cases. The resultant lockdowns are less restrictive for economic activity and are concentrated in the most-hit states.

The Company's robust IT infrastructure and digital communication technology enables its workforce to work securely through remote technology ensuring business continuity.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

The Company in accordance with RBI guidelines relating to COVID-19 Regulatory package dated 27.03.2020, 17.04.2020 and 23.05.2020, has offered moratorium on payment of instalments falling due between 01.03.2020 and 31.08.2020 to eligible borrowers.

The Government of India, as a part of its COVID-19 package announcement, has also announced liquidity injection to the State Discoms in the form of State Government guaranteed loans through the Company and its subsidiary viz. REC Ltd. The Company, up to 31.05.2021, has sanctioned and disbursed an amount of ₹ 63,369.54 crore and ₹ 38,089.15 crore respectively to the discoms as a part of this liquidity package.

The Company has not experienced any significant impact on its liquidity position due to the access to diversified sources of borrowings. The Company continues to be well geared to meet its funding needs. It holds sufficient liquidity as well as adequate undrawn lines of credits from various banks. Considering Company's high credit worthiness and well-established relationship with lenders, it can mobilise funds from domestic & international markets.

The Company believes that with the pickup in global vaccination programme, the business and commercial activity is poised for resurgence, leading to increase in power demand and generation.

In view of the above, the Management believes that there will not be significant impact of this outbreak in continuing its business operations, in maintaining its financial position and in its ability to continue as a going concern. However, the impact of this pandemic on the Company will, inter alia, continue to be dependent on future developments relating to duration of COVID-19, and any further actions by the Government and Regulatory bodies to contain its impact on the power sector and NBFCs. The Company shall also continue to closely monitor any material changes arising of future economic conditions and potential impact on its business.

58. Disclosure in respect of Moratorium and asset classification with regards to RBI COVID-19 Regulatory package pursuant to RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17.04.2020.

(₹ in crore)

Sr. No.	Particulars	FY 2020-21	FY 2019-20
1	Amounts in SMA/overdue categories, where the moratorium/deferment was extended -For SMA 1	Nil	594.72
2	Amount where asset classification benefits is extended	Nil	Nil
3	Provisions made during the Q4'FY2020 and Q1'FY2021	Nil	Nil
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil	Nil

59. In accordance with the RBI Circular dated 07.04.2021, all lending institutions including Non-Banking Finance Companies shall refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e., 01.03.2020 to 31.08.2020 irrespective of whether moratorium had been fully or partially availed, or not availed. The Company has put in place a Board approved policy to refund/adjust interest on interest based on the guidance issued by Indian Banks Association (IBA) for calculation of such interest on interest. Company has computed such amount and made necessary accounting treatment for refund/ adjustment. Accordingly, interest income for the year ended 31.03.2021 is lower by ₹ 291.32 crore.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

60. The Company is a 'Large Corporate' in terms of the SEBI Circular SEBI/HO/DDHS/CIR/P2018/144 dated 26.11.2018 on 'Fund raising by Issuances of Debt Securities by Large Entities'. Disclosures required under the said circular are given below:

Particulars	FY 2020-21	FY 2019-20
Name of Company	Power Finance Corporation Limited	
CIN	L65910DL1986GOI024862	
Outstanding borrowings of company as on March 31, of FY (₹ in crore) (in line with SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018)	2,71,495.44	3,01,413.79
Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	AAA by CRISIL, ICRA & CARE	
Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange (BSE)	
Report filed for FY	2020-21	2019-20
Details of incremental borrowings: (₹ in crore)		
Incremental borrowing done in FY (a)	66,732.37	59,542.04
Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	16,683.09	14,885.51
Actual borrowings done through debt securities in FY	46,332.37	36,353.60
Shortfall in the mandatory borrowing through debt securities, if any (d) = (b)-(c)	NIL	NIL
Reasons for shortfalls	N.A.	N.A.

61. Figures of the Previous year have been regrouped/rearranged wherever necessary, in order to make them comparable.

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

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Dated: 15.06.2021

Independent Auditors' Report

TO THE MEMBERS OF POWER FINANCE CORPORATION LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Consolidated Indian Accounting Standard (Ind AS) Financial Statements of Power Finance Corporation Limited (hereinafter referred to as "Holding Company") and its subsidiaries (Holding company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS financial statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on the other financial information of the subsidiaries, associates and jointly controlled entity, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at March 31, 2021, of consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Emphasis of matter

We draw attention to Note 57 of the Consolidated Ind AS Financial Statements regarding the impact of COVID-19 pandemic on the Group. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the Group to continue as a going concern. Nevertheless, the impact in sight of evolvement of pandemic in future period is uncertain and could impact the impairment allowance in future years.

Our opinion is not modified in respect of the matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No.	Key Audit Matter	Auditors' Response
1	**Credit impairment of financial instruments – Loan Assets** The Holding Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain guidelines and procedures in respect of criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. Impairment loss measurement requires use of statistical models to estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These models are key driver to measure Impairment loss.	**Our audit procedures included:** • The Holding Company has availed services of independent expert to estimate the carrying value of the loan assets. We verified the criterion/ framework with various regulatory updates along with Company's internal guidelines and procedures in respect of the impairment allowance as well as the completeness and accuracy of the data shared with the independent experts. • Recoveries are verified applying the standard audit procedures. Loan balances are confirmed and quality of the borrower is evaluated and tested with key control parameters.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditors' Response</th></tr>
<tr><td></td><td>The key indicators underlying for assessment of impairment allowance are appraised on the ongoing basis by the management.

The most significant areas where we identified greater levels of management Judgement are:

Significant Increase in Credit Risk (SICR) – Company has classified SICR based on the indicator defined in Ind AS, estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Individually assessed Stage 3 carrying value. The carrying value of loans and advances to borrowers may be materially misstated if individual impairments are not appropriately estimated based upon certain estimates, future cash flow and asset valuations.

The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation & uncertainty. In view of the significance of the amount of loan assets in the standalone Ind AS Financial Statements as % of total assets, impairment of loan assets there on has been considered as Key Audit Matter in our audit.</td><td>• We have reviewed the underlying assumptions and broad methodology of ECL assessment and shared our inputs.

• Components and calculations in the study for impairment allowance carried out by the third party are test checks, discussed with management and relied upon by us. Our audit procedure in the same is limited in view of not sharing certain parameters of study being considered confidential by such third party.

We considered the credit impairment charge and provision recognised and the related disclosures to be acceptable & satisfactory.</td></tr>
<tr><td>2</td><td>Fair Valuation of Derivative financial instruments

The Holding Company enters into derivative contracts in accordance with RBI guidelines to mitigate its currency and interest rate risk in accordance with Company's board approved currency risk management policy.

Derivative contracts are either categorised at FVTPL or under cash flow hedge (Hedge Accounting). Mark to market gain/ loss on derivates categorised at FVTPL is recognised in P&L and that of Hedge Accounting is recognised in the other comprehensive income.

We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to material exposure and the fact that the inappropriate application of these requirements/ assumptions/ estimate by contracting bank could lead to a material effect on the income statement.</td><td>Our audit procedures included:

Discussing and understanding management's perception and studying policy of the Company for risk management.

Verification of fair value of derivative in term of Ind AS 109.

Evaluation of key internal control over classification, of derivative instruments.

The Holding Company obtains fair value of derivative from the counterparty banks. Our procedure includes evaluation of details of various financial derivative contracts outstanding as on 31.03.2021 and fair value thereon. Additionally, we verified the accounting of gain or loss on mark to market basis of derivative contracts in profit & loss account and other comprehensive income in case of derivates contracts under cash flow hedge.

We did not find any material misstatement in measuring derivative contracts at fair value obtained from counterparty banks</td></tr>
<tr><td>3</td><td>Alternate audit procedure carried out in light of COVID–19 outbreaks

Due to the outbreak of 2nd wave of COVID-19 pandemic, the consequent lockdown and travel restrictions imposed by the Government/local administration across many states during our period of audit, the audit processes could not be carried out physically at the Company's premises.</td><td>As a part of alternative audit procedure, the Holding Company has made available the following information / records / documents / explanations to us through email and remote secure network of the Company: -

a) Scanned copies of necessary records/ documents deeds, certificates and the related records made available electronically through email or remote secure network of the Company; and</td></tr>
</table>

Sr. No.	Key Audit Matter	Auditors' Response
	Since the access to audit evidences in person/ physically was hampered, the statutory audit was conducted via making arrangements to provide requisite documents/ information through electronic medium as an alternative audit procedure. We have identified such alternative audit procedure as a key audit matter.	b) By way of enquiries through video conferencing, dialogues and discussions over phone, emails and similar communication channels. It has also been represented by the management that the data and information provided electronically for the purpose of our audit are correct, complete, reliable and are directly generated from the accounting system of the Company, extracted from the records and files, without any further manual modifications so as to maintain its integrity, authenticity, readability and completeness. In addition, based on our review of the various internal audit reports / inspection reports, nothing has come to our knowledge that make us believe that such alternate audit procedure would not be adequate.

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report, Management Discussion and Analysis, Business Responsibility Report and Report on Corporate Governance but does not include the consolidated Ind AS financial statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions if required

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (other Comprehensive Income), consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rule 2015 as amended (Ind AS). The respective board of directors of the companies including in the group and its joint ventures and associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its jointly controlled entities for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for assessing the ability of the Group and of its associates and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entity.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group and its associates and jointly controlled entity have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management of holding company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entity to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

1. We did not audit the Ind AS financial statements/ financial information of one subsidiary whose financial statements/

financial information reflect total assets of ₹ 4,00,866.87 crore as at March 31, 2021, total revenues of ₹ 35,003.07 crore and net cash flows amounting to ₹ (538.47) crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. These Ind AS financial statements / financial information have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

2. We did not audit the Ind AS financial statements / financial information of one subsidiary, whose unaudited Ind AS financial statements / financial information reflect total assets of ₹ 131.53 crore as at March 31, 2021, total revenues of ₹ 74.90 crore and net cash flows amounting to ₹ 25.90 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS Financial Statements also include unaudited financial Statements / other financial information in respect of one jointly controlled entity and fifteen associates, whose financial statements reflect Group's share of net profit of ₹ 6.24 crore for the year ended March 31, 2021, as considered in the consolidated Ind AS financial statements.

   These financial statements / financial information are unaudited and have been furnished to us by the Management, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, associates and jointly controlled entity, is based solely on such unaudited Ind AS financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements / financial information are not material to the Group.

3. The Group has recognised expected credit loss in respect of loan assets and undisbursed letter of comfort as required under Ind AS 109, on the basis of documents provided by independent expert agencies appointed by the Holding Company and its subsidiary. Since the calculation parameters require certain technical and professional expertise, we and auditors of the subsidiary have relied on the expected credit loss calculation as provided by the said independent expert agencies.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by expert agency, the reports of the other auditors and the Ind AS financial statements / financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on consideration of reports of other auditors on separate financial statements and the other financial information of subsidiaries, joint ventures, associates as noted in the other matters paragraph, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), consolidated change in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

   (d) In our opinion and to the best our information and explanation given to us, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules;

   (e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act, are not applicable to the Holding company and its subsidiaries, Joint Ventures & Associates.

   (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

   (g) As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of Section 197(16) of the Act is not applicable to the Holding company and its subsidiaries, Joint Ventures & Associates.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity – Refer Note 52 to the Consolidated Ind AS Financial Statements;

ii. The group, its associates and its jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled entity incorporated in India.

FOR GANDHI MINOCHA & CO.
Chartered Accountants
Firm's Registration No.: 000458N

Sd/-
CA Manoj Bhardwaj
Partner
Membership No. 098606
UDIN: 21098606AAAACS8032

Place: New Delhi
Dated: June 15, 2021

FOR DASS GUPTA & ASSOCIATES
Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069
UDIN: 21082069AAAABE8065

Annexure A

to the Independent Auditors' Report on the Audit of the Consolidated Ind AS Financial Statements

(Referred to in Para 1(f) under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Power Finance Corporation Limited on the consolidated financial statements for the year ended March 31, 2021)

Report on the Internal Financial Controls with reference to consolidated Ind AS financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of **Power Finance Corporation Limited** (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub-section 10 of Section 143 of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls system with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial control with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidate Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind As financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisation of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Ind As financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India have, in all material respects, an internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid reports under sub-section 3 (i) of Section 143 of the Act, on the internal financial controls with reference to consolidated Ind AS financial statements in so far as applicable to one subsidiary company is based on the corresponding report of the auditors of such company incorporated in India and in respect of one subsidiary, fifteen associates and one jointly controlled entity, we have relied on the explanation provided by the management of holding company in absence of report on Internal Financial Controls of such entity. In our opinion, the same is not considered material for the consolidated Ind AS financial statement of the Group, its associates and its jointly controlled entity.

FOR GANDHI MINOCHA & CO.
Chartered Accountants
Firm's Registration No.: 000458N

Sd/-
CA Manoj Bhardwaj
Partner
Membership No. 098606
UDIN: 21098606AAAACS8032

Place: New Delhi
Dated: June 15, 2021

FOR DASS GUPTA & ASSOCIATES
Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069
UDIN: 21082069AAAABE8065

Comments of the Comptroller and Auditor General of India

Under Section 143(6)(b) read with Section 129(4) of the Companies Act, 2013 on the Consolidated Financial Statements of Power Finance Corporation Limited for the Year Ended March 31, 2021

The preparation of consolidated financial statements of Power Finance Corporation Limited for the year ended March 31, 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated June 15, 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Power Finance Corporation Limited for the year ended March 31, 2021 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of companies mentioned in Annexrue-A, but did not conduct supplementary audit of the financial statements of companies mentioned in Annexure-B for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-
(D. K. Sekar)
Director General of Audit (Energy),
New Delhi

Place: New Delhi
Dated: August 13, 2021

Annexure A

List of subsidiaries, associate companies and jointly controlled entities whose financial statements audited by the Comptroller and Auditor General of India

SUBSIDIARIES

1. REC Power Distribution Company Limited
2. REC Limited

ASSOCIATE COMPANIES

1. Chandil Transmission Limited
2. Dumka Transmission Limited
3. Koderma Transmission Limited
4. Mandar Transmission Limited

Annexure B

List of subsidiaries, associate companies and jointly controlled entities whose financial statements were not audited by the Comptroller and Auditor General of India

SUBSIDIARIES

1. PFC Consulting Limited

JOINT VENTURE

2. Energy Efficiency Services Limited

ASSOCIATE COMPANIES

1. Coastal Maharashtra Mega Power Limited
2. Orissa Integrated Power Limited
3. Coastal Karnataka Power Limited
4. Coastal Tamil Nadu Power Limited
5. Chhattisgarh Surguja Power Limited
6. Sakhigopal Integrated Power Company Limited
7. Ghogarpalli Integrated Power Company Limited
8. Tatiya Andhra Mega Power Limited
9. Deoghar Mega Power Limited
10. Cheyyur Infra Limited
11. Odisha Infrapower Limited
12. Deoghar Infra Limited
13. Bihar Infrapower Limited
14. Bihar Mega Power Limited
15. Jharkhand Infrapower Limited
16. Bidar Transmission Limited
17. Fatehgarh Bhadla Transmission Limited
18. Gadag Transmission Limited
19. Kallam Transmission Limited
20. MP Power Transmission Package-I Limited
21. MP Power Transmission Package-II Limited
22. Rajgarh Transmission Limited
23. Sikar New Transmission Limited
24. Koppal- Narendra Transmission Limited
25. Karur Transmission Limited
26. Sikar-II Aligarh Transmission Limited
27. Khetri-Narela Transmission Limited
28. Ananthpuram Kurnool Transmission Limited
29. Bhadla Sikar Transmission Limited
30. Tanda Transmission Company Limited
31. Shongtong Karcham-Wangtoo Transmission Limited
32. Bijawar-Vidarbha Transmission Limited

Consolidated Balance Sheet

as at March 31, 2021

(₹ in crore)

Sr. No.	Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
ASSETS				
1	**Financial Assets**			
	(a) Cash and Cash Equivalents	8	4,927.74	1,905.21
	(b) Bank Balance other than included in Cash and Cash Equivalents	9	3,274.82	2,282.96
	(c) Derivative Financial Instruments	10	3,562.67	5,182.27
	(d) Trade Receivables	11	167.61	135.66
	(e) Loans	12	7,22,386.84	6,46,196.11
	(f) Investments (Other than accounted for using equity method)	13A	2,950.48	3,853.72
	(g) Other Financial Assets	14	29,779.87	27,463.77
	Total Financial Assets (1)		**7,67,050.03**	**6,87,019.70**
2	**Non-Financial Assets**			
	(a) Current Tax Assets (Net)	15	525.32	1,138.33
	(b) Deferred Tax Assets (Net)	43	6,461.03	5,005.31
	(c) Investment Property	16	0.01	0.01
	(d) Property, Plant and Equipment	17	297.75	186.79
	(e) Capital Work-in-Progress	17	335.67	287.62
	(f) Intangible Assets under development	17	0.77	0.77
	(g) Other Intangible Assets	17	6.39	9.23
	(h) Right of Use Assets	18	37.17	42.07
	(i) Other Non-Financial Assets	19	411.43	263.94
	(j) Investments accounted for using equity method	13B	548.35	549.90
	Total Non-Financial Assets (2)		**8,623.89**	**7,483.97**
3	**Assets Classified as held for sale**	20	33.16	16.93
	Total Assets (1+2+3)		**7,75,707.08**	**6,94,520.60**
LIABILITIES AND EQUITY				
LIABILITIES				
1	**Financial Liabilities**			
	(a) Derivative Financial Instruments	10	1,340.35	1,925.55
	(b) Trade Payables	21		
	(i) Total outstanding dues of Micro, Small and Medium Enterprises		0.01	0.15
	(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		70.42	53.07
	(c) Debt Securities	22	4,80,080.65	4,41,765.90
	(d) Borrowings (other than Debt Securities)	23	1,63,344.42	1,40,664.60
	(e) Subordinated Liabilities	24	16,257.09	14,130.60
	(f) Other Financial Liabilities	25	32,074.60	29,179.16
	Total Financial Liabilities (1)		**6,93,167.54**	**6,27,719.03**
2	**Non-Financial Liabilities**			
	(a) Current Tax Liabilities (Net)	15	140.68	67.40
	(b) Provisions	26	263.27	374.32
	(c) Other Non-Financial Liabilities	27	345.26	193.80
	Total Non-Financial Liabilities (2)		**749.21**	**635.52**
3	**Liabilities directly associated with assets classified as held for sale**	20	0.08	0.68
	Total Liabilities (1+2+3)		**6,93,916.83**	**6,28,355.23**

Consolidated Balance Sheet

as at March 31, 2021

(₹ in crore)

Sr. No.	Particulars		Note No.	As at 31.03.2021	As at 31.03.2020
4	**Equity**				
	(a)	Equity Share Capital	28	2,640.08	2,640.08
	(b)	Other Equity	29	58,127.40	46,759.72
		Equity attributable to owners of the Company (a+b)		**60,767.48**	**49,399.80**
	(c)	Non-Controlling Interest	30	21,022.77	16,765.57
	Total Equity (4)			**81,790.25**	**66,165.37**
	Total Liabilities and Equity (1+2+3+4)			**7,75,707.08**	**6,94,520.60**

Notes annexed hereto form an integral part of the Consolidated Financial Statements.

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Date: 15.06.2021

Consolidated Statement of Profit and Loss

for the Year ended March 31, 2021

(₹ in crore)

Sr. No.	Particulars	Note No.	Year ended 31.03.2021	Year ended 31.03.2020
	REVENUE FROM OPERATIONS			
	(i) Interest Income	31	70,845.42	61,628.35
	(ii) Dividend Income	32	88.74	105.65
	(iii) Fees and Commission Income	33	490.36	161.91
	(iv) Other Operating Income	34	231.42	293.53
I.	**Total Revenue from Operations**		**71,655.94**	**62,189.44**
II.	Other Income	35	44.57	85.92
III.	**Total Income (I+II)**		**71,700.51**	**62,275.36**
	EXPENSES			
	(i) Finance Costs	36	44,683.52	40,844.65
	(ii) Net Translation/ Transaction Exchange Loss/ (Gain)	37	166.20	4,991.32
	(iii) Fees and Commission Expense	38	24.23	36.20
	(iv) Net Loss / (Gain) on Fair Value changes	39	(53.39)	(673.20)
	(v) Impairment on Financial Instruments	40	5,942.29	1,910.83
	(vi) Cost of Services Rendered		101.23	85.18
	(vii) Employee Benefit Expenses	41	370.82	399.72
	(viii) Depreciation, Amortisation and Impairment	17/18	25.46	24.43
	(ix) Corporate Social Responsibility Expenses		370.22	356.44
	(x) Other Expenses	42	185.44	228.55
IV.	**Total Expenses**		**51,816.02**	**48,204.12**
V.	Profit/(Loss) Before Exceptional Items and Tax (III-IV)		**19,884.49**	**14,071.24**
VI.	Exceptional Items		-	-
VII.	Share of Profit / (Loss) in Joint Venture and Associates		6.24	21.43
VIII.	**Profit/(Loss) Before Tax (V-VI+VII)**		**19,890.73**	**14,092.67**
	Tax Expense:	43		
	(1) Current Tax			
	- Current Year		5,321.55	3,004.98
	- Earlier Years		401.96	83.02
	(2) Deferred Tax		(1,548.98)	1,527.42
IX.	**Total Tax Expense**		**4,174.53**	**4,615.42**
X.	**Profit/(Loss) for the year from Continuing Operations (VIII-IX)**		**15,716.20**	**9,477.25**
XI.	Profit/(Loss) From Discontinued Operations (After Tax)		-	-
XII.	**Profit/(Loss) for the year (for continuing and discontinued operations) (X+XI)**		**15,716.20**	**9,477.25**
XIII.	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to Profit or Loss			
	- Re-measurement of Defined Benefit Plans		(18.52)	(7.96)
	- Net Gain / (Loss) on Fair Value of Equity Instruments		303.78	(416.31)
	- Share of Other Comprehensive Income / (Loss) in Joint Venture accounted for using equity method		(0.12)	(0.25)
	(ii) Income Tax relating to items that will not be reclassified to Profit or Loss			
	- Re-measurement of Defined Benefit Plans		4.72	0.80
	- Net Gain / (Loss) on Fair Value of Equity Instruments		(6.01)	12.39
	Sub-Total (A)		**283.85**	**(411.33)**

Consolidated Statement of Profit and Loss

for the Year ended March 31, 2021

(₹ in crore)

Sr. No.	Particulars	Note No.	Year ended 31.03.2021	Year ended 31.03.2020
	(B) (i) Items that will be reclassified to Profit or Loss			
	- Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge		53.17	(348.86)
	- Cost of Hedging Reserve		297.94	(273.61)
	- Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		1.29	(3.94)
	(ii) Income Tax relating to items that will be reclassified to Profit or Loss			
	- Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge		(13.38)	80.27
	- Cost of Hedging Reserve		(74.98)	68.86
	Sub-Total (B)		**264.04**	**(477.28)**
	Other Comprehensive Income (A+B)		**547.89**	**(888.61)**
XIV.	**Total Comprehensive Income for the year (XII+XIII)**		**16,264.09**	**8,588.64**
	Profit for the year attributable to:			
	- Owners of the Company		11,747.83	7,122.13
	- Non-Controlling Interest		3,968.37	2,355.12
			15,716.20	**9,477.25**
	Other Comprehensive Income for the year			
	- Owners of the Company		331.07	(626.28)
	- Non-Controlling Interest		216.82	(262.33)
			547.89	**(888.61)**
	Total Other Comprehensive Income for the year			
	- Owners of the Company		12,078.90	6,495.85
	- Non-Controlling Interest		4,185.19	2,092.79
			16,264.09	**8,588.64**
XV.	**Basic and Diluted Earnings Per Equity Share (Face Value ₹ 10/- each):**	44		
	(1) For continuing operations (in ₹)		44.50	26.98
	(2) For discontinued operations (in ₹)		-	-
	(3) For continuing and discontinued operations (in ₹)		44.50	26.98

Notes annexed hereto form an integral part of the Consolidated Financial Statements.

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Date: 15.06.2021

Consolidated Statement of Changes in Equity

for Year ended March 31, 2021

A. EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	Opening Balance	Changes during the period	Closing Balance
FY 2019-20	2,640.08	-	2,640.08
FY 2020-21	2,640.08	-	2,640.08

B. OTHER EQUITY

(₹ in crore)

Particulars	Reserves and surplus													Other Comprehensive Income				Attributable to owners of the parent	Non-Controlling Interest		Total
	Capital Reserve – Common Control	Capital Reserve – Change in shareholding in Joint Venture	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934	Reserve for Bad & doubtful debts u/s 36(1) (viia)(c) of Income-Tax Act,1961	Special Reserve created u/s 36(1) (viii) of Income Tax Act, 1961 up to Financial Year 1996-97	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98	Debenture Redemption Reserve	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve – KFW Loan	General Reserve	Impairment Reserve	Retained Earnings	Equity Instruments through Other comprehensive Income	Effective portion of Gain / (Loss) on Hedging Instruments in Cash Flow Hedges	Costs of Hedging Reserve	Share of other Comprehensive Income of Joint Venture and associates accounted using equity method		towards Equity Share Holders	towards Instruments Entirely Equity in Nature	
Balance as at 31.03.2019	**(13,461.00)**	**-**	**2,020.82**	**5,337.53**	**599.85**	**25,465.49**	**2,708.07**	**3,953.74**	**(1,172.29)**	**60.00**	**10,191.77**	**-**	**9,029.56**	**(204.45)**	**(50.14)**	**-**	**2.22**	**44,481.17**	**16,363.02**	**-**	**60,844.18**
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	7,122.13	-	-	-	-	7,122.13	2,355.12		9,477.25
Re-measurement of Defined Benefit Plans	-	-	-	-	-	-	-	-	-	-	-	-	(6.14)	-	-	-	-	(6.14)	(1.02)		(7.16)
Other Comprehensive Income / (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	(0.20)	(348.59)	(161.51)	(107.77)	(2.07)	(620.14)	(261.31)		(881.45)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,115.79**	**(348.59)**	**(161.51)**	**(107.77)**	**(2.07)**	**6,495.85**	**2,092.79**	**-**	**8,588.64**
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(2,508.08)	-	-	-	-	(2,508.08)	(1,028.97)		(3,537.05)
Dividends Distribution Tax	-	-	-	-	-	-	-	-	-	-	-	-	(514.99)	-	-	-	-	(514.99)	(211.28)		(726.27)
Transfer to / from Retained Earnings	-	-	1,645.79	481.94	-	2,151.40	25.87	-	-	-	-	417.55	(4,722.54)		-	-	-	-	-		-
Transfer to / from General Reserve	-	-	-	-	-	-	(2,733.94)	-	-	-	2,733.94	-	-			-		-	-		-
Utilisation of reserve against bad debts written off	-	-	-	(1,730.03)	-	-	-	-	-	-	1,730.03	-	-	-	-	-	-	-	-		-
Additions / Deletion during the period (net)	-	-	-	-	-	-	-	-	(1,173.89)	1.40	0.03	-	(1.37)	-	-	-	-	(1,173.84)	(452.23)		(1,626.06)
Gain on increase in share in EESL	-	2.47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.47	2.23		4.70
Reclassification of gain / loss on sale of equity instrument measured at OCI	-	-	-	-	-	-	-	-	-	-	-	-	(295.33)	295.33	-	-	-	-	-		-
Other Adjustments													(22.86)					(22.86)			(22.86)
Balance as at 31.03.2020	**(13,461.00)**	**2.47**	**3,666.61**	**4,089.44**	**599.85**	**27,616.89**	**-**	**3,953.74**	**(2,346.18)**	**61.40**	**14,655.76**	**417.55**	**8,080.18**	**(257.72)**	**(211.65)**	**(107.77)**	**0.15**	**46,759.72**	**16,765.57**	**-**	**63,525.29**
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	11,747.83	-	-	-	-	11,747.83	3,968.37		15,716.20
Re-measurement of Defined Benefit Plans	-	-	-	-	-	-	-	-	-	-	-	-	(8.75)	-	-	-	-	(8.75)	(5.05)		(13.80)
Other Comprehensive Income / (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	221.74	11.15	106.35	0.58	339.82	221.87		561.69

Consolidated Statement of Changes in Equity

for Year ended March 31, 2021

(₹ in crore)

Particulars	Reserves and surplus													Other Comprehensive Income				Attributable to owners of the parent	Non-Controlling Interest		Total
	Capital Reserve – Common Control	Capital Reserve – Change in shareholding in Joint Venture	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934	Reserve for Bad & doubtful debts u/s 36(1) (viia)(c) of Income-Tax Act,1961	Special Reserve created u/s 36(1) (viii) of Income Tax Act, 1961 up to Financial Year 1996-97	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98	Debenture Redemption Reserve	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve – KFW Loan	General Reserve	Impairment Reserve	Retained Earnings	Equity Instruments through Other comprehensive Income	Effective portion of Gain / (Loss) on Hedging Instruments in Cash Flow Hedges	Costs of Hedging Reserve	Share of other Comprehensive Income of Joint Venture and associates accounted using equity method		towards Equity Share Holders	towards Instruments Entirely Equity in Nature	
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,739.08**	**221.74**	**11.15**	**106.35**	**0.58**	**12,078.90**	**4,185.19**	**-**	**16,264.09**
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(2,112.07)	-	-	-	-	(2,112.07)	(1,028.97)		(3,141.04)
Dividends Distribution Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Transfer to / from Retained Earnings	-	-	2,569.38	761.49	-	3,883.87	-	-	-	-	516.40	-	(7,731.14)			-	-	0.00	-		0.00
Transfer to / from General Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-			-		-	-		-
Utilisation of reserve against bad debts written off	-	-	-	(3,450.69)	-	-	-	-	-	-	3,868.24	(417.55)	-	-	-	-	-	0.00	-		0.00
Additions / Deletion during the period (net)	-	-	-	7.30	-	332.38	-	-	1,410.17	1.25	-	-	(340.93)	-	-	-	-	1,410.18	542.90		1,953.08
Gain on increase in share in EESL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Reclassification of gain / loss on sale of equity instrument measured at OCI	-	-	-	-	-	-	-	-	-	-	-	-	134.73	(134.73)	-	-	-	-	-		-
Issue of Perpetual Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	558.40	558.40
Issue expenses on Perpetual Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	(0.37)	-	-	-	-	(0.37)	(0.33)	-	(0.70)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(8.96)	-	-	-	-	(8.96)	-	-	(8.96)
Balance as at 31.03.2021	**(13,461.00)**	**2.47**	**6,235.99**	**1,407.54**	**599.85**	**31,833.14**	**-**	**3,953.74**	**(936.01)**	**62.65**	**19,040.40**	**-**	**9,760.52**	**(170.71)**	**(200.50)**	**(1.42)**	**0.73**	**58,127.40**	**20,464.37**	**558.40**	**79,150.16**

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Date: 15.06.2021

Consolidated Statement of Cash Flows

for Year ended March 31, 2021

(₹ in crore)

Sr. No.	Description	Year ended 31.03.2021		Year ended 31.03.2020	
I.	**CASH FLOW FROM OPERATING ACTIVITIES:-**				
	Profit before Tax	**19,890.73**		**14,092.67**	
	Adjustments for:				
	Loss on derecognition of Property, Plant and Equipment (net)	5.81		2.66	
	Loss / (Gain) on sale of Investments	-		(3.16)	
	Depreciation and Amortisation	25.45		24.43	
	Interest expense on Zero Coupon Bonds and Commercial Papers	126.31		898.53	
	Unrealised Foreign Exchange Translation Loss / (Gain)	819.96		5,250.80	
	Net Change in Fair Value	(29.40)		(657.73)	
	Impact of Effective Interest Rate on Loans	12.49		59.05	
	Impairment on Financial Instruments	5,943.36		1,910.83	
	Interest on Interest Subsidy Fund	1.41		1.35	
	Provision for interest under Income Tax Act, 1961	24.90		0.20	
	Excess Liabilities written back	(0.15)		(0.48)	
	Provision for Retirement Benefits etc.	50.16		44.44	
	Effective Interest Rate on Borrowings / Debt Securities / Subordinated Liabilities	234.47		(125.75)	
	Interest on Income Tax Refund	(9.67)		(0.66)	
	Share of Profit/Loss of Joint Venture accounted for using equity method	(6.24)		(21.43)	
	Operating profit before Working Capital Changes:	**27,089.59**		**21,475.75**	
	Increase / Decrease:				
	Loans (Net)	(83,336.45)		(73,762.52)	
	Other Financial and Non-Financial Assets	(3,015.58)		8,730.00	
	Derivative	615.91		(912.65)	
	Other Financial & Non-Financial Liabilities and Provisions	4,579.10		5,631.91	
	Cash Flow before Exceptional Items	**(54,067.43)**		**(38,837.51)**	
	Exceptional Items	-		0.00	
	Cash Flow from Operations Before Tax	**(54,067.43)**		**(38,837.51)**	
	Income Tax paid	(5,381.03)		(3,385.85)	
	Income Tax Refund	305.85		75.70	
	Net Cash flow from Operating Activities		**(59,142.61)**		**(42,147.66)**
II.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Proceeds from disposal of Property, Plant and Equipment	0.97		1.02	
	Purchase of Property, Plant and Equipment & Intengible Assets (including CWIP and Capital Advance)	(92.78)		(130.52)	
	Finance Cost Capitalised	(22.04)		-	
	Increase / Decrease in Other Investments	1,854.91		56.30	
	Net Cash Inflow from Investing Activities		**1,741.06**		**(73.20)**
III.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Raising of Bonds (including premium) (Net of Redemptions)	29,233.11		27,537.63	
	Raising of Long-Term Loans (Net of Repayments)	19,838.32		16,045.23	
	Raising of Foreign Currency Loans (Net of Repayments)	5,533.01		27,911.51	
	Raising of Subordinated Liabilities (Net of Redemptions)	1,999.50		0.00	
	Raising of Commercial paper (Net of Repayments)	195.00		(15,270.30)	
	Raising of Working Capital Demand Loan / OD / CC / Line of Credit (Net of Repayments)	6,076.34		(8,563.96)	
	Issue of Perpetual Debt Instruments entirely equity in nature (Net of Issue Exp)	557.46		-	
	Unclaimed Bonds (Net)	133.76		0.59	
	Unclaimed Dividend (Net)	0.42		0.32	
	Payment of Lease Liability	(0.73)		(0.64)	

Consolidated Statement of Cash Flows

for Year ended March 31, 2021

(₹ in crore)

Sr. No.	Description	Year ended 31.03.2021		Year ended 31.03.2020	
	Payment of Interim Dividend	(3,142.11)		(3,534.68)	
	Payment of Corporate Dividend Tax	-		(726.27)	
	Net Cash in-flow from Financing Activities		**60,424.08**		**43,399.43**
	Net Increase / Decrease in Cash and Cash Equivalents		**3,022.53**		**1,178.57**
	Add: Cash and Cash Equivalents at beginning of the financial year		1,905.21		726.64
	Cash and Cash Equivalents at the end of the year		**4,927.74**		**1,905.21**
	Details of Cash and Cash Equivalents at the end of the year:				
i)	Balances with Banks (of the nature of cash and cash equivalents)				
	In current accounts	970.90		1,380.56	
	In Term Deposit Accounts	3,956.72	4,927.62	524.59	1,905.15
ii)	Cheques, Drafts on hand including postage and Imprest		0.12		0.06
	Total Cash and Cash Equivalents at the end of the year		**4,927.74**		**1,905.21**

The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.
During the year, the Group has spent an amount of ₹ 412.31 crore (previous year ₹ 356.44 crore) towards Corporate Social Responsibility.

Reconciliation of liabilities (principal o/s) arising from financing activities

(₹ in crore)

Particulars	Bonds / Debenture*	Term Loans**	Foreign Currency Loans	Commercial Paper	WCDL etc.	Subordinated Debts	Total
Opening Balance as at 01.04.2020	**3,48,194.98**	**70,953.53**	**63,584.37**	**17,690.92**	**13,357.17**	**13,862.70**	**5,27,643.69**
Cash Flow During the Year	27,537.63	16,045.23	27,911.51	(15,270.30)	(8,563.96)	0.00	47,660.11
Non-Cash Changes due to:							
Adjustments	150.71	-	-	504.39	-	-	655.10
Variation in Exchange Rates			7,556.60				7,556.60
Closing Balance as at 31.03.2020	**3,75,883.33**	**86,998.76**	**99,052.48**	**2,925.00**	**4,793.21**	**13,862.70**	**5,83,515.50**
Cash Flow During the Year	29,233.11	19,838.32	5,533.01	195.00	6,076.34	1,999.50	62,875.28
Non-Cash Changes due to:							
Adjustments	130.74	0.48	164.55	(39.77)	0.01	-	256.01
Variation in Exchange Rates			(2,098.71)				(2,098.71)
Closing Balance as at 31.03.2021	**4,05,247.18**	**1,06,837.56**	**1,02,651.33**	**3,080.23**	**10,869.56**	**15,862.20**	**6,44,548.08**

*Foreign Currency Notes form part of Foreign Currency Loans in Statement of Cash Flows.
**Foreign Currency loans and syndicated foreign currency loans form part of foreign currency loan in Statement of Cash Flows.

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Date: 15.06.2021

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

1. GROUP INFORMATION

Power Finance Corporation Limited ("PFC" or "the Company") was incorporated in India in the year 1986. PFC is domiciled in India and is limited by shares, having its registered office at 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi – 110 001.

PFC is a Government company engaged in extending financial assistance to power sector and is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) as an Infrastructure Finance Company (IFC).

Equity shares of PFC are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited.

These Consolidated Financial Statements comprise the financial statements of PFC & its subsidiaries (referred to collectively as the 'Group'), its associates and the Group's interest in its joint venture entities, as listed at Note 5. The Group is primarily engaged in extending financial assistance to power sector. Other businesses include providing consultancy services to power sector and facilitation of development of Ultra Mega Power Projects (UMPPs) and Independent Transmission Projects (ITPs) as per mandate from Government of India (GoI).

2. STATEMENT OF COMPLIANCE

These Consolidated Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/guidelines. The Consolidated Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented as per the requirements of Division III of Schedule III to the Companies Act, 2013 applicable for Non-Banking Financial Companies (NBFCs).

3. These Consolidated Financial Statements have been approved for issue by Board of Directors (BoD) of PFC on 15.06.2021.

4. STANDARDS / AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. As at 31.03.2021, there is no such notification which would have been applicable from FY 2021-22.

5. THE CONSOLIDATED FINANCIAL STATEMENTS REPRESENT CONSOLIDATION OF ACCOUNTS OF THE COMPANY, ITS SUBSIDIARIES, JOINT VENTURE ENTITY AND ASSOCIATES AS DETAILED BELOW:

Sr. No.	Name of the Company		Country of incorporation/ Principal place of Business	Proportion of ownership interest as at		Status of Audit of financial statements for the year ended 31.03.2021
				31.03.2021	31.03.2020	
Subsidiaries:						
1	REC Limited* (RECL)		India	52.63%	52.63%	Audited
2	PFC Consulting Ltd. (PFCCL)*		India	100%	100%	Unaudited
3	Power Equity Capital Advisors (Private) Ltd.		India	-	100%	(Refer Note 5.1)
Joint Venture:						
1	Energy Efficiency Services Ltd (EESL)	PFC's share	India	24.97%	24.97%	Unaudited
		through RECL		22.18%	22.18%	
		Group's share		47.15%	47.15%	
Associates:						
1	Coastal Maharashtra Mega Power Limited		India	100%	100%	Unaudited
2	Orissa Integrated Power Limited		India	100%	100%	Unaudited
3	Coastal Karnataka Power Limited		India	100%	100%	Unaudited
4	Coastal Tamil Nadu Power Limited		India	100%	100%	Unaudited
5	Chhattisgarh Surguja Power Limited		India	100%	100%	Unaudited
6	Sakhigopal Integrated Power Company Limited		India	100%	100%	Unaudited
7	Ghogarpalli Integrated Power Company Limited		India	100%	100%	Unaudited
8	Tatiya Andhra Mega Power Limited		India	100%	100%	Unaudited
9	Deoghar Mega Power Limited		India	100%	100%	Unaudited
10	Cheyyur Infra Limited		India	100%	100%	Unaudited
11	Odisha Infrapower Limited		India	100%	100%	Unaudited

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

Sr. No.	Name of the Company	Country of incorporation/ Principal place of Business	Proportion of ownership interest as at		Status of Audit of financial statements for the year ended 31.03.2021
			31.03.2021	31.03.2020	
12	Deoghar Infra Limited	India	100%	100%	Unaudited
13	Bihar Infrapower Limited	India	100%	100%	Unaudited
14	Bihar Mega Power Limited	India	100%	100%	Unaudited
15	Jharkhand Infrapower Limited	India	100%	100%	Unaudited

*Consolidated Financial Statements of these subsidiaries (which incorporates financial statements of their subsidiaries, JVs and associates) have been used for preparation of Consolidated Financial Statements of PFC.

5.1 The name of Power Equity Capital Advisors Private Limited (a wholly-owned subsidiary of the Company) has been struck off from the Registrar of Companies and the said subsidiary is dissolved vide Ministry of Corporate Affairs' Notice No –ROC/ DELHI/248(2)/STK-7/10148 dated 30.06.2020. Accordingly, the Company has written off its equity investment of ₹ 0.05 crore in the said subsidiary.

5.2 Wherever unaudited financial statements of subsidiaries, JV & associates are used for preparation of Consolidated Financial Statements, the audited financial statements of those companies are obtained and necessary adjustment is made in Consolidated Financial Statements of subsequent year and is presented under 'Other adjustments' line item in Statement of changes in equity.

Accordingly, for FY 2019-20, audited financial statements of all such subsidiaries, JVs & associates have been obtained except in case of a subsidiary company, PFCCL. Statutory Auditor of PFCCL during course of audit for FY 2019-20 has suspected some irregularities in certain transaction which could be fraudulent in nature. The same are under investigation as per conduct rules of the Company. Board of Directors of PFCCL in its meeting held on 11.12.2020 adopted financial statements for FY 2019-20 and the same were submitted to the Statutory Auditor for issue of audit report thereupon.

6. GROUP'S SIGNIFICANT ACCOUNTING POLICIES

The Group's significant accounting policies applied in preparation of the Consolidated Financial Statements are as given below:

6.1 Basis of Preparation and Measurement

These Consolidated Financial Statements have been prepared on going concern basis following accrual system of accounting. The assets and liabilities have been measured at historical cost or at amortised cost or at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements are categorised into Level 1, 2 or 3 as per Ind AS requirement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

6.2 Basis of Consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries (collectively referred as the "Group"). The Group has investment in joint venture entity and associates which are accounted using equity method (except when the investment is classified as held for sale) in these Consolidated Financial Statements.

The financial statements of Subsidiaries, Joint Venture and Associates are drawn up to the same reporting date as of the Company for the purpose of Consolidation.

(i) Subsidiaries:

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the Company obtains the control (except for Business Combinations under Common Control).

The Company combines the financial statements of its subsidiaries on a line by line basis, adding together like items of assets, liabilities, equity, income and expenses. The carrying amount of the Company's investment in each subsidiary and the Company's portion of equity of each

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

subsidiary are eliminated. Intercompany transactions, balances, unrealised gains on transactions between the Company and subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests (NCI) represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's shareholders. Non-controlling interests are initially measured at the proportionate share of the recognised amounts of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of the interest at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Consolidated Financial Statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's Standalone Financial Statements except as otherwise stated. When necessary, adjustments are made to the financial statements to bring their accounting policies in line with the Group's Significant Accounting Policies.

If the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Consolidated Statement of Profit and Loss.

(ii) Joint Venture and Associates:

A Joint Venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An Associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of Joint Venture or Associates are incorporated in these Consolidated Financial Statements using the equity method of accounting, except when the investment or a portion thereof, is classified as held for sale, in which case it is measured at lower of their carrying amount and fair value less cost to sell. Under the equity method, an investment in a Joint Venture or Associate is initially recognised in the Consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the Joint Venture or Associate. Distributions received from a joint venture/associate reduce the carrying amount of the investment.

Upon loss of joint control over the Joint Venture or significant influence over the Associate, the Company measures and recognises any retained investment at its fair value. Any difference between a) the carrying amount of the Joint Venture or Associate upon loss of joint control or significant influence respectively and b) the fair value of the retained investment and proceeds from disposal is recognised in Consolidated Statement of Profit and Loss.

6.3 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. The Group considers cash equivalents as all short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

6.4 Derivative financial instruments

(i) The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

(ii) Under hedge accounting, an entity can designate derivative contracts either as cashflow hedge or fair value hedge. The Group designates certain derivative contracts as cash flow hedges.

(iii) To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

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(iv) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The gain or loss relating to ineffective portion is recognised immediately in Consolidated Statement of Profit and Loss. Amounts recognised in Other Comprehensive Income (being effective portion) are reclassified to Consolidated Statement of Profit and Loss in the periods when the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, or terminated, or exercised, or when it no longer qualifies for hedge accounting.

(v) Derivatives, other than those designated under hedge relationship, are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Consolidated Statement of Profit and Loss.

6.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments.

On initial recognition, financial assets and financial liabilities are recognised at fair value plus/ minus transaction cost that is attributable to the acquisition or issue of financial assets and financial liabilities. In case of financial assets and financial liabilities which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in Consolidated Statement of Profit and Loss.

6.5.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

After initial recognition, financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification and Measurement of Financial assets (other than Equity instruments)

a) Financial assets at Amortised Cost:

Financial assets that meet the following conditions are subsequently measured at amortised cost using Effective Interest Rate method (EIR):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Effective Interest Rate (EIR) method

The effective interest rate method is a method of calculating the amortised cost of financial asset and of allocating interest income over the expected life. The Group while applying EIR method, generally amortises any fees, transaction costs and other premiums or discount that are integral part of the effective interest rate of a financial instrument.

Income is recognised in the Consolidated Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at FVTPL.

EIR is determined at the initial recognition of the financial asset. EIR is subsequently updated at every reset, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain / loss measured using the previous EIR as calculated before the modification, is recognised in the Consolidated Statement of Profit and Loss in period during which such renegotiations occur.

b) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if both the following conditions are met:

- the objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

All fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in Reserve.

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c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is measured at FVTPL unless it is measured at amortised cost or FVTOCI, with all changes in fair value recognised in Consolidated Statement of Profit and Loss.

Business Model

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective of generating cash flows. The Group's business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group is primarily in the business of lending loans across power sector value chain and such loans are managed to realise the contractual cash flows over the tenure of the loan. Further, other financial assets may also be held by the Group to collect the contractual cash flows.

(ii) Classification, measurement and derecognition of Equity Instruments

All equity investments other than in subsidiaries, joint ventures and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group at initial recognition makes an irrevocable election to classify it as either FVTOCI or FVTPL. The Group makes such election on an instrument by instrument basis.

An equity investment classified as FVTOCI is initially measured at fair value plus transaction costs. Subsequently, it is measured at fair value and, all fair value changes are recognised in Consolidated Other Comprehensive Income (OCI) and accumulated in Consolidated Reserve. There is no recycling of the amounts from Consolidated OCI to Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group transfers the cumulative gain/loss within Consolidated equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss.

(iii) Impairment of financial assets

a) Subsequent to initial recognition, the Group recognises expected credit loss (ECL) on financial assets measured at amortised cost as required under Ind AS 109 'Financial Instruments'. The Group presents the ECL charge or reversal (where the net amount is a negative balance for a particular period) in the Consolidated Statement of Profit and Loss as "Impairment on financial instruments".

The impairment requirements for the recognition and measurement of ECL are equally applied to financial asset measured at FVTOCI except that ECL is recognised in Other Comprehensive Income and is not reduced from the carrying amount in the Consolidated Balance Sheet.

b) Impairment of Loan Assets and commitments under Letter of Comfort (LoC):

The Group measures ECL on loan assets at an amount equal to the lifetime ECL if there is credit impairment or there has been significant increase in credit risk (SICR) since initial recognition. If there is no SICR as compared to initial recognition, the Group measures ECL at an amount equal to 12-month ECL. When making the assessment of whether there has been a SICR since initial recognition, the Group considers reasonable and supportable information, that is available without undue cost or effort. If the Group measured loss allowance as lifetime ECL in the previous period, but determines in a subsequent period that there has been no SICR since initial recognition due to improvement in credit quality, the Group again measures the loss allowance based on 12-month ECL.

ECL is measured on individual basis for credit impaired loan assets, and on other loan assets it is generally measured on collective basis using homogenous groups.

The Group measures impairment on commitments under LoC on similar basis as in case of Loan assets.

c) Financial assets are written off by RECL either partially or in their entirety only when it has stopped pursuing the recovery.

Notes to the Consolidated Financial Statements

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(iv) De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with all the substantial risks and rewards of ownership of the asset to another party.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received & receivable, and the cumulative gain or loss that had been recognised in Consolidated Other Comprehensive Income and accumulated in Consolidated Equity, is recognised in Consolidated Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Consolidated Statement of Profit and Loss on disposal of that financial asset.

6.5.2 Financial liabilities

(i) All financial liabilities other than derivatives and financial guarantee contracts are subsequently measured at amortised cost using the effective interest rate (EIR) method.

EIR is determined at the initial recognition of the financial liability. EIR is subsequently updated for financial liabilities having floating interest rate, at the respective reset date, in accordance with the terms of the respective contract.

(ii) Financial guarantee

A financial guarantee issued by the Group is initially measured at fair value and, if not designated as at FVTPL, is subsequently measured at the higher of:

- the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in the Consolidated Statement of Profit and Loss.

(iii) De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid & payable is recognised in Consolidated Statement of Profit and Loss.

6.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

6.5.4 Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts or if the embedded derivative feature leverages the exposure and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

6.6 Investment property

(i) Investment properties are the assets which have undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group beyond one year. All other repair and maintenance costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

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(ii) Subsequent measurement (depreciation and useful lives)

The Group only has land as an investment property, which is not depreciated.

(iii) De-recognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Consolidated Statement of Profit and Loss in the period in which the property is derecognized.

6.7 Property, Plant and Equipment (PPE) and Depreciation

(i) Items of PPE are initially recognised at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated. An item of PPE retired from active use and held for disposal is stated at lower of its book value or net realisable value.

(ii) The expenditure incurred on improvement of leasehold premises is recognised at cost and is shown as "Leasehold Improvements" under PPE.

(iii) In case of assets put to use, capitalisation is done on the basis of bills approved or estimated value of work done as per contracts where final bill(s) is/are yet to be received / approved subject to necessary adjustment in the year of final settlement.

(iv) Cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance or servicing costs of PPE are recognised in Consolidated Statement of Profit and Loss as incurred.

(v) Under-construction PPE is carried at cost, less any recognised impairment loss. Such PPE items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as of other assets, commences when the assets are ready for their intended use.

(vi) Depreciation is recognised so as to write-off the cost of assets less their residual values# as per written down value method*, over the estimated useful lives that are similar to as prescribed in Schedule II to the Companies Act, 2013, except following:

Nature of PPE	Life of PPE
Cell phones	2 years (in case of PFC & PFCCL)
Leasehold improvement[(1)]	Lease period or their useful lives whichever is shorter (in case of PFCCL)

#Residual value is estimated as 5% of the original cost of PPE.
*Depreciation is provided using Straight-line method by RECL
(1)Leasehold improvements are amortised on Straight-line basis

(vii) An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss.

(viii) Items of PPE costing up to ₹ 5000/- each are fully depreciated, in the year of purchase.

(ix) The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the Balance Sheet date are classified under 'Capital Advances.'

6.8 Intangible assets and Amortisation

(i) Intangible assets with finite useful lives that are acquired separately are recognised at cost. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use. Subsequent measurement is done at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives.

(ii) Expenditure incurred which are eligible for capitalisation under intangible assets is carried as Intangible Assets under Development till they are ready for their intended use. Advances paid for the acquisition/ development of intangible assets which

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are outstanding at the balance sheet date are classified under 'Capital Advances'

(iii) Estimated useful life of intangible assets with finite useful lives has been estimated by the Group as 5 years. In case of PFCCL, life is estimated as 36 months.

(iv) An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

6.9 Assets/Disposal Groups held for sale

Non-current Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable. A sale is considered as highly probable when such assets have been decided to be sold by the Group; are available for immediate sale in their present condition; are being actively marketed for sale at a price and the sale has been agreed or is expected to be concluded within one year of the date of classification. Such non-current assets are measured at lower of carrying amount or fair value less cost to sell

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets held for sale are presented separately from other assets in the Consolidated Balance Sheet.

Where the Group is committed to a sale plan involving loss of control of an entity, it classifies investment in the entity (i.e. all the assets and liabilities of that entity) as held for sale.

6.10 Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(ii) The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(iii) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(iv) Where it is not probable that an outflow of economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability in notes to accounts, unless the probability of outflow of economic benefits is remote.

(v) Contingent assets are not recognised in the Consolidated Financial Statements. However, contingent assets are disclosed in the Consolidated Financial Statements when inflow of economic benefits is probable.

6.11 Recognition of Income and Expenditure

(i) Interest income on financial assets subsequently measured at amortised cost, is recognised using the Effective Interest Rate (EIR) method. The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Unless otherwise specified, the recoveries from the borrowers of RECL are appropriated in the order of (i) costs and expenses of RECL (ii) delayed and penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal; the oldest being adjusted first, except for credit impaired loans and recalled loans, where principal amount is appropriated only after the complete recovery of other costs, expenses, delayed and penal interest and overdue interest including interest tax, if any. The recovery under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings is appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

(iii) Interest on financial assets subsequently measured at fair value through profit and loss, is recognised on accrual basis in accordance with the terms of the respective contract and is disclosed separately under Interest Income.

(iv) Rebate on account of timely payment of dues by borrowers is recognised on receipt of entire dues in time, in accordance with the terms of the respective

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contract and is presented against the corresponding interest income.

(v) The Group uses the principles laid down by Ind AS 115 to determine that how much and when revenue is recognised, what is the nature, amount, timing and uncertainty of revenues etc. In accordance with the same, revenue is recognised through a five-step approach:

a) Identify the contract(s) with customer;

b) Identify separate performance obligations in the contract;

c) Determine the transaction price;

d) Allocate the transaction price to the performance obligations; and

e) Recognise revenue when a performance obligation is satisfied.

Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

In Cost Plus Contracts – Revenue is recognised by including eligible contractual items of expenditures plus proportionate margin as per contract;

In Fixed Price Contracts – Revenue is recognised on the basis of stage of completion of the contract. The Group has assessed that the stage of completion is determined as the proportion of the total time expected to complete the performance obligation to that has lapsed at the end of the reporting period, which is an appropriate measure of progress towards complete satisfaction of these performance obligations under Ind AS 115.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(vi) Revenue from consulting services, in connection with development of Independent Transmission Projects (ITP) and Ultra Mega Power Projects (UMPP) taken up as per the directions from the Ministry of Power, Government of India, is recognised on completed contract method basis i.e. when the ITP / UMPP created for the project is transferred to a successful bidder evidenced by share purchase agreement. The expenses incurred on development of these projects which are not recovered as direct costs are recovered through billing manpower charges at agreed charge out rates decided by the management.

(vii) The sale proceeds from Request for qualification (Rfq) documents for Independent Transmission Projects (ITPs) and Ultra Mega Power Project (UMPPs) are accounted for when received.

(viii) Income from short /medium-term bidding of power and Coal Flexibility Scheme is recognised when letter of award (LOA) is issued to the successful bidder.

(ix) Dividend income from investments is recognised in Consolidated Statement of Profit and Loss when the Group's right to receive dividend is established and the amount of dividend can be measured reliably.

(x) Dividend on financial assets subsequently measured at fair value through profit and loss is recognised separately under the head 'Dividend Income'.

(xi) Interest expense on borrowings subsequently measured at amortised cost is recognised using Effective Interest Rate (EIR) method.

(xii) Other income and expenses are accounted on accrual basis, in accordance with terms of the respective contract.

(xiii) A Prepaid expense up to ₹ 1,00,000/- is recognised as expense upon initial recognition.

6.12 Expenditure on issue of shares

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

6.13 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition and/ or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalised. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

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All other borrowing costs are charged to the Consolidated Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

6.14 Employee benefits

(i) Defined Contribution Plan

Group's contribution paid / payable during the reporting period towards provident fund and pension are charged in the Consolidated Statement of Profit and Loss when employees have rendered service entitling them to the contributions.

(ii) Defined Benefit Plan

The Group's obligation towards gratuity to employees and post-retirement benefits such as medical benefit, economic rehabilitation benefit and settlement allowance after retirement are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Actuarial gain / loss on re-measurement of gratuity and other post-employment defined benefit plans is recognised in Other Comprehensive Income (OCI). Past service cost is recognised in the Consolidated Statement of Profit and Loss in the period of a plan amendment.

(iii) Other long-term employee benefits

The Group's obligation towards leave encashment, service award scheme is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These obligations are recognised in the Consolidated Statement of Profit and Loss.

(iv) Short-term employee benefits

Short-term employee benefits such as salaries and wages are recognised in the Consolidated Statement of Profit and Loss, in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

(v) Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognised at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost upon issuance of Loan, which is amortised on a straight-line basis over the expected remaining period of the loan. In case of change in expected remaining period of the loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

6.15 Income Taxes

Income Tax expense comprises of current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss, except when it relates to an item that is recognised in Consolidated Other Comprehensive Income (OCI) or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

(i) Current Tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable income. Deferred tax is measured at the tax rates based on the laws that have been enacted or substantively enacted by the reporting date, based on the expected manner of realisation or settlement of the carrying amount of assets / liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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6.16 Leasing

For recognition, measurement and presentation of lease contracts, the Group applies the principles of Ind AS 116 'Leases'.

(i) The Group as a lessee

The Group at inception of a contract assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether (a) the Group has substantially all of the economic benefits from use of the asset through the period of the lease, and (b) the Group has the right to direct the use of the identified asset.

The Group at inception of a lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, except for leases with term of less than twelve months (short-term) and low-value assets which are recognised as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. RoU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use (RoU) assets are initially recognised at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. They are subsequently measured at cost less any accumulated depreciation and accumulated impairment losses. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortised cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Group's incremental borrowing rates in the country of domicile of the leases.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use (RoU) asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and RoU asset is separately presented in the Balance Sheet. Interest expense on lease liability is presented separately from depreciation on right of use asset as a component of finance cost in the Consolidated Statement of Profit and Loss. Lease payments are classified as Cash flow used in financing activities.

(ii) The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognised on a Straight-line basis over the term of the relevant lease.

Amount due from lessee under finance leases is recognised as receivable at an amount equal to the net investment of the Group in the lease. Finance income on the lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of lease at the reporting date.

6.17 Foreign Currency Transactions and Translations

The functional currency of the Group is Indian Rupees. Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction.

At the end of each reporting period, monetary items denominated in foreign currency are translated using exchange rates prevailing on the last day of the reporting period. Exchange differences on monetary items are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise. However, for the long-term monetary items recognised in the consolidated financial statements before April 1 2018, such exchange differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term monetary item.

6.18 Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately

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controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonise significant accounting policies.
- The financial information in the Consolidated Financial Statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the Consolidated Financial Statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

6.19 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

6.20 Dividends and other payments to holders of Instruments classified as Equity

Final dividends are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the respective company in the Group.

Liability for the payments to the holders of instruments classified as equity are recognised in the period when such payments are Authorised for payment by the Company

6.21 Earnings per share

Basic earnings per equity share are calculated by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

7. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

In preparation of the Consolidated Financial Statements, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities including contingent liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience & other relevant factors and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Changes in accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if it affects both current and future periods.

7.1 Significant management judgements

In order to enhance understanding of the Consolidated Financial Statements, information about significant areas of critical judgements, apart from those involving estimation (Note no. 7.2), in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements, are as under:

(i) Deferred tax Liability on Special Reserve

The Company and its subsidiary RECL have obtained resolution from their respective Board of Directors that there is no intention to make withdrawal from the Special Reserve created and maintained under Section 36(1)(viii) of the Income Tax Act, 1961 and the same is not capable of being reversed. Accordingly, no deferred tax liability has been created on the said reserve.

(ii) Non-recognition of income on Credit Impaired Loans

As a matter of prudence, income on credit impaired loans is recognised as and when received and on accrual basis either on resolutions of stressed assets or when expected realisation is higher than the loan amount outstanding.

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(iii) Amortisation of transaction cost on credit impaired loans

Outstanding amount of unamortised transaction cost is credited to Statement of Profit and Loss on classification of loan asset as credit impaired.

(iv) Classification of Investments

In order to classify an investment in a company as investment in subsidiary or joint venture (JV) or associate, judgement is required to assess the level of control depending upon the facts and circumstances of each case.

a) Energy Efficiency Services Limited (EESL) was incorporated in 2009 as a Joint Venture (JV) of NTPC Ltd, Power Grid Corporation of India Ltd. (PGCIL), REC Ltd. (RECL) and PFC. In line with the JV agreement of EESL, all the joint venture partners have identical rights and privileges including without limitation, dividend, voting rights etc., thereby providing substantive participative rights through their right to affirmative vote on certain reserved matters, which are in nature of relevant activities as per the requirements of Ind AS 110 'Consolidated Financial Statements'. Therefore, being a company under joint control, EESL has been considered as Joint Venture Company for the purpose of consolidation of financial statement.

b) Ultra-Mega Power Projects (UMPPs), RECL's transmission projects (SPV) and PFCCL's ITPs are managed as per the mandate from Government of India (GoI) and the Group does not have the practical ability to direct their relevant activities unilaterally. The Group therefore, considers its investment in respective UMPPs, ITPs and SPVs as associates having significant influence despite the respective Companies holding 100% of their paid-up equity share capital.

c) By virtue of holding Board position or equity stake in borrower companies, the rights exercised by PFC in such companies are protective in nature. Thus, the borrower companies are not considered as associates for the purpose of financial statements.

(v) Low value leases

An assessment is required, if lessee opts not to apply the recognition and measurement requirements of Ind AS 116 'Leases' to leases where the underlying asset is of low value. For the purpose of determining low value, the Group has considered nature of assets and concept of materiality as defined in Ind AS 1 'Presentation of Financial Statements' and the conceptual framework of Ind AS which involve significant judgement.

(vi) Sundry Liabilities– Interest Capitalisation

Unrealised income on credit impaired loans, represented by Funded Interest Term Loan (FITL)/ debt/ equity instruments acquired under resolution, is transferred to a separate account titled 'Sundry Liabilities Account (Interest Capitalisation)' and is recognised in Consolidated Statement of Profit and Loss on repayment of FITL or sale/ redemption of debt/ equity instruments.

(vii) Evaluation of indicators for impairment loss allowance of financial assets

The evaluation of the applicability of indicators for computation of impairment loss allowance of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the Assets. The Group makes significant judgement in identifying the default, and significant increase in credit risk (SICR) as well as grouping of similar financial assets based on available information.

(viii) Deferred tax liability / deferred tax asset in respect of undistributed profits/losses of subsidiaries, branches, investments in associates and joint ventures

Judgement is required in accounting for deferred tax liability / deferred tax asset in respect of Group's investments in respect of undistributed profits/losses of subsidiaries, investments in associates and joint ventures. In respect of undistributed profits/losses of subsidiaries, investments in joint ventures, the Company is able to control the timing of the reversal of the temporary differences and the temporary differences will not be reversed in the foreseeable future. Accordingly, the Group does not recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures.

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7.2 Assumptions and Key sources of estimation uncertainty

Information about estimates and assumptions that have the significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(i) Defined benefit obligation (DBO)

The Group's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses as detailed at Note –50.

(ii) Impairment test of Financial Assets (Expected Credit Loss)

The measurement of impairment loss allowance for financial assets which includes loan, lease assets, LoCs and guarantees measured at amortised cost requires use of statistical models, expected future economic conditions, estimated cash flows and credit behaviour (e.g. inputs and weights used for credit risk scoring, likelihood of borrowers defaulting and resulting losses). In estimating the cash flows expected to be recovered from credit impaired loans, the borrower's financial situation, current status of the project, net realisable value of securities/ collateral etc. are assessed.

As these estimates are based on various assumptions, actual results may vary. Refer Note 46.1 for further details.

(iii) Fair value measurement

Fair value of financial instruments is required to be estimated for financial reporting purposes. The Group applies appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses quoted prices and market-observable data to the extent it is available. In case of non-availability of the same, unobservable inputs are used for calculation of fair value of the assets/liabilities. The information about the valuation techniques, inputs used in determination of fair value of various assets & liabilities and other details is disclosed at Note 48

(iv) Income Taxes

Estimates are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset. Refer Note 43 for details.

(v) Useful life of Property, Plant & Equipment (PPE) and Intangible Assets

The Group reviews its estimate of the useful lives of depreciable/amortisable assets at the end of each financial year, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets. Refer Note 17 for details on useful lives and carrying values of PPE and Intangible assets.

(vi) Impact of COVID-19 on financials

Currently, there is no major impact of COVID-19 on the Consolidated Financial Statements of the Group. However, the extent to which impact this pandemic will impact the Group's financial statements continue to be dependent on future developments relating to duration & severity of COVID-19, and any further actions by the Government & Regulatory bodies to contain its impact on the power sector and on the NBFCs. The Group shall also continue to closely monitor any material changes arising of uncertain future economic conditions and potential impact on its financial statements.

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8. CASH AND CASH EQUIVALENTS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Balances with Banks (of the nature of cash and cash equivalents)		
	- In Current Accounts	970.90	1,380.56
	- In Term Deposit Accounts	3,956.72	524.59
(ii)	Cash, Cheques, Drafts on hand including postage & Imprest	0.12	0.06
	Total Cash and Cash Equivalents	**4,927.74**	**1,905.21**

9. BANK BALANCE OTHER THAN INCLUDED IN CASH AND CASH EQUIVALENTS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Earmarked Balances and Term Deposits with Banks for:		
	- Term Deposits	683.32	-
	- Unpaid Dividend (Refer Note 9.2)	9.69	8.23
	- Unpaid - Bonds / Interest on Bonds etc. (Refer Note 9.2)	146.36	12.99
	- Amount received under IPDS / R-APDRP scheme (Refer Note 25.4)	211.00	0.00
	- Held as Margin money / against security deposits	0.25	-
	- Govt. funds for further Disbursement	1,323.55	1,850.70
(ii)	Deposit in compliance of Court	0.56	0.53
(iii)	Balance with Bank not available for use pending allotment of securities	856.62	400.19
(iv)	Term Deposits with Banks- More than 3 months but less than 12 months	6.66	9.04
(v)	Other Term Deposits	36.81	1.28
	Total Bank Balance other than included in Cash and Cash Equivalents	**3,274.82**	**2,282.96**

9.1 There are no repatriation restrictions with respect to 'Bank Balances other than included in Cash and Cash equivalents' as at the end of the reporting periods presented above.

9.2 No amount is due for deposit in Investor Education and Protection Fund.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company and its Subsidiary REC Ltd., enters into derivatives for hedging Currency and Interest Rate risk. Derivatives held for risk management purposes include hedges that are either designated as effective hedges under the hedge accounting requirements or hedges that are economic hedges. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Part - I

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021			As at 31.03.2020		
		Notional Amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
(i)	Currency Derivatives:						
	- Spot and Forwards	2,417.38	5.33	40.53	5,937.27	210.49	20.23
	- Currency Swaps	14,615.29	980.06	121.08	15,156.06	1,833.15	-
	- Options	32,463.34	1,928.55	95.17	28,389.78	2,716.58	-
	Total Currency Derivatives	**49,496.01**	**2,913.94**	**256.78**	**49,483.11**	**4,760.22**	**20.23**
(ii)	Interest Rate Derivatives						
	- Forward Rate Agreements and Interest Rate Swaps	43,621.27	648.73	805.24	46,573.66	422.05	1,165.65
	Total Interest Rate Derivatives	**43,621.27**	**648.73**	**805.24**	**46,573.66**	**422.05**	**1,165.65**

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(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021			As at 31.03.2020		
		Notional Amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
(iii)	Other Derivatives						
	- Reverse cross currency swaps	4,547.00	-	278.33	4,347.00	-	739.67
	Total Other Derivatives	**4,547.00**	**-**	**278.33**	**4,347.00**	**-**	**739.67**
	Total Derivative Financial Instruments [(i) + (ii) + (iii)]	**97,664.28**	**3,562.67**	**1,340.35**	**1,00,403.77**	**5,182.27**	**1,925.55**

Part - II: Included in above (Part I) are Derivatives held for hedging and risk management purposes as follows:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021			As at 31.03.2020		
		Notional Amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
(i)	Cash Flow Hedging (Designated):						
	- Currency Derivatives	38,765.58	1,957.56	216.25	27,902.90	2,189.79	303.14
	- Interest Rate Derivatives	21,508.88	4.10	496.50	13,267.92	5.24	368.02
	Total Cash Flow Hedging (Designated)	**60,274.46**	**1,961.66**	**712.75**	**41,170.82**	**2,195.03**	**671.16**
(ii)	Undesignated Derivatives	37,389.82	1,601.01	627.60	59,232.95	2,987.24	1,254.39
	Total Undesignated Derivatives	**37,389.82**	**1,601.01**	**627.60**	**59,232.95**	**2,987.24**	**1,254.39**
	Total Derivative Financial Instruments [(i) + (ii)]	**97,664.28**	**3,562.67**	**1,340.35**	**1,00,403.77**	**5,182.27**	**1,925.55**

10.1 Details of Forward Rate Agreements / Interest Rate Swaps:

(₹ in crore)

Sr. No.	Description	As at 31.03.2021	As at 31.03.2020
(i)	Notional principal of swap agreements	43,621.27	46,573.66
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	648.73	422.05
(iii)	Collateral required by NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from swaps	Refer note [(a)] below	
(v)	Fair value of swap book (obtained from counterparty banks)	(156.51)	(743.60)

[(a)]The Group has entered into swap agreements with Category-I Authorised Dealer Banks only, in accordance with the RBI guidelines.

10.2 The Group does not hold any exchange traded derivatives as at 31.03.2021 (as at 31.03.2020 Nil).

10.3 Quantitative Disclosures on Risk Exposure in Derivatives:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021			As at 31.03.2020		
		Currency Derivatives	Interest Rate Derivatives[(a)]	Other Derivatives (Reverse cross currency swaps)[(c)]	Currency Derivatives	Interest Rate Derivatives[(a)]	Other Derivatives (Reverse cross currency swaps) (c)
(i)	Derivatives (Notional Principal Amount)						
	For hedging[(b) (d)]	49,496.01	43,621.27	4,547.00	49,483.11	46,573.66	4,347.00
(ii)	Marked to Market Positions (MTM)						
	a) Asset (+MTM)[(d)]	2,913.94	648.73	-	4,760.22	422.05	-
	b) Liability (-MTM)	256.78	805.24	278.33	20.23	1,165.65	739.67
(iii)	Credit Exposure	7,792.89	1,064.50	632.05	8,623.90	803.76	602.05
(iv)	Unhedged Exposures(b)	54,470.11	3,444.15	-	50,534.31	6,522.56	-

[(a)]Interest rate derivatives include derivatives on Rupee liabilities and also those held as strategy of cost reduction.

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[(b)]Includes certain hedges of one currency pair in respect of Cross Currency exposures.
[(c)] Includes Reverse Cross Currency swap as a strategy of cost reduction.
[(d)]Includes currency derivatives of USD 51 million equivalent to ₹ 373.95 crore (Previous year Nil) against interest payments with positive MTM of ₹ 0.56 crore.

10.4 Refer Note 46.3 and 46.4 for Foreign Currency Risk Management and Interest Rate Risk Management respectively and 47 for disclosures related to hedge accounting.

11. TRADE RECEIVABLES

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
	Trade Receivables		
	- considered good – Secured (Gross)	27.54	26.59
	- considered good – Unsecured (Gross)	124.45	86.27
	less: Impairment loss allowance	(19.12)	(13.66)
	- which have Significant Increase in Credit Risk (Gross)	55.32	52.01
	less: Impairment loss allowance	(20.58)	(15.55)
	- credit Impaired (Gross)	54.26	40.04
	less: Impairment loss allowance on Credit Impaired	(54.26)	(40.04)
	Total Trade Receivables	**167.61**	**135.66**

11.1 For details of impairment loss allowance on Trade Receivables Refer Note 46.1.13

12. Loans

The Company and its Subsidiary REC Ltd., have categorised all loans at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments' other than "Leasing" presented below, which is measured in accordance with Ind AS 116 'Leases'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(A)	**Loans to Borrowers***		
(i)	- Rupee Term Loans (RTLs)	7,38,012.54	6,52,971.18
(ii)	- Foreign Currency Loans	240.99	240.99
(iii)	- Buyer's Line of Credit	2,185.02	2,031.28
(iv)	- Working Capital Loans	4,038.98	11,417.96
(v)	- Leasing	223.77	223.77
(vi)	- Receivable for invoked Default Payment Guarantee	487.84	444.09
(vii)	- Interest accrued but not due on Loans	5,876.97	5,327.77
(viii)	- Interest accrued & due on Loans	1,240.75	1,499.41
(ix)	- Unamortised Fee on Loans	(174.23)	(180.74)
	Gross Loans to Borrowers*	**7,52,132.63**	**6,73,975.71**
	Less: Impairment loss allowance	(29,745.79)	(27,779.60)
	Net Loans to Borrowers*	**7,22,386.84**	**6,46,196.11**
(B)	**Security-wise classification**		
(i)	Secured by Tangible Assets	4,52,447.33	4,62,325.24
(ii)	Secured by Intangible Assets	-	-
(iii)	Covered by Bank/Government Guarantees	2,15,707.48	1,32,352.12
(iv)	Unsecured	83,977.82	79,298.35
	Gross Security-wise classification	**7,52,132.63**	**6,73,975.71**
	Less: Impairment loss allowance	(29,745.79)	(27,779.60)
	Net Security-wise classification	**7,22,386.84**	**6,46,196.11**

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for the year ended March 31, 2021

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(C) I	**Loans in India**		
(i)	Public Sector	6,53,770.87	5,78,351.25
(ii)	Private Sector	98,361.76	95,624.46
	Gross Loans in India	**7,52,132.63**	**6,73,975.71**
	Less: Impairment loss allowance	(29,745.79)	(27,779.60)
	Net Loans in India	**7,22,386.84**	**6,46,196.11**
(C) II	**Loans Outside India**	-	-
	Less: Impairment loss allowance	-	-
	Net Loans Outside India	**-**	**-**
	Net Loans in India and Outside India	**7,22,386.84**	**6,46,196.11**

*For details of Loans pledged as security refer Note 22.8 to 22.16 and 23.11.

12.1 Balance Confirmation from Borrowers

During the year, PFC has sent letters to borrowers, seeking confirmation of balances as at 31.03.2021 except where loans have been recalled or pending before court/NCLT. Confirmations for 98.94% of the said balances have been received. Out of the remaining loans amounting to ₹ 3,752.05 crore for which balance confirmations have not been received, 20.99 % loans are secured by tangible securities, 78.24% by way of Government Guarantee/ Loans to Government and 0.77% are unsecured loans.

In respect of subsidiary RECL, loan balance confirmations for 92% of total loan assets as at 31.03.2021 have been received from the borrowers. Out of the remaining 8% loan assets amounting to ₹ 29,124.35 crore for which balance confirmations have not been received, 71% loans are secured by way of hypothecation of assets, 10% by way of Government Guarantee/ Loans to Government and 19% are unsecured loans.

12.2 Details related to Lease Assets in respect of PFC:

Gross investment in leased assets and present value of minimum value receivable at the reporting date and value of unearned financial income are given in table below:

(₹ in crore)

Particulars[(a)]	As at 31.03.2021[(d)]	As at 31.03.2020
(i) Total of future undiscounted lease payments receivable (Gross Investment)[(b)]	254.33	280.04
(ii) Present value of lease payments receivable (Net Investments)[(c)]	223.77	223.77
Total Unearned finance income (i)-(ii)[(b)]	**30.56**	**56.27**
Maturity profile of total of future undiscounted lease payments receivable (Gross Investment):-		
0-1 year	25.70	25.70
1-2 years	25.70	25.70
2-3 years	25.70	25.70
3-4 years	25.70	25.70
4-5 years	25.70	25.70
Later than 5 years	125.83	151.54
Total gross investment	**254.33**	**280.04**

[(a)]Finance lease for financing wind turbine generators of a lessee RS India Wind Energy Pvt. Ltd. As per original terms, lease rent was to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as primary period and a maximum of 7 years as secondary period. The account is credit impaired since 03.10.2017.

[(b)]Excludes an overdue interest of ₹ 63.29 crore as at 31.03.2021 (Previous Year ₹ 48.82 crore).

[(c)]Includes an overdue principal of ₹ 39.52 crore as at 31.03.2021 (Previous Year ₹ 28.28 crore).

[(d)]During the year, PFC has entered into a one-time settlement (OTS) with the lessee R S India Wind Energy Pvt. Ltd. wherein the settlement amount is to be received in instalments, last being due in June 2021. The amount received under settlement till 31.03.2021 is yet to be appropriated in view of the condition specified in resolution plan that upon default of the payment as per the schedule mentioned in the Resolution Plan, all monies paid shall be forfeited and the lenders will appropriate the same towards their dues i.e. their admitted claim will be reinstated as the outstanding net payment received.

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12.3 The details of resolution plans implemented during the year by PFC and subsidiary REC Ltd.:

(₹ in crore)

Sr. No.	Name of Borrower	Details of Resolution Plan	Principal O/s prior to date of Resolution	Impairment allowance provided till date of Resolution	Amount written off (including impairment on investment)	Instruments received by the Group under Resolution Plan*
1	Essar Power Transmission Corp. Ltd.	Restructuring without change in ownership	1,483.01	117.63	122.88	Optionally Convertible Debentures (OCDs) of the borrower company post restructuring.
2	Suzlon Energy Limited	Restructuring without change in ownership	915.11	518.62	448.23	Equity shares, Optionally Convertible Debentures (OCDs) of the borrower company and Compulsorily Convertible Preference Shares (CCPS) of the borrower's group company post restructuring.
3	RKM Powergen Pvt. Ltd.	Restructuring without change in ownership	7,406.74	3,077.92	2,907.20	Equity shares and Optionally Convertible Debentures (OCDs) of the borrower company post restructuring.
4	Ratnagiri Gas & Power Pvt. Ltd.	Composite Resolution Plan including One time settlement	207.05	66.59	66.59	Nil
5	Jal Power Corporation Ltd.	One time settlement	386.23	287.99	286.39	Nil
6	Facor Power Ltd.	Settled through NCLT proceeding under IBC	510.98	198.93	181.86	NCDs were received as per approved resolution plan under IBC.
	Total		**10,909.12**	**4,267.68**	**4,013.15**	

* For more details of instruments received under resolution plan refer Note 13A

12.4 In addition to the above resolutions, PFC has also entered into a one-time settlement (OTS) with a borrower Krishna Godavari Power Utilities Limited having loan outstanding amounting to ₹ 76.63 crore. Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), the settlement amount is being received in instalments. The amount received under settlement till 31.03.2021 is yet to be appropriated in view of the conditions specified in resolution plan.

12.5 For details of credit risk exposure and management by the Group refer Note 46.1.

13A. INVESTMENTS (OTHER THAN ACCOUNTED FOR USING EQUITY METHOD)

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021					
		Amortised Cost (1)	Designated at FVTOCI (2)	FVTPL (3)	Sub-Total (4)=(2)+(3)	Others (5)	Total (1)+(4)+(5)
(i)	Debt securities	259.63		-	-		259.63
(ii)	Equity Instruments		1,272.16	83.56	1,355.72		1,355.72
(iii)	Preference Shares	103.08		139.18	139.18		242.26
(iv)	Debentures	149.10		294.69	294.69		443.79
(v)	Govt. Securities	649.08			-		649.08
(vi)	Others		-		-		-
	Total Investments (Other than accounted for using equity method)	**1,160.89**	**1,272.16**	**517.43**	**1,789.59**	**-**	**2,950.48**
	Geography-wise investment						
(i)	Investments Outside India	-	-	-	-	-	-
(ii)	Investments in India	1,160.89	1,272.16	517.43	1,789.59	-	2,950.48
	Gross Geography-wise investment	**1,160.89**	**1,272.16**	**517.43**	**1,789.59**	**-**	**2,950.48**
	Less: Impairment loss allowance	-	-	-	-	-	-
	Net Geography-wise investment	**1,160.89**	**1,272.16**	**517.43**	**1,789.59**	**-**	**2,950.48**

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for the year ended March 31, 2021

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020					
		Amortised Cost (1)	Designated at FVTOCI (2)	FVTPL (3)	Sub-Total (4)=(2)+(3)	Others (5)	Total (1)+(4)+(5)
(i)	Debt securities	32.10		2,310.67	2,310.67		2,342.77
(ii)	Equity Instruments		1,217.27	44.24	1,261.51		1,261.51
(iii)	Preference Shares	91.21		145.99	145.99		237.20
(iv)	Debentures	-		-	-		-
(v)	Govt. Securities	-			-		-
(vi)	Others		12.24		12.24		12.24
	Total	**123.31**	**1,229.51**	**2,500.90**	**3,730.41**	**-**	**3,853.72**
	Geography-wise investment						
(i)	Investments Outside India	-	-	-	-	-	-
(ii)	Investments in India	123.31	1,229.51	2,500.90	3,730.41	-	3,853.72
	Gross Geography-wise investment	**123.31**	**1,229.51**	**2,500.90**	**3,730.41**	**-**	**3,853.72**
	Less: Impairment loss allowance	-			-		-
	Net Geography-wise investment	**123.31**	**1,229.51**	**2,500.90**	**3,730.41**	**-**	**3,853.72**

FVTOCI - Fair Value through Other Comprehensive Income, FVTPL - Fair Value through Profit or Loss

Details of Investments

(₹ in crore)

Sr. No.	Particulars	Measured at	As at 31.03.2021			As at 31.03.2020		
			Number	Face Value (₹)	Amount	Number	Face Value (₹)	Amount
(i)	Govt. Securities							
	- 5.22% GSEC 2025	Amortised Cost	50,00,000	100	50.99	-	-	-
	- 7.27% GSEC 2026	Amortised Cost	50,00,000	100	55.98	-	-	-
	- 7.17% GSEC 2028	Amortised Cost	50,00,000	100	54.64	-	-	-
	- 5.77% GSEC 2030	Amortised Cost	50,00,000	100	49.95	-	-	-
	- 6.20% Rajasthan SDL 2027	Amortised Cost	20,00,000	100	20.36	-	-	-
	- 7.20% Maharashtra SDL 2027	Amortised Cost	20,00,000	100	21.53	-	-	-
	- 6.60% Himachal Pradesh SDL 2030	Amortised Cost	50,00,000	100	51.28	-	-	-
	- 6.48% Karnataka SDL 2031	Amortised Cost	40,00,000	100	41.26	-	-	-
	- 7.29% Karnataka SDL 2039	Amortised Cost	1,00,00,000	100	100.97	-	-	-
	- 7.24% Karnataka SDL 2037	Amortised Cost	50,00,000	100	50.30	-	-	-
	- 8.44% Jharkhand SDL 2029	Amortised Cost	30,00,000	100	32.53	-	-	-
	- 8.57% Rajasthan SDL 2028	Amortised Cost	10,00,000	100	11.02	-	-	-
	- 6.95% Tamil Nadu SDL 2031	Amortised Cost	25,00,000	100	25.02	-	-	-
	- 6.60% Uttar Pradesh SDL 2030	Amortised Cost	20,00,000	100	19.74	-	-	-
	- 6.85% Rajasthan SDL 2031	Amortised Cost	30,00,000	100	29.95	-	-	-
	- 8.35% Kerala SDL 2029	Amortised Cost	10,00,000	100	10.86	-	-	-
	- 8.60% Gujarat SDL 2028	Amortised Cost	20,00,000	100	22.70	-	-	-
	Total Govt. Securities				**649.08**			**-**
(ii)	Debt Securities							
	- 11.15 % Perpetual Bonds of Indian Bank	FVTPL	-	-	-	5,000	10,00,000	500.31
	- 11.25 % Perpetual Bonds of Bank of Baroda	FVTPL	-	-	-	5,000	10,00,000	500.00
	- 11.25 % Perpetual Bonds of Syndicate Bank	FVTPL	-	-	-	5,000	10,00,000	500.31
	- 10.95% Perpetual Bonds of Union Bank of India	FVTPL	-	-	-	8,000	10,00,000	810.05

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for the year ended March 31, 2021

(₹ in crore)

Sr. No.	Particulars	Measured at	As at 31.03.2021			As at 31.03.2020		
			Number	Face Value (₹)	Amount	Number	Face Value (₹)	Amount
	- 5.78% Chennai Petrolium Corporation Limited	Amortised Cost	150	10,00,000	15.63	-	-	-
	- 6.11% Bharat Petroleum Corporation Limited	Amortised Cost	100	10,00,000	10.52	-	-	-
	- 7.30 % NMDC Limited	Amortised Cost	200	10,00,000	21.71	-	-	-
	- 7.30% Power Grid Corporation of India Limited	Amortised Cost	200	10,00,000	22.65	-	-	-
	- 8.69% Damodar Valley Corporation	Amortised Cost	200	10,00,000	21.88	-	-	-
	- 7.05% Mahanagar Telephone Nigam Limited	Amortised Cost	850	10,00,000	88.18	-	-	-
	- 6.65% Food Corporation of India	Amortised Cost	200	10,00,000	20.62	-	-	-
	- 7.19% THDC India Limited	Amortised Cost	250	10,00,000	26.33	-	-	-
	- 7.39% Tax Free 15 years SRNCB of Housing and Urban Development Corporation	Amortised Cost	86,798	1,000	8.81	86,798	1,000	8.81
	- 7.35% Tax Free of National Highway Authority of India Ltd.	Amortised Cost	42,855	1,000	4.60	42,855	1,000	4.60
	- 7.39% Tax Free of National Highway Authority of India Ltd.	Amortised Cost	35,463	1,000	3.67	35,463	1,000	3.67
	- 7.49% Tax Free of Indian Renewable Energy Development Agency	Amortised Cost	61,308	1,000	6.22	61,308	1,000	6.22
	- 7.35% Tax Free of Indian Railway Finance Corporation	Amortised Cost	22,338	1,000	2.31	22,338	1,000	2.31
	- 7.35% Tax Free of National Bank for Agriculture and Rural Development	Amortised Cost	14,028	1,000	1.41	14,028	1,000	1.40
	- 8.76% Tax Free of Housing and Urban Development Corporation	Amortised Cost	50,000	1,000	5.09	50,000	1,000	5.09
	Total Debt Securities				**259.63**			**2,342.77**
(iii)	**Equity instruments**							
	- PTC India Limited	Designated - FVTOCI	1,20,00,000	10	93.30	1,20,00,000	10	46.50
	- Coal India Limited	Designated - FVTOCI	1,39,64,530	10	182.03	1,39,64,530	10	195.57
	- NHPC Limited (Refer Note 13.2)	Designated - FVTOCI	38,97,75,446	10	953.00	40,97,75,446	10	817.50
	- Power Exchange India Limited	Designated - FVTOCI	32,20,000	10	-	32,20,000	10	-
	- Suzlon Energy Limited (Refer Note 12.3)	Designated - FVTOCI	8,46,15,798	2	42.31	-	-	-
	- Housing and Urban Development Corporation. Ltd.	Designated - FVTOCI	3,47,429	10	1.52	3,47,429	10	0.69
	- Indian Energy Exchange Ltd. (Refer Note 13.2)	Designated - FVTOCI	-	-	-	1,22,71,211	1	157.01
	- Universal Commodity Exchange Ltd.	Designated - FVTOCI	1,60,00,000	10	-	1,60,00,000	10	-
	- RattanIndia Power Limited	FVTPL	32,76,95,820	10	83.56	32,76,95,820	10	44.24
	- RKM PowerGen Pvt. Ltd. (Refer Note 12.3)	FVTPL	58,57,06,587	1	-	-	-	-
	Total Equity instruments				**1,355.72**			**1,261.51**

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(₹ in crore)

Sr. No.	Particulars	Measured at	As at 31.03.2021			As at 31.03.2020		
			Number	Face Value (₹)	Amount	Number	Face Value (₹)	Amount
(iv)	Preference Shares							
	- Raipur Energen Limited - RPS	Amortised Cost	59,82,371	100	10.35	59,82,371	100	9.29
	- Ratnagiri Gas and Power Private Limited - CRPS (Valued at ₹ 1 in previous year)	Amortised Cost	-	-	-	15,24,88,000	10	0.00
	- RattanIndia Power Limited - RPS	Amortised Cost	10,16,70,764	10	92.73	10,16,70,764	10	81.92
	- RattanIndia Power Limited - OCCRPS (Refer Note 48.3)	FVTPL	15,32,97,013	10	139.18	15,32,97,013	10	145.99
	- Suzlon Global Services Limited - CCPS (Refer Note 12.3)	FVTPL	38,161	1,00,000	0.00	-	-	-
	Total Preference Shares				**242.26**			**237.20**
(v)	Debentures (Refer No. 48.3)							
	- Essar Power Transmission Company Limited - OCD Series 1 (Refer Note 12.3)	FVTPL	31,86,17,853	10	140.21	-	-	-
	- Essar Power Transmission Company Limited - OCD Series 2 (Refer Note 12.3)	FVTPL	13,69,00,996	10	60.20	-	-	-
	- Essar Power Transmission Company Limited - OCD Series 3 (Refer Note 12.3)	FVTPL	2,55,14,666	10	0.00	-	-	-
	- Suzlon Energy Limited - OCD (Refer Note 12.3)	FVTPL	34,791	1,00,000	94.28	-	-	-
	- RKM Powergen Pvt. Ltd. - OCD Series A (Refer Note 12.3)	FVTPL	63,31,99,420	100	0.00	-	-	-
	- RKM Powergen Pvt. Ltd. - OCD Series B (Refer Note 12.3)	FVTPL	1,97,74,516	100	0.00	-	-	-
	- RKM Powergen Pvt. Ltd. - OCD Series AI (Refer Note 12.3)	FVTPL	3,37,46,560	100	0.00	-	-	-
	- Ferro Alloys Corporation Limited - NCD (Refer Note 12.3)	Amortised Cost	2,52,91,783	1,00,000	149.10	-	-	-
	Total Debentures (Refer No. 48.3)				**443.79**			**-**
(vi)	Others							
	- Units of "Small is Beautiful" Fund	Designated - FVTOCI	1,23,04,700	10	-	1,23,04,400	10	12.24
	Total - Units of "Small is Beautiful" Fund				**-**			**12.24**
	Total Investments (Other than accounted for using equity method)				**2,950.48**			**3,853.72**

SRNCB – Secured Redeemable Non-Convertible Bonds, RPS – Redeemable Preference Shares, CRPS – Cumulative Redeemable Preference Shares, OCCRPS – Optionally Convertible Cumulative Redeemable Preference Shares, CCPS – Compulsorily Convertible Preference Shares, OCD – Optionally Convertible Debenture, NCD – Non-Convertible Debentures

Notes to the Consolidated Financial Statements

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13B. Investments accounted for using equity method

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Joint Venture		
	- Energy Efficiency Services Limited [46,36,00,000 equity shares of ₹ 10 each; previous year 46,36,00,000 equity shares of ₹ 10 each]	547.85	549.40
(ii)	Associates (Refer Note 13.1)		
	- Ultramega Power Projects / Independent Transmission Projects [8,20,000 equity shares of ₹ 10 each; previous year 8,20,000 equity shares of ₹ 10 each]	0.50	0.50
	Sub Total	**548.35**	**549.90**
	Less: Impairment loss allowance	-	-
	Total Investments accounted for using equity method	**548.35**	**549.90**

13.1 Carrying Value of Investment in Associates accounted for using equity method:

These associates are companies incorporated as SPVs under mandate from GoI for development of Ultra Mega Power Projects (UMPPs) (Sr. no.(i)-(xv) below) with the intention to hand over the same to successful bidders on completion of the bidding process and Special Purpose Vehicle in respect of Independent Transmission Project(ITPs) (Sr.no.(xvi)-(xviii) below) incorporated by PFCCL, being the bid process coordinator for transmission schemes.

(₹ in crore)

Sr. No.	Name of investee company	As at 31.03.2021	As at 31.03.2020
(i)	Chhattisgarh Surguja Power Limited[1]	-	-
(ii)	Coastal Karnataka Power Limited[2]	-	-
(iii)	Coastal Maharashtra Mega Power Limited[1]	-	-
(iv)	Orissa Integrated Power Limited	-	-
(v)	Coastal Tamil Nadu Power Limited	0.08	0.08
(vi)	Sakhigopal Integrated Power Limited	0.05	0.05
(vii)	Ghogarpalli Integrated Power Company Limited	0.05	0.05
(viii)	Tatiya Andhra Mega Power Limited[1]	-	-
(ix)	Deoghar Mega Power Limited	0.04	0.04
(x)	Cheyyur Infra Limited	0.05	0.05
(xi)	Odisha Infrapower Limited	0.04	0.04
(xii)	Deoghar Infra Limited	0.05	0.05
(xiii)	Bihar Infrapower Limited	0.05	0.05
(xiv)	Bihar Mega Power Limited	0.05	0.05
(xv)	Jharkhand Infrapower Limited	0.04	0.04
(xvi)	Tanda Transmission Company Limited[1]	-	-
(xvii)	Shongtong Karcham-Wangtoo Transmission Limited[1]	-	-
(xviii)	Bijawar-Vidarbha Transmission Limited[2]	-	-
	Total Carrying Value	**0.50**	**0.50**

[1]under process of striking off
[2]under approval for closure

13.2 At initial recognition, companies in the Group made an irrevocable election to present in other comprehensive income, subsequent changes in the fair value of investments in certain equity instruments. The Group's main operation is to provide financial assistance to power sector. Thus, in order to insulate the Consolidated Statement of Profit and Loss from price fluctuations of these instruments, the Management of the respective companies believes that FVTOCI classification provides a more meaningful presentation, rather than classifying them at FVTPL.

Notes to the Consolidated Financial Statements

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Details of FVTOCI instruments derecognised during the year:

(₹ in crore)

Details of investment	No. of shares derecognised	Fair Value as on date of de-recognition	Cumulative gain/ (loss) on de-recognition
FY 2020-21			
NHPC Limited[(1)]	2,00,00,000	50.54	6.98
Indian Energy Exchange Limited[(2)]	1,22,71,211	249.92	248.69
FY 2019-20			
NHPC Limited[(1)]	1,00,00,000	26.33	4.55
GMR Chhattisgarh Energy Ltd.	27,50,00,000	-	(254.51)
Shree Maheshwar Hydro Power Corporation Limited (SMHPCL)	13,18,46,779	-	-
Indian Energy Exchange Limited	2,28,789	4.23	4.21
Lanco Teesta Hydro Power Limited	10,20,00,000	-	(102)

[(1)]These equity shares were sold in tranches during the year considering the market scenario. The fair value and gain has been computed based on the price as on the respective date of de-recognition and has been presented on aggregate basis.

[(2)]During the year, RECL has sold 1,22,71,211 equity shares of Indian Energy Exchange Limited considering the market scenario for a consideration of ₹ 249.92 crore through stock exchange.

Subsequent to de-recognition of such investments, the Group has transferred the cumulative gain/(loss) on such shares within Equity (from Reserve for Equity instruments through OCI to Retained Earnings) during the year. Refer Consolidated Statement of Changes in Equity for further details

13.3 Refer Note 48 for details of fair valuation of investments.

14. OTHER FINANCIAL ASSETS

The Group has categorised other financial assets at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Recoverable on account of Government of India Serviced Bonds	29,352.69	26,970.02
(ii)	Advances to Associates*	166.18	154.27
(iii)	Advances to Employees	0.92	0.90
(iv)	Loans to Employees	139.23	129.58
(v)	Others	232.22	260.64
	Less: Impairment loss allowance on Others (Refer Note 14.2)	(111.37)	(51.64)
	Total Other Financial Assets	**29,779.87**	**27,463.77**

*Recoverable in cash.

14.1 Detail of Loans & Advances to KMPs:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Loans & Advances to KMPs (including interest accrued)	0.85	0.84

14.2 Movement of Impairment on other Financial Assets

(₹ in crore)

Sr. No.	Particulars	FY 2020-21	FY 2019-20
(i)	Opening balance	51.64	40.45
(ii)	Movement during the Year	59.73	11.19
	Closing balance	**111.37**	**51.64**

Notes to the Consolidated Financial Statements
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15. CURRENT TAX ASSETS / LIABILITIES (NET)

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Advance income tax and TDS	456.62	747.84
(ii)	Tax Deposited on income tax demands under contest	68.70	390.49
	Total Current Tax Assets (Net)	**525.32**	**1,138.33**
(i)	Provision for income tax net of Advance Tax	140.43	-
(i)	Provision for income tax for demand under contest	0.25	67.40
	Total Current Tax Liabilities (Net)	**140.68**	**67.40**

16. INVESTMENT PROPERTY*

(₹ in crore)

Particulars	Opening balance	Additions during the period	Sales/ adjustment during the period	Closing balance
FY 2019-20	0.01	-	-	0.01
FY 2020-21	0.01	-	-	0.01

*Pertains to PFC's subsidiary REC Ltd.

16.1 PFC's subsidiary REC Ltd. has classified the land held for undeterminable future use as investment property and is not earning any rental income on it.

16.2 Fair value of investment property:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Carrying Value	0.01	0.01
Fair Value	0.90	0.61

16.3 PFC's subsidiary REC Ltd. obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from variety of sources including:

- current prices in an active market of similar properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

- current circle rates in the jurisdiction where the investment property is located.

The fair values of investment property has been determined by an independent valuer and the main inputs used are circle rates and current prices of similar properties. All resulting fair value estimates for investment property are included in Level 3.

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17. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS (CWIP), INTANGIBLE ASSETS UNDER DEVELOPMENT AND OTHER INTANGIBLE ASSETS

(₹ in crore)

Particulars	Property, Plant and Equipment									Capital Work-in-Progress	Intangible assets under development	Other Intangible assets
	Freehold Land	Leasehold Land*	Buildings	EDP Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Leasehold Improvements	Total	Immovable Property	Computer Software	Computer Software
Gross Carrying Amount												
Opening Balance as at 01.04.2019	**113.77**	**1.59**	**56.66**	**40.19**	**38.26**	**23.29**	**0.49**	**4.14**	**278.39**	**196.94**	**1.59**	**27.17**
Additions / Adjustments	-	-	-	6.25	8.92	6.45	0.02	-	21.64	74.89	-	4.38
Borrowing Cost Capitalised	-	-	-	-	-	-	-	-	-	7.62	-	-
Deductions / Adjustments	-	1.59	-	4.32	4.11	2.02	(0.01)	-	12.03	(8.17)	0.82	7.22
Closing Balance as at 31.03.2020	**113.77**	**-**	**56.66**	**42.12**	**43.07**	**27.72**	**0.52**	**4.14**	**288.00**	**287.62**	**0.77**	**24.33**
Additions / Adjustments	-	-	98.66	12.71	12.25	13.05	-	-	136.67	131.70	-	0.17
Borrowing Cost Capitalised	-	-	-	-	-	-	-	-	-	22.04	-	-
Deductions / Adjustments	-	-	-	6.66	10.42	1.48	-	2.48	21.04	105.69	-	0.01
Closing Balance as at 31.03.2021	**113.77**	**-**	**155.32**	**48.17**	**44.90**	**39.29**	**0.52**	**1.66**	**403.63**	**335.67**	**0.77**	**24.49**
Accumulated Depreciation / Amortisation												
Opening Balance as at 01.04.2019	**-**	**0.31**	**20.38**	**29.42**	**24.86**	**14.88**	**0.38**	**1.71**	**91.94**	**-**	**-**	**17.99**
For the period	-	-	1.12	5.63	6.48	2.28	0.03	0.80	16.34	-	-	4.32
Reversal on Assets Sold/Written off from books	-	0.31	-	3.71	2.51	0.54	-	-	7.07	-	-	7.21
Closing Balance as at 31.03.2020	**-**	**-**	**21.50**	**31.34**	**28.83**	**16.62**	**0.41**	**2.51**	**101.21**	**-**	**-**	**15.10**
For the period	-	-	1.36	6.52	7.35	2.91	0.03	0.72	18.89	-	-	3.01
Reversal on Assets Sold/Written off from books	-	-	-	5.31	6.81	0.40	-	1.70	14.22	-	-	0.01
Closing Balance as at 31.03.2021	**-**	**-**	**22.86**	**32.55**	**29.37**	**19.13**	**0.44**	**1.53**	**105.88**	**-**	**-**	**18.10**
Net Carrying Amount												
As at 31.03.2020	113.77	-	35.16	10.78	14.24	11.10	0.11	1.63	186.79	287.62	0.77	9.23
As at 31.03.2021	**113.77**	**-**	**132.46**	**15.62**	**15.53**	**20.16**	**0.08**	**0.13**	**297.75**	**335.67**	**0.77**	**6.39**

*Pursuant to adoption of Ind AS 116, reclassified as Right of Use asset w.e.f. 01.04.2019.

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17.1 The estimated useful lives and depreciation on property, plant and equipment (PPE) is in line with the Accounting Policy contained in Note 6.7 (vi).

17.2 The Company reviews the estimated useful life, residual values and depreciation method of Property, Plant & Equipment and Intangible Assets at the end of each financial year and changes in estimates, if any, are accounted prospectively. Details of useful life of Property Plant & Equipment and Intangible Assets are as under:

Category	Building	EDP equipment		Office equipment	Cell phone	Furniture and fixture	Vehicles	Intangible assets
		Servers and networks	End user devices i.e. desktops, laptops etc.					
Useful Life (in Years)	60	6	3	5	2	10	8	5
Residual value as a % of original Cost	5%	5%	5%	5%	5%	5%	5%	-

17.3 In the opinion of management of PFC and its subsidiary REC Ltd., there is no impairment on the Property, Plant & Equipment and Intangible Assets of the Company in terms of Ind AS 36. Accordingly, no provision for impairment loss as required under Ind AS 36 'Impairment of Assets' has been made.

17.4 In case of PFC Ltd. details of assets pledged as security are as under:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Gross Carrying Value	4.12	4.12
Net Carrying Value	3.45	3.49

For details of borrowings against which above assets are pledged as security refer note 22.8 and 22.9.

In case of PFC's Subsidiary REC Ltd. details of assets pledged as security are as under:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Gross Carrying Value	3.30	3.45
Net Carrying Value	2.31	2.41

17.5 In case of PFC Subsidiary REC Ltd., As on 31st March 2021, the formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by REC Ltd. are yet to be executed. The details are as below:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Land	Building	Land	Building
Gross Carrying Value	-	4.59	68.31	4.59
Net Carrying Value	-	2.07	68.31	2.14

17.6 While PFC's subsidiary REC Ltd. has not made any specific borrowings for construction of a qualifying asset, REC Ltd. has capitalised certain borrowing costs on account of general borrowings at an average rate of borrowings of 8% (previous year 8.04%) for REC Ltd. in terms of Ind AS 23 'Borrowing Costs'. In line with the applicable accounting guidance, REC Ltd. has not capitalised the borrowings costs for the period during which the construction work has been suspended owing to COVID-19 disruptions.

17.7 PFC's subsidiary REC Ltd. with a view to monetise its idle assets, has decided to sell certain residential building units with carrying value ₹ 0.10 crore included under Property, Plant and Equipment, for which further actions have been taken to dispose off, subsequent to 31st March 2021. Accordingly, the assets will be classified as "Non-Current Assets Held for Sale" post the date of initiation of such actions as required under Ind-AS 105. The process is expected to be completed during the year 2021-22 through e-auction process.

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18. RIGHT-OF-USE ASSETS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Opening Balance of Leasehold Land	42.07	-
(ii)	Additions	0.24	45.84
(iii)	Less: Disposal / Adjustment	(1.58)	-
(iv)	Less: Depreciation*	(3.56)	(3.77)
	Closing Balance of Leasehold Land	**37.17**	**42.07**

*As required by Ind AS 116 'Leases', Depreciation expense on Right-of-Use assets is included under Depreciation and Amortisation expenses in the Consolidated Statement of Profit and Loss.

19. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Prepaid Expenses	9.79	3.40
(ii)	Deferred Employee Costs	61.50	62.13
(iii)	Capital Advances	158.97	93.75
(iv)	Excess Spent - CSR Expenses	43.42	-
(v)	Other assets	137.75	104.66
	Total Other Non-Financial Assets	**411.43**	**263.94**

20. ASSETS CLASSIFIED AS HELD FOR SALE*

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(A)	Assets classified as held for sale		
(i)	Investment in associates (Refer Note 20.1)	0.66	0.23
(ii)	Loan to associates (Refer Note 20.2)	32.50	16.70
	Total (A)	**33.16**	**16.93**
(B)	Liabilities directly associated with assets classified as held for sale		
(i)	Payable to associates (Refer Note 20.3)	0.08	0.68
	Total (B)	**0.08**	**0.68**
	Disposal Group - Net assets (A-B)	**33.08**	**16.25**

*Pertains to PFC's Subsidiaries - REC Ltd. and PFC Consulting Ltd.

20.1 Investment in associates

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
Investments in Equity Instruments of associates (fully paid up equity shares of ₹ 10/- each)			
(i)	Chandil Transmission Ltd.	0.05	0.05
(ii)	Dumka Transmission Ltd.	0.05	0.05
(iii)	Koderma Transmission Ltd.	0.05	0.05
(iv)	Mandar Transmission Ltd.	0.05	0.05
(v)	Bidar Transmission Limited	0.05	-
(vi)	Fatehgarh Badla Transco Limited	0.05	-
(vii)	Gadag Transmission Limited	0.05	-
(viii)	Kallam Transmission Limited	0.05	-
(ix)	MP Power Transmission Package I Limited	0.05	-
(x)	MP Power Transmission Package II Limited	0.05	-

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(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(xi)	Rajgarh Transmission Limited	0.05	-
(xii)	Sikar Transmission Limited	0.05	-
(xiii)	Vapi II North Lakhimpur Transmission Ltd.*	-	0.01
(xiv)	Koppal Narendra Transmission Ltd.	0.01	0.01
(xv)	Karur Transmission Ltd.	0.01	0.01
(xvi)	Sikar-II Aligarh Transmission Ltd.	0.01	-
(xvii)	Khetri Narela Transmission Ltd.	0.01	-
(xviii)	Ananthpuram Kurnool Transmission Ltd.	0.01	-
(xix)	Badla Sikar Transmission Ltd.	0.01	-
(xx)	Bikaner-II Bhiwadi Transco Limited*	-	-
	Total	**0.66**	**0.23**

*These associates has been sold to the successful bidder during FY 2020-21.

20.2 Loan to Associates

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Chandil Transmission Ltd.	2.53	2.49
(ii)	Dumka Transmission Ltd.	2.47	2.18
(iii)	Mandar Transmission Ltd.	2.21	2.43
(iv)	Koderma Transmission Ltd.	2.27	2.23
(v)	Fatehgarh Bhadla Transco Limited	0.91	-
(vi)	Kallam Transmission Limited	0.11	-
(vii)	MP Power Transmission Package II Limited	1.09	-
(viii)	MP Power Transmission Package I Limited	1.07	-
(ix)	Sikar New Transmission Limited	0.77	-
(x)	Gadag Transmission Limited	0.02	-
(xi)	Vapi II North Lakhimpur Transmission Ltd.	-	3.71
(xii)	Koppal Narendra Transmission Ltd.	4.27	1.81
(xiii)	Karur Transmission Ltd.	3.08	1.85
(xiv)	Sikar-II Aligarh Transmission Ltd.	4.38	-
(xv)	Khetri Narela Transmission Ltd.	2.68	-
(xvi)	Ananthpuram Kurnool Transmission Ltd.	0.71	-
(xviii)	Badla Sikar Transmission Ltd.	3.93	-
	Total	**32.50**	**16.70**

20.3 Liabilities directly associated with assets classified as held for sale

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Bidar Karnataka Line	-	0.10
(ii)	Gadag Karnataka Part A Line	-	0.10
(iii)	Solar Energy Rajasthan Part A Line	-	0.11
(iv)	Solar Energy Rajasthan Part B Line	-	0.06
(v)	Solar Energy Rajasthan Part C Line	-	0.16
(vi)	Bidar Transmission Limited	0.03	-
(vii)	Rajgarh Transmission Limited	0.05	-
(viii)	Rajgarh Madhya Pradesh Line	-	0.15
(ix)	Lakadia Banaskantha Transco Ltd.	-	-
	Total	**0.08**	**0.68**

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20.4 In respect of PFC's subsidiaries, REC Ltd. and PFC Consulting Ltd., their management had incorporated these entities with a view to sell them off as per the guidelines of Ministry of Power, through the bid process prescribed by Ministry of Power. There is no possibility that management will have benefits from these entities other than selling them off, hence all these investments (along with the related assets and liabilities) have been classified as 'held for sale'.

21. TRADE PAYABLES

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
	Trade Payables		
(i)	Total outstanding dues of Micro, Small and Medium Enterprises	0.01	0.15
(ii)	Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	70.42	53.07
	Total Trade Payables	**70.43**	**53.22**

22. DEBT SECURITIES

The Company and its Subsidiary REC Ltd., have categorised Debt Securities at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	**Bonds / Debenture**		
	- Infrastructure Bonds (Refer Note 22.1)	130.63	295.09
	- Tax Free Bonds (Refer Note 22.2)	24,878.08	24,878.08
	- 54 EC Capital Gain Tax Exemption Bonds (Refer Note 22.3)	19,829.15	23,894.68
	- Taxable Bonds (Refer Note 22.4)	3,59,552.70	3,26,415.29
	- Foreign Currency Notes (Refer Note 22.5)	57,333.68	50,508.56
(ii)	- Commercial Paper (Refer Note 22.6)	3,080.23	2,925.00
(iii)	Interest accrued but not due on above	15,436.98	13,687.09
(iv)	Unamortised Transaction Cost on above	(1,017.42)	(1,238.08)
(v)	Bond Application Money (Refer Note 22.7)	856.62	400.19
	Total Debt Securities	**4,80,080.65**	**4,41,765.90**
	Geography-wise Debt Securities		
(i)	Debt Securities in India	4,23,030.17	3,91,726.07
(ii)	Debt Securities outside India	57,050.48	50,039.83
	Total Geography-wise Debt Securities	**4,80,080.65**	**4,41,765.90**

22.1 Details of Infrastructure Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at 31.03.2021	Principal Amount (₹ in crore) outstanding as at 31.03.2020	Date of Redemption	For Security, Refer Note	Redemption details
	In case of PFC						
1	Infrastructure Bonds 86 D Series	8.72%	2.40	2.40	30.03.2027	22.8	Redeemable at par on a date falling Fifteen years from the date of allotment
2	Infrastructure Bonds 86 C Series	8.72%	0.87	0.87	30.03.2027	22.8	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
3	Infrastructure Bonds (2011-12) - Series III	8.75%	2.86	2.86	21.11.2026	22.8	Redeemable at par on a date falling Fifteen years from the date of allotment
4	Infrastructure Bonds (2011-12) - Series IV	8.75%	7.77	7.77	21.11.2026	22.8	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
5	Infrastructure Bonds (2010-11) - Series III	8.50%	5.27	5.27	31.03.2026	22.9	Redeemable at par on a date falling Fifteen years from the date of allotment
6	Infrastructure Bonds (2010-11) - Series IV	8.50%	19.33	19.33	31.03.2026		Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
7	Infra Bonds Private Placement Series I	8.43%	7.39	7.39	30.03.2022	22.8	Redeemable at par on a date falling ten years from the date of allotment
8	Infra Bonds Private Placement Series II	8.43%	15.47	15.47	30.03.2022		Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
9	Infrastructure Bonds (2011-12) - Series I	8.50%	21.85	21.85	21.11.2021		Redeemable at par on a date falling ten years from the date of allotment
10	Infrastructure Bonds (2011-12) - Series II	8.50%	36.35	36.34	21.11.2021		Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
11	Infrastructure Bonds (2010-11) - Series I	8.30%	-	49.96	31.03.2021	22.9	Redeemable at par on a date falling ten years from the date of allotment
12	Infrastructure Bonds (2010-11) - Series II	8.30%	-	109.12	31.03.2021		Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
	Sub-Total (A)		**119.56**	**278.63**			
	In case of PFC's Subsidiary REC Ltd.						
1	Series-II (2011-12) Cumulative	9.15%	2.83	2.83	15.02.2027		Redeemable on the date falling 15 years from the date of allotment
2	Series-II (2011-12) Annual	9.15%	1.13	1.13	15.02.2027		
3	Series-II (2011-12) Cumulative	8.95%	5.73	5.73	15.02.2022		Redeemable on the date falling 10 years from the date of allotment
4	Series-II (2011-12) Annual	8.95%	1.38	1.38	15.02.2022		
5	Series-I (2010-11)	8.10%	-	1.61	Repaid in FY 2020-21		Redeemable on the date falling 10 years from the date of allotment
6	Series-I (2010-11)	8.20%	-	3.78			
	Sub-Total (B)		**11.07**	**16.46**			
	Total (A+B)		**130.63**	**295.09**			

22.2 Details of Tax Free Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
	In case of PFC						
1	Tax Free Bonds (2015-16) Series 3-A	7.35%	213.57	213.57	17.10.2035	22.10	
2	Tax Free Bonds (2015-16) Series 3-B	7.60%	155.48	155.48	17.10.2035		
3	Tax Free Bonds Series 3-A	8.67%	1,067.38	1,067.38	16.11.2033		
4	Tax Free Bonds Series 3-B	8.92%	861.96	861.96	16.11.2033		
5	Tax Free Bonds (2015-16) Series 2-A	7.27%	131.33	131.33	17.10.2030		
6	Tax Free Bonds (2015-16) Series 2-B	7.52%	45.18	45.18	17.10.2030		
7	Tax Free Bonds Series 2-A	8.54%	932.70	932.70	16.11.2028		
8	Tax Free Bonds Series 2-B	8.79%	353.32	353.32	16.11.2028		
9	Tax Free Bonds Series 107-B	8.46%	1,011.10	1,011.10	30.08.2028		

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
10	Tax Free Bonds (2012-13) Tranch II	7.04%	10.25	10.25	28.03.2028	22.10	Redeemable at par on maturity
11	Tax Free Bonds (2012-13) Tranch II	7.54%	58.96	58.96	28.03.2028		
12	Tax Free Bonds (2012-13) Tranch-I Series 2	7.36%	162.72	162.72	04.01.2028	22.8	
13	Tax Free Bonds (2012-13) Tranch-I Series 2	7.86%	194.28	194.28	04.01.2028		
14	Tax Free Bonds Series 95B	7.38%	100.00	100.00	29.11.2027		
15	Tax Fee Bond Series 94B	7.38%	25.00	25.00	22.11.2027		
16	Tax Free Bonds (2011-12) Public Issue	8.30%	1,280.58	1,280.58	01.02.2027		
17	Tax Free Bond Series 80-B	8.16%	209.34	209.34	25.11.2026		
18	Tax Free Bond Series 79-B	7.75%	217.99	217.99	15.10.2026		
19	Tax Free Bonds (2015-16) Series 1A	7.11%	75.09	75.09	17.10.2025	22.10	
20	Tax Free Bonds (2015-16) Series 1B	7.36%	79.35	79.35	17.10.2025		
21	Tax Free Bonds Series 136	7.16%	300.00	300.00	17.07.2025		
22	Tax Free Bonds Series 1A	8.18%	325.07	325.07	16.11.2023		
23	Tax Free Bonds Series IB	8.43%	335.47	335.47	16.11.2023		
24	Tax Free Bonds Series 107A	8.01%	113.00	113.00	30.08.2023		
25	Tax Free Bonds (2012-13) Tranch II	6.88%	52.90	52.90	28.03.2023		
26	Tax Free Bonds (2012-13) Tranch II	7.38%	43.25	43.25	28.03.2023		
27	Tax Free Bonds (2012-13) Tranch I Series 1	7.19%	197.09	197.09	04.01.2023	22.8	
28	Tax Free Bonds (2012-13) Tranch I Series 1	7.69%	145.66	145.66	04.01.2023		
29	Tax Free Bonds Series 95A	7.22%	30.00	30.00	29.11.2022		
30	Tax Free Bond Series 94A	7.21%	255.00	255.00	22.11.2022		
31	Tax Free Bonds (2011-12) Public Issue	8.20%	2,752.55	2,752.55	01.02.2022		
32	Tax Free Bond Series 80A	8.09%	334.31	334.31	25.11.2021		
33	Tax Free Bonds Series 79A	7.51%	205.23	205.23	15.10.2021		
	Sub-Total (A)		**12,275.11**	**12,275.11**			
	In case of PFC's Subsidiary REC Ltd.						
1	Series 2015-16 Tranche-1	6.89% to 7.43%	696.56	696.56			Redeemable at par. Bonds amounting to ₹ 105.93 Crore are redeemable on 05.11.2025, ₹ 172.90 Crore are redeemable on 05.11.2030 and ₹ 417.73 Crore are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually
2	Series 2015-16 Series 5A	7.17%	300.00	300.00			7.17% Redeemable at par on 23.07.2025
3	Series 2013-14 Tranche-2	8.19% to 8.88%	1,057.40	1,057.40			Redeemable at par. Bonds amounting to ₹ 419.32 Crore are redeemable on 22.03.2024, ₹ 528.42 Crore are redeemable on 23.03.2029 and ₹ 109.66 Crore are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually
4	Series 2013-14 Tranche-1	8.01% to 8.71%	3,410.60	3,410.60			Redeemable at par. Bonds amounting to ₹ 575.06 Crore are redeemable on 25.09.2023, ₹ 2,780.26 Crore are redeemable on 25.09.2028 and ₹ 55.28 Crore are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Redemption details
			31.03.2021	31.03.2020	
5	Series 2013-14 Series 4A & 4B	8.18% to 8.54%	150.00	150.00	Redeemable at par. Bonds amounting to ₹ 105.00 Crore are redeemable on 11.10.2023 and ₹ 45.00 Crore are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually
6	Series 2013-14 Series 3A & 3B	8.01% to 8.46%	1,350.00	1,350.00	Redeemable at par. Bonds amounting to ₹ 209.00 Crore are redeemable on 29.08.2023 and ₹ 1,141.00 Crore are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually
7	Series 2012-13 Tranche-2	6.88% to 7.54%	131.06	131.06	Redeemable at par. Bonds amounting to ₹ 81.35 Crore are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crore are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually
8	Series 2012-13 Tranche-1	7.22% to 7.88%	2,007.35	2,007.35	Redeemable at par. Bonds amounting to ₹ 1,165.31 Crore are redeemable on 19.12.2022 and bonds amounting to ₹ 842.04 Crore are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually
9	Series 2012-13 Series 2A & 2B	7.21% to 7.38%	500.00	500.00	Redeemable at par. Bonds amounting to ₹ 255.00 Crore are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crore are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually
10	Series 2011-12	7.93% to 8.32%	3,000.00	3,000.00	Redeemable at par. Bonds amounting to ₹ 839.67 Crore are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crore are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually
	Sub-Total (B)		**12,602.97**	**12,602.97**	
	Total (A+B)		**24,878.08**	**24,878.08**	

22.3 Details of 54 EC Capital Gain Tax Exemption Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020		
	In case of PFC					
1	Series IV (FY 2020-21)	5.00%	597.93	-	22.10	Redeemable at par during FY 2025-26
2	Series IV (FY 2020-21)	5.75%	339.86	-		Redeemable at par during FY 2025-26
3	Series III (FY 2019-20)	5.75%	1,134.44	1,134.44		Redeemable at par during FY 2024-25
4	Series II (FY 2018-19)	5.75%	491.95	491.95		Redeemable at par during FY 2023-24
5	Series I (FY 2017-18)	5.25%	-	292.15		Repaid in FY 2020-21
	Sub-Total (A)		**2,564.18**	**1,918.54**		
	In case of PFC's Subsidiary REC Ltd.					
1	Series XIV (FY 2020-21)	5.75% and 5%	4,455.48	-		Redeemable at par during FY 2025-26
2	Series XIII (FY 2019-20)	5.75%	6,157.72	5,759.14		Redeemable at par during FY 2024-25
3	Series XII (FY 2018-19)	5.75%	6,651.77	6,651.77		Redeemable at par during FY 2023-24
4	Series XI (FY 2017-18)	5.25%	-	9,565.23		Redeemable at par during FY 2020-21
	Sub-Total (B)		**17,264.97**	**21,976.14**		
	Total (A+B)		**19,829.15**	**23,894.68**		

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22.4 The details of Taxable Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at 31.03.2021	31.03.2020	Date of Redemption	For Security, Refer Note	Redemption details
	In case of PFC						
1	Secured Public Issue (2020-21) Tranche I Series VI Category I-II	6.78%	3.50	-	22.01.2036	22.10	Redeemable at par on maturity
2	Secured Public Issue (2020-21) Tranche I Series VI Category III-IV	6.97%	53.36	-	22.01.2036	22.10	Redeemable at par on maturity
3	Secured Public Issue (2020-21) Tranche I Series VII Category I-II	6.95%	50.05	-	22.01.2036	22.10	Redeemable at par on maturity
4	Secured Public Issue (2020-21) Tranche I Series VII Category III-IV	7.15%	1,330.05	-	22.01.2036	22.10	Redeemable at par on maturity
5	Series 209	7.34%	1,711.00	-	29.09.2035	22.10	Redeemable at par on maturity
6	Series 205B	7.20%	1,605.70	-	10.08.2035	22.10	Redeemable at par on maturity
7	Series 190	8.25%	4,016.00	4,016.00	06.09.2034	22.10	Redeemable at par on maturity
8	Series 189	8.15%	4,035.00	4,035.00	08.08.2034	22.10	Redeemable at par on maturity
9	Series 186	8.79%	2,578.90	2,578.90	30.04.2034	22.10	Redeemable at par on maturity
10	Series 180	8.75%	2,654.00	2,654.00	22.02.2034	22.10	Redeemable at par on maturity
11	Series 179-B	8.64%	528.40	528.40	19.11.2033	22.10	Redeemable at par on maturity
12	Series 204B	6.88%	1,300.00	-	11.04.2031	22.10	Redeemable at par on maturity
13	Secured Public Issue (2020-21) Tranche I Series III Category I-II	6.63%	0.50	-	22.01.2031	22.10	Redeemable at par on maturity
14	Secured Public Issue (2020-21) Tranche I Series III Category III-IV	6.82%	28.74	-	22.01.2031	22.10	Redeemable at par on maturity
15	Secured Public Issue (2020-21) Tranche I Series IV Category I-II	6.80%	33.67	-	22.01.2031	22.10	Redeemable at par on maturity
16	Secured Public Issue (2020-21) Tranche I Series IV Category III-IV	7.00%	1,635.53	-	22.01.2031	22.10	Redeemable at par on maturity
17	Secured Public Issue (2020-21) Tranche I Series V Category I-II	6.58% (10YR GSEC Link)	10.35	-	22.01.2031	22.10	Redeemable at par on maturity
18	Secured Public Issue (2020-21) Tranche I Series V Category III-IV	6.83% (10YR GSEC Link)	1,250.73	-	22.01.2031	22.10	Redeemable at par on maturity
19	Series 207	7.04%	1,097.40	-	16.12.2030		Redeemable at par on maturity
20	Series 207R1	7.04%	2,549.10	-	16.12.2030		Redeemable at par on maturity
21	Series 71	9.05%	192.70	192.70	15.12.2030		Redeemable at par on maturity
22	Series 205A	7.05%	1,610.10	-	09.08.2030		Redeemable at par on maturity
23	Series 202C	7.79%	1,936.00	-	22.07.2030		Redeemable at par on maturity
24	Series 201	7.68%	3,101.30	-	15.07.2030		Redeemable at par on maturity
25	Series 66-C	8.85%	633.00	633.00	15.06.2030		Redeemable at par on maturity
26	Series 203B	7.75%	3,318.00	-	11.06.2030		Redeemable at par on maturity
27	Series 197	7.41%	5,000.00	5,000.00	15.05.2030		Redeemable at par on maturity
28	Series 200	7.40%	2,920.00	-	08.05.2030		Redeemable at par on maturity
29	Series 195	7.86%	1,100.00	1,100.00	12.04.2030		Redeemable at par on maturity
30	Series 196	7.41%	2,500.00	2,500.00	25.02.2030		Redeemable at par on maturity
31	Series 196R1	7.41%	1,500.00	-	25.02.2030		Redeemable at par on maturity
32	Series193	7.93%	4,710.50	4,710.50	31.12.2029		Redeemable at par on maturity

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for the year ended March 31, 2021

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
33	Series 118 Option B III	9.39%	460.00	460.00	27.08.2029		
34	Series 187 B	8.85%	1,982.10	1,982.10	27.05.2029		
35	Series 179-A	8.67%	1,007.40	1,007.40	19.11.2028		
36	Series 178	8.95%	3,000.00	3,000.00	10.10.2028		
37	Series 177	7.85%	3,855.00	3,855.00	03.04.2028		
38	Series 103	8.94%	2,807.00	2,807.00	25.03.2028		
39	Series 102 A (III)	8.90%	403.00	403.00	18.03.2028		
40	Series 101 B	9.00%	1,370.00	1,370.00	11.03.2028		
41	Series 172	7.74%	850.00	850.00	29.01.2028		
42	Series 171	7.62%	5,000.00	5,000.00	15.12.2027		
43	Series 170-B	7.65%	2,001.00	2,001.00	22.11.2027		
44	Series 169-B	7.30%	1,500.00	1,500.00	07.08.2027		
45	Series 168-B	7.44%	1,540.00	1,540.00	12.06.2027		
46	Series 155	7.23%	2,635.00	2,635.00	05.01.2027		
47	Series 152	7.55%	4,000.00	4,000.00	25.09.2026		
48	Series 151-B	7.56%	210.00	210.00	16.09.2026		
49	Series - 77-B	9.45%	2,568.00	2,568.00	01.09.2026		
50	Series 150-B	7.63%	1,675.00	1,675.00	14.08.2026		
51	Series - 76-B	9.46%	1,105.00	1,105.00	01.08.2026		
52	Secured Public Issue (2020-21) Tranche I Series II Category I-II	5.65%	27.05	-	22.01.2026	22.10	
53	Secured Public Issue (2020-21) Tranche I Series II Category III-IV	5.80%	3.50	-	22.01.2026		
54	Series 202B	7.17%	810.00	-	22.05.2025		Redeemable at par on maturity
55	Series 147	8.03%	1,000.00	1,000.00	02.05.2026		
56	Series 71	9.05%	192.70	192.70	15.12.2025		
57	Series 141-B	8.40%	1,000.00	1,000.00	18.09.2025		
58	Series 208	6.50%	2,806.00	-	17.09.2025		
59	Series 66-B	8.75%	1,532.00	1,532.00	15.06.2025		
60	Series 65 III	8.70%	1,337.50	1,337.50	14.05.2025		
61	Series 199B	7.16%	1,320.00	-	24.04.2025		
62	Series 130-C	8.39%	925.00	925.00	19.04.2025		
63	Series 204A	5.77%	900.00	-	11.04.2025		
64	Series 64	8.95%	492.00	492.00	30.03.2025		
65	Series 131-C	8.41%	5,000.00	5,000.00	27.03.2025		
66	Series 63-III	8.90%	184.00	184.00	15.03.2025		
67	Series 128	8.20%	1,600.00	1,600.00	10.03.2025		
68	Series 62-B	8.80%	1,172.60	1,172.60	15.01.2025		
69	Series 126	8.65%	5,000.00	5,000.00	04.01.2025		
70	Series 125	8.65%	2,826.00	2,826.00	28.12.2024		
71	Series 61	8.50%	351.00	351.00	15.12.2024		
72	Series 124 C	8.48%	1,000.00	1,000.00	09.12.2024		
73	Series 192	7.42%	3,000.00	3,000.00	19.11.2024		
74	Series 120 Option A	8.98%	961.00	961.00	08.10.2024		
75	Series Option 120 B	8.98%	950.00	950.00	08.10.2024		
76	Series 118 Option B II	9.39%	460.00	460.00	27.08.2024		
77	Series 117 Option B	9.37%	855.00	855.00	19.08.2024		
78	Series 57-C	8.60%	866.50	866.50	07.08.2024		

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for the year ended March 31, 2021

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at 31.03.2021	Principal Amount (₹ in crore) outstanding as at 31.03.2020	Date of Redemption	For Security, Refer Note	Redemption details
79	Secured Public Issue (2020-21) tranche I Series I Category III-IV	4.80%	1.95	-	22.01.2024	22.10	
80	Series 206	5.47%	3,000.00	-	19.08.2023		
81	Series 203A	6.72%	2,206.00	-	11.06.2023		
82	Series 188	8.10%	691.10	691.10	04.06.2024		
83	Series 202A	6.75%	2,145.00	-	22.05.2023		
84	Series 198	6.98%	3,160.00	-	20.04.2023		
85	Series 199A	6.83%	1,970.00	-	24.04.2023		
86	Series 85 D	9.26%	736.00	736.00	15.04.2023		
87	Series 194	7.04%	1,400.00	1,400.00	14.04.2023		
88	Series 102 A (II)	8.90%	403.00	403.00	18.03.2023		
89	Series 100 B	8.84%	1,310.00	1,310.00	04.03.2023		
90	Zero Coupon Unsecured Taxable Bonds 2022-XIX Series	-	654.92	605.94	30.12.2022		
91	Series 176-B	7.99%	1,295.00	1,295.00	20.12.2022		
92	Series 170-A	7.35%	800.00	800.00	22.11.2022		
93	Series 191	7.35%	3,735.00	3,735.00	15.10.2022		
94	Series 92 C	9.29%	-	640.00	Repaid During FY 2020-21		
95	Series 181	8.45%	2,155.00	2,155.00	11.08.2022		
96	Series 169-A	7.10%	3,395.00	3,395.00	08.08.2022		
97	Series 168-A	7.28%	1,950.00	1,950.00	12.06.2022		
98	Series 187 A	8.20%	1,605.00	1,605.00	27.05.2022		
99	Series 88 C	9.48%	184.70	184.70	15.04.2022		Redeemable at par on maturity
100	Series 183	8.18%	3,751.20	3,751.20	19.03.2022		
101	Series 154	7.27%	1,101.00	1,101.00	22.12.2021		
102	Series 124 B	8.55%	1,200.00	1,200.00	09.12.2021		
103	Series 123 C	8.66%	200.00	200.00	27.11.2021		
104	Series 153	7.40%	1,830.00	1,830.00	30.09.2021		
105	Series 151-A	7.47%	2,260.00	2,260.00	16.09.2021		
106	Series 150-A	7.50%	2,660.00	2,660.00	16.08.2021		
107	Series - 76-A	9.36%	2,589.40	2,589.40	01.08.2021		
108	Series 115 III	9.20%	700.00	700.00	07.07.2021		
109	Series 75-C	9.61%	2,084.70	2,084.70	29.06.2021		
110	Series 74	9.70%	1,693.20	1,693.20	09.06.2021		
111	Series 28	8.85%	600.00	600.00	31.05.2021		
112	Series 146	8.05%	300.00	300.00	27.04.2021		
113	Series 73	9.18%	1,000.00	1,000.00	15.04.2021		
114	Series 175	7.75%	600.00	600.00	15.04.2021		
115	Series 173-B	7.73%	1,325.00	1,325.00	05.04.2021		
116	Series 173-A	7.73%	-	505.00	Repaid in FY 2020-21		
117	Series 112-C	9.70%	-	270.00			
118	Series 72-B	8.99%	-	1,219.00			
119	Series 71	9.05%	-	192.70			
120	Series 70	8.78%	-	1,549.00			
121	Series 141-A	8.46%	-	1,000.00			
122	Series 163	7.50%	-	2,435.00			
123	Series 182	8.20%	-	3,500.00			

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2021	31.03.2020			
124	Series 140-B	8.36%	-	1,250.00	Repaid in FY 2020-21		Redeemable at par on maturity
125	Series 138	8.45%	-	1,000.00			
126	Series 137	8.53%	-	2,700.00			
127	Series 68-B	8.70%	-	1,424.00			
128	Series 167	7.30%	-	1,560.00			
129	Series 165	7.42%	-	3,605.00			
130	Series 66-A	8.65%	-	500.00			
131	Series 166	7.46%	-	1,180.00			
132	Series 149	8.04%	-	100.00			
133	Series 159	7.05%	-	2,551.00			
134	Series 65-II	8.70%	-	1,337.50			
135	Series 131-B	8.38%	-	1,350.00			
136	Series 130-B	8.42%	-	200.00			
137	Series 85 C	9.30%	-	79.50			
138	Series 157	6.83%	-	2,000.00			
	Sub-Total (A)		**1,86,226.10**	**1,72,930.24**			

22.4.1 During FY 20-21, PFC has raised an amount of ₹ 4,428.99 crore through public issue of 44,289,857 number of Secured Public Issue (2020-21) under Tranche -I at face value of ₹ 1,000 each. These bonds are listed on BSE. The Debenture Trustee for the said public issue of NCDs is Beacon Trusteeship Ltd.

In case of PFC's Subsidiary REC Ltd.

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
1	Series 208	7.40%	3,613.80	-	15.03.2036	Redeemable at par on maturity
2	Series 207	7.02%	4,589.90	-	31.01.2036	
3	Series 183	8.29%	3,028.00	3,028.00	16.09.2034	
4	Series 182	8.18%	5,063.00	5,063.00	22.08.2034	
5	Series 201B	6.90%	1,300.00	-	31.03.2031	
6	Series 204A	6.90%	2,500.00	-	31.01.2031	
7	Series 203A	6.80%	5,000.00	-	20.12.2030	
8	Series 202A	7.25%	3,500.00	-	30.09.2030	
9	Series 198B	7.79%	1,569.00	-	21.05.2030	
10	Series 197	7.55%	3,740.00	-	11.05.2030	
11	Series 189	7.92%	3,054.90	3,054.90	31.03.2030	
12	Series 188	7.89%	1,100.00	1,100.00	31.03.2030	
13	Series 192	7.50%	2,382.00	2,382.00	28.02.2030	
14	Series 184 A	8.25%	580.40	290.20	26.09.2029	
15	Series 180 B	8.30%	2,070.90	2,070.90	25.06.2029	
16	Series 178	8.80%	1,097.00	1,097.00	14.05.2029	
17	Series 176	8.85%	1,600.70	1,600.70	16.04.2029	
18	Series 169	8.37%	2,554.00	2,554.00	07.12.2028	
19	Series 168	8.56%	2,552.40	2,552.40	29.11.2028	
20	Series 163	8.63%	2,500.00	2,500.00	25.08.2028	
21	Series 162	8.55%	2,500.00	2,500.00	09.08.2028	
22	Series 156	7.70%	3,533.00	3,533.00	10.12.2027	
23	Series 147	7.95%	2,745.00	2,745.00	12.03.2027	
24	Series 142	7.54%	3,000.00	3,000.00	30.12.2026	
25	Series 205B	5.94%	2,100.00	-	31.01.2026	
26	Series 204B	5.81%	2,000.00	-	31.12.2025	

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
27	Series 203B	5.85%	2,082.00	-	20.12.2025	Redeemable at par on maturity
28	Series 140	7.52%	2,777.00	2,100.00	07.11.2026	
29	Series 136	8.11%	2,585.00	2,585.00	07.10.2025	
30	Series 95-II	8.75%	1,800.00	1,800.00	14.07.2025	
31	Series 94	8.75%	1,250.00	1,250.00	09.06.2025	
32	Series 133	8.30%	2,396.00	2,396.00	10.04.2025	
33	Series 201A	5.90%	900.00	-	31.03.2025	
34	Series 190A	6.88%	2,500.00	2,500.00	20.03.2025	
35	Series 131	8.35%	2,285.00	2,285.00	21.02.2025	
36	Series 130	8.27%	2,325.00	2,325.00	06.02.2025	
37	Series 129	8.23%	1,925.00	1,925.00	23.01.2025	
38	Series 128	8.57%	2,250.00	2,250.00	21.12.2024	
39	Series 186 B	7.40%	1,500.00	1,500.00	26.11.2024	
40	Series 191 B	6.99%	1,100.00	1,100.00	30.09.2024	
41	Series 123 III B	9.34%	1,955.00	1,955.00	23.08.2024	
42	Series 180 A	8.10%	1,018.00	1,018.00	25.06.2024	
43	Series 209	5.79%	1,550.00	-	20.03.2024	
44	Series 205-A	4.99%	2,135.00	-	31.01.2024	
45	Series 202B	5.69%	2,474.00	-	30.09.2023	
46	Series 184 B STRP-D**	7.55%	298.00	298.00	26.09.2023	
47	Series 200 PP-MLD*	5.36%	500.00	-	30.06.2023	
48	Series 191 A	6.80%	1,100.00	1,100.00	30.06.2023	
49	Series 195	6.92%	2,985.00	-	22.04.2023	
50	Series 114	8.82%	4,300.00	4,300.00	12.04.2023	
51	Series 188 A	7.12%	1,400.00	1,400.00	31.03.2023	
52	Series 159	7.99%	950.00	950.00	23.02.2023	
53	Series 187	7.24%	2,090.00	2,090.00	31.12.2022	
54	Series 185	7.09%	2,759.00	2,759.00	13.12.2022	
55	Series 155	7.45%	1,912.00	1,912.00	30.11.2022	
56	Series 111-II	9.02%	2,211.20	2,211.20	19.11.2022	
57	Series 152	7.09%	1,225.00	1,225.00	17.10.2022	
58	Series 184 B STRP-C	7.55%	300.00	300.00	26.09.2022	
59	Series 150	7.03%	2,670.00	2,670.00	07.09.2022	
60	Series 186 A	6.90%	2,500.00	2,500.00	30.06.2022	
61	Series 107	9.35%	2,378.20	2,378.20	15.06.2022	
62	Series 179	8.15%	1,000.00	1,000.00	10.06.2022	
63	Series 167	8.45%	2,571.80	2,571.80	22.03.2022	
64	Series 198 A	6.60%	2,596.00	-	21.03.2022	
65	Series 173	8.35%	2,500.00	2,500.00	11.03.2022	
66	Series 132	8.27%	700.00	700.00	09.03.2022	
67	Series 145	7.46%	625.00	625.00	28.02.2022	
68	Series 165	8.83%	2,171.00	2,171.00	21.01.2022	
69	Series 193	6.99%	1,115.00	1,115.00	31.12.2021	
70	Series 190 B	6.32%	2,489.40	2,489.40	31.12.2021	
71	Series 177	8.50%	1,245.00	1,245.00	20.12.2021	
72	Series 141	7.14%	1,020.00	1,020.00	09.12.2021	
73	Series 127	8.44%	1,550.00	1,550.00	04.12.2021	
74	Series 105	9.75%	3,922.20	3,922.20	11.11.2021	
75	Series 139	7.24%	2,500.00	2,500.00	21.10.2021	
76	Series 184 B STRP-B	7.55%	300.00	300.00	26.09.2021	

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for the year ended March 31, 2021

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
77	Series 101-III	9.48%	3,171.80	3,171.80	10.08.2021	Redeemable at par on maturity
78	Series 123 I	9.40%	1,515.00	1,515.00	17.07.2021	
79	Series 100	9.63%	1,500.00	1,500.00	15.07.2021	
80	Series 174	8.15%	2,720.00	2,720.00	18.06.2021	
81	Series 161-B	7.73%	800.00	800.00	15.06.2021	
82	Series 154	7.18%	600.00	600.00	21.05.2021	
83	Series 157	7.60%	1,055.00	1,055.00	17.04.2021	
84	Series 158	7.70%	-	2,465.00	15.03.2021	
85	Series 98	9.18%	-	3,000.00	15.03.2021	
86	ZCB Series II	-	-	250.29	03.02.2021	
87	Series 153	6.99%	-	2,850.00	31.12.2020	
88	ZCB Series I	-	-	1,114.56	15.12.2020	
89	Series 97	8.80%	-	2,120.50	Repaid in FY 2020-21	
90	Series 96	8.80%	-	1,150.00		
91	Series 184 B STRP-A	7.55%	-	300.00		
92	Series 149	6.87%	-	2,485.00		
93	Series 135	8.36%	-	2,750.00		
94	Series 144	7.13%	-	835.00		
95	Series 172	8.57%	-	1,790.00		
96	Series 134	8.37%	-	2,675.00		
97	Series 143	6.83%	-	1,275.00		
98	Series 148	7.42%	-	1,200.00		
	Sub-Total (B)		**1,73,326.60**	**1,53,485.05**		
	Total (A+B)		**3,59,552.70**	**3,26,415.29**		

* PP-MLD– Principal Protected Market Linked Debentures
** STRPP– Separately Transferable Redeemable Principal Parts

22.5 The details of Foreign Currency Notes outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
	In case of PFC					
1	3.35% USD Bonds 2031	3.35%	3,675.23	-	16.05.2031	Redeemable at par on maturity
2	3.95% USD Bonds 2030	3.95%	5,512.85	5,653.94	23.04.2030	
3	3.90% USD Bonds 2029	3.90%	3,307.71	3,392.36	16.09.2029	
4	4.50% USD Bonds 2029	4.50%	4,410.28	4,523.15	18.06.2029	
5	6.15% USD Bonds 2028	6.15%	3,675.24	3,769.29	06.12.2028	
6	5.25% USD Bonds 2028	5.25%	2,205.14	2,261.58	10.08.2028	
7	3.75% USD Green Bonds 2027	3.75%	2,940.19	3,015.44	06.12.2027	
8	3.25% USD Bonds 2024	3.25%	2,205.14	2,261.58	16.09.2024	
9	3.75% USD Bonds 2024	3.75%	2,940.19	3,015.44	18.06.2024	
	Sub-Total (A)		**30,871.97**	**27,892.78**		
	In case of PFC's Subsidiary REC Ltd.					
1	4.625% US $300 Mn Bonds	4.625%	2,205.14	2,261.58	22.03.2028	Redeemable at par on maturity
2	3.875% US $450 Mn Green Bonds	3.875%	3,307.71	3,392.37	07.07.2027	
3	2.25% US $500 Mn Bonds	2.250%	3,675.24	-	01.09.2026	
4	3.50% US $500 Mn Bonds	3.500%	3,675.24	3,769.30	12.12.2024	
5	3.375% US $650 Mn Bonds	3.375%	4,777.81	4,900.08	25.07.2024	
6	5.250% US $700 Mn Bonds	5.250%	5,145.33	5,277.01	13.11.2023	
7	4.75% US $500 Mn Bonds	4.750%	3,675.24	-	19.05.2023	

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
8	3.068% US $400 Mn Bonds	3.068%	-	3,015.44	Repaid in FY 2020-21	
	Sub-Total (B)		**26,461.71**	**22,615.78**		
	Total (A+B)		**57,333.68**	**50,508.56**		

22.6 The details of Commercial Papers outstanding are as follows:

Sr. No.	Commercial Paper Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
	In case of PFC					
1	CP - 115	4.03%	3,120.00	-	30.07.2021	Redeemable at par on maturity
	Less: Unamortised Financial Charges		(39.77)	-		
	Sub-Total (A)		**3,080.23**	**-**		
	In case of PFC's Subsidiary REC Ltd.					
1	63rd Series	7.90%		675.00	Repaid in FY 2020-21	
2	64th Series	5.48%		2,250.00		
	Sub-Total (B)		**-**	**2,925.00**		
	Total (A+B)		**3,080.23**	**2,925.00**		

22.7 The details of Bond Application Money outstanding are as follows:

Sr. No.	Particulars	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2021	31.03.2020		
	In case of PFC's Subsidiary REC Ltd.					
1	54EC Capital Gain Tax Exemption Bonds	5.00%	**856.62**	400.19	Redeemable at par after 5 years from the deemed date of allotment.	
	Total		**856.62**	**400.19**		

In case of PFC details of security are as under

22.8 These bond series are secured by first pari-passu charge on present and future receivables (excluding those receivables which are specifically charged for infrastructure bonds issued during the FY 2010-11, the security details of which is contained at Note 22.9) along with first pari-passu charge on immovable property situated at Guindy, Chennai.

22.9 Infrastructure Bonds (2010-11) Series I, II , III and IV are secured by charge on specific book debt of ₹ 710.26 crore as on 31.03.2021 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.

22.10 54 EC Capital Gain Tax Exemption Bonds, Taxable Secured Public Issue (2020-21) Tranche-I all Series & all category, and all other Tax Free Bonds Series are secured by first pari-passu charge on the total receivables / book debts of the Company (excluding those receivables which are specifically charged for infrastructure bonds issued during the FY 2010-11, the security details of which is contained at Note 22.9), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and/or others under / pursuant to the Transaction Documents.

In case of PFC's Subsidiary REC Ltd. details of security are as under

22.11 For all the secured bonds issued by the REC Ltd. and outstanding as at balance sheet date, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the REC Ltd.

22.12 The Bond Series 123-I and 123-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer

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and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

22.13 Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crore of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

22.14 Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the REC Ltd. in favour of SBICap Trustee Company Ltd.

22.15 The Bond Series XI, XII and XIII of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged / earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

22.16 The Bond Series XIV of 54EC Capital Gain Tax Exemption Bonds are secured by first pari passu charge on hypothecation of receivables (other than those that are exclusively charged / earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

22.17 Refer Note 12 and 17 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.

23. BORROWINGS (OTHER THAN DEBT SECURITIES)

The Company and its Subsidiary REC Ltd., have categorised Borrowings (other than Debt Securities) at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(A)	Term Loans		
(i)	From Banks and Financial Institutions		
	- Foreign Currency Loans (Refer Note 23.1 and 23.3)	7,088.19	8,924.03
	- Syndicated Foreign Currency Loans (Refer Note 23.2 and 23.3)	38,229.46	39,619.89
	- Rupee term Loan (Refer Note 23.4)	89,337.56	69,498.76
(ii)	From other Parties		
	- Rupee term Loan - GoI (Refer Note 23.6)	17,500.00	17,500.00
(B)	Other Loans		
(i)	- Loan against Term Deposits (Refer Note 23.7)	683.04	-
(ii)	- Working Capital Demand Loan / Overdraft / Cash Credit / Line of Credit (Refer Note 23.8)	10,186.52	4,793.22
(C)	Interest accrued but not due on above	680.87	767.95
(D)	Unamortised Transaction Cost on above	(361.22)	(439.25)
	Total Borrowings (other than Debt Securities)	**1,63,344.42**	**1,40,664.60**
(i)	Geography-wise Borrowings		
(i)	Borrowings in India	1,23,631.61	99,417.29
(ii)	Borrowings outside India	39,712.81	41,247.31
	Total Geography-wise Borrowings	**1,63,344.42**	**1,40,664.60**

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23.1 Details of Unsecured Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at 31.03.2021	Principal Amount (₹ in crore) outstanding as at 31.03.2020	Date of Redemption	Redemption details
	In case of PFC				
1	KFW I (Guaranteed by the Government of India)	46.79	48.26	Semi Annual Instalments Till 30.12.2035	Redeemable in semi annual instalments
2	ADB (Guaranteed by the Government of India)	66.96	79.46	Semi Annual Instalments Till 15.10.2028	
3	Credit National (Guaranteed by the Government of India)	36.90	44.66	Semi Annual Instalments Till 30.06.2028	
	Sub-Total (A)	**150.65**	**172.38**		
	In case of PFC's Subsidiary REC Ltd.				
1	JICA Loan	50.06	99.46	0.75% JICA-I loan repayable in half-yearly instalments till 20.03.2021, next instalment falling due on 20.09.2020 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2020	
2	2.89% KfW-II Loan	-	64.60	Loan repaid on 30.12.2020	
3	1.86% KfW-III Loan	317.22	393.41	Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2020	
4	6M USD Libor + 0.13% KfW-IV Loan	1,241.16	1,220.98	Repayable in equal half-yearly instalments till 15.11.2030 of €12.00 Mn, first instalment falling due on 15.11.2021	
5	US$200 Mn	1,470.09	-	20.12.2021	Bullet Repayment at the end of the tenor
6	US$100 Mn	735.05	-	30.12.2021	
7	US$75 Mn	551.29	-	15.11.2021	
8	US$200 Mn	1,470.09	-	30.12.2021	
9	US$75 Mn	551.29	-	20.05.2021	
10	US$75 Mn	551.29	-	22.04.2021	
11	US $135 Mn	-	1,017.71	Repaid in FY 2020-21	
12	US$100 Mn	-	753.86		
13	US$140 Mn	-	1,055.40		
14	US$100 Mn	-	753.86		
15	US$100 Mn	-	753.86		
16	US$200 Mn	-	1,507.72		
17	US$150 Mn	-	1,130.79		
	Sub-Total (B)	**6,937.54**	**8,751.65**		
	Total (A+B)	**7,088.19**	**8,924.03**		

23.2 Details of Unsecured Syndicated Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at 31.03.2021	Principal Amount (₹ in crore) outstanding as at 31.03.2020	Date of Redemption	Redemption details
	In case of PFC				
1	SLN 30	735.05	-	13.10.2025	Bullet Repayment at the end of the tenor
2	SLN 30	2205.14	-	05.11.2025	
3	SLN 29	1,837.62	1,884.65	20.12.2024	
4	SLN 27	1,089.02	1,143.01	01.02.2024	
5	SLN 26	1,837.62	1,884.65	26.09.2023	
6	SLN 23	1,837.62	1,884.65	22.03.2023	
7	SLN 22	1,837.62	1,884.65	28.02.2023	
8	SLN 21	2,205.14	2,261.57	12.12.2022	
9	SLN 28 USD	1,837.62	1,884.65	28.06.2022	
10	SLN 28 JPY	356.30	373.97	28.06.2022	

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
11	SLN 17	1,102.57	3,392.36	24.09.2021	Redeemable in three equal instalments falling due on 28.09.2020, 26.03.2021 and 24.09.2021.
12	SLN 18	1,931.86	3,041.47	04.11.2022	Redeemable in three equal instalments falling due on 06.11.2020, 08.11.2021 and 04.11.2022.
	Sub-Total (A)	**18,813.18**	**19,635.63**		
	In case of PFC's Subsidiary REC Ltd.				
1	US $300 Mn	2,205.14	-	02.06.2030	Bullet Repayment at the end of the tenor
2	US $425 Mn	3,123.95	-	16.03.2026	
3	US $170 Mn	1,249.58	-	06.10.2025	$100 Mn repayable on 26.03.2025 and $ 70 Mn repayable on 06.10.2025
4	¥ 10,519 Mn	698.04	-	25.09.2025	Bullet Repayment at the end of the tenor
5	US $75 Mn	551.29	565.39	30.03.2025	
6	US $72.07 Mn	391.79	380.80	30.03.2025	
7	US $100 Mn	735.05	753.86	01.07.2024	
8	US $150 Mn	1,102.57	1,130.79	29.03.2024	
9	US $250 Mn	1,837.62	1,884.65	27.03.2024	
10	¥ 10,327.12 Mn	685.31	719.28	31.08.2023	
11	US $250 Mn	1,837.62	1,884.65	08.08.2023	
12	US $150 Mn	1,102.57	1,130.79	11.09.2022	
13	US $200 Mn	1,470.09	1,507.72	28.07.2022	
14	US $230 Mn	1,690.61	1,733.88	19.01.2022	
15	US $100 Mn	735.05	753.86	05.10.2021	
16	US $240 Mn	-	1,809.26	Repaid during FY 2020-21	Repaid during FY 2020-21
17	US $160 Mn	-	1,206.17		
18	US $300 Mn	-	2,261.58		
19	US $300 Mn	-	2,261.58		
	Sub-Total (B)	**19,416.28**	**19,984.26**		
	Total (A+B)	**38,229.46**	**39,619.89**		

23.3 In case of PFC Ltd. Foreign Currency Borrowings as at 31.03.2021 in above Note No. 23.1 and 23.2 have been raised at interest rate spread ranging from 60 bps to 150 bps over 6 Months USD/JPY LIBOR (London Inter Bank Offered Rate).

In case of PFC's Subsidiary REC LTd. Foreign Currency Borrowings in Note No. 23.2 have been raised at interest rates ranging from a spread of 20 bps to 210 bps over external benchmarks including 1/3/6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate), 6 Months' SOR (Swap Offer Rate).

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23.4 Details of Rupee Term Loan outstanding are as follows:

(i) Secured Rupee Term Loan

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at 31.03.2021	31.03.2020	Date of Redemption	Redemption details
	In case of PFC				
1	Indian Bank	500.00	500.00	02.01.2027	Bullet Repayment at the end of the tenor
2	Indian Bank	1,800.00	1,800.00	29.06.2026	The loan is to be repaid in 12 quarterly instalments of ₹ 150 crore each starting from 29-Sep-2023 and ending on 29-Jun-2026
3	Union Bank of India	1,800.00	-	30.09.2025	The loan is to be repaid in 04 annual instalments of ₹ 450 crore each starting from 30-Sep-22 and ending on 30-Sep-2025
4	Punjab National Bank	225.00	225.00	30.09.2025	The loan is to be repaid in 04 annual instalments of ₹ 56.25 crore each starting from 30-Sep-22 and ending on 30-Sep-2025
5	Indian Bank	1,500.00	-	28.09.2025	The loan is to be repaid in 08 half yearly instalments of ₹ 187.50 crore each starting from 28-Mar-22 and ending on 28-Sep-2025
6	State Bank of India	5,000.00	-	10.07.2025	The loan is to be repaid in 7 quarterly instalments comprising 6 instalments of ₹ 715 crore each and thereafter final instalment of ₹ 710 crore each starting from 10-Jul-2022 and ending on 10-Jul-2025
7	Bank of India	1,000.00	1,000.00	02.03.2025	The loan is to be repaid in 2 Annual instalments of ₹ 500 crore each starting from 02-Mar-2024 and ending on 02-Mar-2025
8	Punjab National Bank	1,500.00	1,500.00	25.02.2025	There is a moratorium period of 2 years on principal repayment and after the completion of moratorium period of 02 years from date of disbursement, the loan is to be repaid in 04 annual instalments of ₹ 375 crore each starting from 25-Feb-22 and ending on 25-Feb-2025
9	Union Bank of India	400.00	500.00	30.09.2024	The loan is to be repaid in 5 annual instalments of ₹ 100 crore each starting from 30-Sep-2020 and ending on 30-Sep-2024
10	Canara Bank	1,000.00	1,000.00	29.06.2024	Bullet Repayment at the end of the tenor
11	Canara Bank	500.00	500.00	24.06.2024	
12	Canara Bank	500.00	500.00	21.06.2024	
13	Union Bank of India	600.00	800.00	15.03.2024	The loan is to be repaid in 5 annual instalments of ₹ 200 crore each starting from 15-Mar-2020 and ending on 15-Mar-2024
14	Bank of Maharashtra	750.00	750.00	11.03.2024	Moratorium: 2 years (8 quarters) from the date of 1st disbursement. Principal shall be repaid in 12 structured quarterly instalments, i.e. 4 instalments of ₹ 18.75 crore each from 9th-12th quarter, 4 instalments of ₹ 56.25 crore each from 13th-16th quarter and thereafter 4 instalments of ₹ 112.50 crore each from 17th-20th quarter
15	Canara Bank	1,000.00	1,000.00	20.02.2024	Bullet Repayment at the end of the tenor
16	Bank of Baroda	1,400.00	-	15.10.2023	The loan is to be repaid in 8 quarterly instalments of ₹ 175 crore each starting from 15-Jan-2022 and ending on 15-Oct-2023
17	Karnataka Bank	500.00	500.00	31.07.2022	The loan is to be repaid in 5 quarterly instalments of ₹ 100 crore each starting from 31-July-2021 and ending on 31-July-2022
	Total Secured Rupee Term Loan	**19975.00**	**10575.00**		

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(ii) Unsecured Rupee Term Loan

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at 31.03.2021	Principal Amount (₹ in crore) outstanding as at 31.03.2020	Date of Redemption	Redemption details
	In case of PFC				
1	Canara Bank	2,000.00	-	22.09.2026	The loan is to be repaid in 20 quarterly instalments of ₹ 100 crore each starting from 22-Dec-2021 and ending on 22-Sep-2026
2	Bank of India	1,000.00	-	11.09.2026	The loan is to be repaid in 4 annual instalments of ₹ 250 crore each starting from 11-Sep-2023 and ending on 11-Sep-2026
3	Canara Bank	500.00	500.00	23.03.2026	The loan is to be repaid in 10 half-yearly instalments of ₹ 50 crore each starting from 23-Sep-2021 and ending on 23-Mar-2026
4	Bank of Maharashtra	500.00	-	30.06.2025	The loan is to be repaid in 2 instalments of ₹ 250 crore each due on starting from 30-Jun-2023 and 30-Jun-2025
5	Union Bank of India	2,500.00	2,500.00	23.03.2025	The loan is to be repaid in 4 annual instalments of ₹ 625 crore each starting from 23-Mar-2022 and ending on 23-Mar-2025
6	Punjab National Bank	1,000.00	1,000.00	20.03.2025	The loan is to be repaid in 3 annual instalments of ₹ 333.33 crore each starting from 20-Mar-2023 and ending on 20-Mar-2025
7	Union Bank of India	800.00	800.00	15.01.2025	The loan is to be repaid in 8 quarterly instalments of ₹ 100 crore each starting from 15-Apr-2023 and ending on 15-Jan-2025
8	State Bank of India	3,000.00	3,000.00	19.12.2024	Bullet Repayment at the end of the tenor
9	Bank of Baroda	1,900.00	2,000.00	15.04.2024	The loan is to be repaid in 5 annual instalments comprising 2 instalment of ₹ 100 crore each and thereafter 3 instalment of ₹ 600 crore each starting from 15-Apr-2020 and ending on 15-Apr-2024
10	Canara Bank	1,750.00	1,750.00	20.03.2024	The loan is to be repaid in 8 quarterly instalments of ₹ 218.75 crore each starting from 20-Jun-2022 and ending on 20-Mar-2024
11	Bank of India	2,000.00	2,000.00	21.01.2024	Bullet Repayment at the end of the tenor
12	Canara Bank	500.00	500.00	15.01.2024	
13	Canara Bank	500.00	500.00	28.12.2023	
14	Punjab National Bank	995.00	995.00	24.12.2023	
15	HDFC Bank Ltd.	750.00	750.00	05.10.2023	
16	State Bank of India	2,999.98	5,999.98	27.09.2023	₹ 3000 crore repaid on 30.03.2021 balance amount to be paid at the end of the tenor.
17	Bank of Baroda	3,000.00	-	15.07.2023	The loan is to be repaid in 8 quarterly instalments comprising 4 instalment of ₹ 250 crore each and thereafter 4 instalment of ₹ 500 crore each starting from 15-Oct-2021 and ending on 15-Jul-2023
18	UCO Bank	200.00	-	26.05.2023	Bullet Repayment at the end of the tenor
19	UCO Bank	500.00	500.00	31.03.2023	
20	HDFC Bank Ltd.	2,000.00	-	31.05.2022	
21	India Infrastructure Finance Company Limited	1,429.00	1,429.00	31.03.2022	
22	HDFC Bank Ltd.	1,000.00	-	30.12.2021	
23	HDFC Bank Ltd.	1,000.00	-	27.11.2021	
24	India Infrastructure Finance Company Limited	800.00	800.00	14.09.2021	
25	UCO Bank	1,000.00	1,000.00	23.08.2021	
26	Indian Overseas Bank	-	400.00	Repaid in FY 202-21	
27	Indian Overseas Bank	-	400.00		

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at 31.03.2021	Principal Amount (₹ in crore) outstanding as at 31.03.2020	Date of Redemption	Redemption details
28	India Infrastructure Finance Company Limited	-	271.00	Repaid in FY 202-21	Bullet Repayment at the end of the tenor
29	Bank of Baroda	-	700.00		
30	HDFC Bank Ltd.	-	750.00		
31	Canara Bank	-	1,500.00		
32	Bank of India	-	1,000.00		
33	Union Bank of India	-	1,979.00		
34	Bank of Baroda	-	2,000.00		
35	Punjab National Bank	-	2,000.00		
36	Punjab National Bank	-	2,000.00		
	Sub-Total (A)	**33,623.98**	**39,023.98**		
	In case of PFC's Subsidiary REC Ltd.				
1	Bank of Baroda	2,000.00	2,500.00		₹ 958.50 Crore repayable on 12.12.2021 and ₹ 1041.50 Crore repayable on 12.12.2022
2	HDFC Bank Ltd.	4,650.00	2,000.00		₹ 1000 Crore repayable on 24.02.2022 and ₹ 650 Crore repayable on 30.09.2022, ₹ 1500 Crore repayable on 19.06.2023, ₹ 300 Crore repayble on 29.09.2023, ₹ 350 Crore repayable on 11.10.2023, ₹ 350 Crore repayable on 05.11.2023 and ₹ 500 Crore repayable on 15.01.2024.
3	Punjab National Bank	4,396.84	2,399.87		₹ 1,999.98 Crore repayable in 3 annual instalments, first instalment due on 15.09.2021, ₹ 399.87 Crore repayable in 8 semi-annual instalments, first instalment due on 01.10.2021 and ₹ 1,996.99 Crore repayable in 3 annual instalments, first instalment due on 27.08.2023.
4	State Bank of India	10,839.90	7,299.92		₹ 1,839.97 Crore repayable in 4 annual instalments, first instalment due on 05.09.2021, ₹ 3,999.93 Crore repayable in 2 annual instalments, first instalment due on 15.10.2021 and ₹ 5,000 Crore repayable in 7 semi-annual instalments, first instalment due on 14.07.2022.
5	Union Bank of India	3,399.34	2,199.99		₹ 1,499.70 Crore repayable in 6 semi-annual instalments, first instalment due on 25.06.2022 and ₹ 1,899.64 Crore repayable in 6 semi-annual instalments, first instalment due on 20.02.2023.
6	Canara Bank	1,000.00	2,500.00		₹ 150 Crore repayable on 28.02.2023, ₹ 425 Crore repayable on 29.02.2024 and ₹ 425 Crore repayable on 28.02.2025
7	India Infrastructure Finance Company Limited	5,800.00	1,000.00		₹ 1,000 Crore repayable on 04.06.2022 and ₹ 800 Crore repayable on 25.06.2023, ₹ 1500 Crore repayable on 23.02.2024, ₹ 500 Crore repayable on 15.03.2024, ₹ 1000 Crore repayable on 26.03.2026 and ₹ 1000 Crore repayable on 30.03.2026
8	HSBC Bank	1,652.50	-		₹ 565 Crore repayable on 19.05.2025, ₹ 187.5 Crore repayable on 18.12.2025 and ₹ 900 Crore repayable on 25.03.2026.
9	Deutsche Bank	500.00	-		₹ 500 Crore repayable on 18.12.2023
10	JP Morgan	1,500.00	-		₹ 1,500 Crore repayable on 26.03.2024
	Sub-Total (B)	**35,738.58**	**19,899.78**		
	Total Rupee Term Loan (Unsecured)	**69,362.56**	**58,923.76**		
	Total Rupee Term Loan (Unsecured & Secured)	**89,337.56**	**69,498.76**		

23.5 In case of PFC Ltd. borrowings as at 31.03.2021 in above Note 23.4 have been raised at respective bank's Benchmark rate plus spread ranging from 5 to 320 bps.

In case of PFC Subsidiary REC Ltd. Term Loans from banks/ financial institutions/ Govt. in above Note 23.4 have been raised at interest rates ranging from 5.15% to 8.29% payable on monthly/quarterly/semi annual rests.

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23.6 Details of Unsecured Rupee term Loan - GoI outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
	In case of PFC				
1	National Small Savings Fund Scheme (NSSF) (Coupon rate - 8.11% p.a.)	7,500.00	7,500.00	27.12.2028	Bullet Repayment at the end of the tenor
	In case of PFC's Subsidiary REC Ltd.				
1	National Small Savings Fund Scheme (NSSF) (Coupon rate - 8.29% p.a.)	5,000.00	5,000.00	04.10.2029	Bullet Repayment at the end of the tenor
2	National Small Savings Fund Scheme (NSSF) (Coupon rate - 8.16% p.a.)	5,000.00	5,000.00	13.12.2028	Bullet Repayment at the end of the tenor
	Total Unsecured Rupee term Loan - GoI	**17,500.00**	**17,500.00**		

23.7 Details of Loan against Term Deposits outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
	In case of PFC				
1	HDFC Bank Ltd.	683.04	-	02.04.2021	Redeemed at par on maturity date
	Total Loan against Term Deposits	**683.04**	**-**		

23.8 Details of Unsecured WCDL / OD / CC / Line of Credit outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2021	31.03.2020		
	In case of PFC				
1	State Bank of India (WCL)	-	1,200.00	Repaid in FY 2020-21	Bullet Repayment at the end of the tenor
2	Punjab National Bank (WCDL)	-	600.00		
3	Punjab National Bank (OD)	-	238.36		Running facility
	In case of PFC's Subsidiary REC Ltd.				
1	Short-Term Loans/ Loans repayable on demand from Banks	10,186.52	2,754.86		Running facility
	Total WCDL / OD / CC / Line of Credit	**10,186.52**	**4,793.22**		

23.9 None of the borrowings have been guaranteed by Directors.

23.10 There has been no default in repayment of borrowings and interest during periods presented above.

23.11 Refer Note 12 for carrying values of the receivable pledged as security against secured rupee term loans. Secured rupee term loans are secured by first pari-passu charge in favour of lending banks on the receivables of the Company limited to payment/ repayment of the term loan including interest, additional interest, cost and expenses and all other monies whatsoever payable/ repayable by the Company to lending bank and/or others under/pursuant to the security document except for those receivables which are already charged in favour of Catalyst Trusteeship Ltd. (formally known as GDA Trusteeship Limited).

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for the year ended March 31, 2021

24. SUBORDINATED LIABILITIES

The Company and its Subsidiary REC Ltd., have categorised Subordinated Liabilities at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
	Subordinated Liabilities		
(i)	Subordinated Bonds (Refer Note 24.1)	15,862.20	13,862.70
(ii)	Interest accrued but not due on above	401.28	273.61
(iii)	Unamortised Transaction Cost on above	(6.39)	(5.71)
	Total Subordinated Liabilities	**16,257.09**	**14,130.60**
	Geography-wise Subordinated Liabilities		
(i)	Subordinated Bonds in India	16,257.09	14,130.60
(ii)	Subordinated Bonds outside India	-	-
	Total Geography-wise Subordinated Liabilities	**16,257.09**	**14,130.60**

24.1 Details of Subordinated Bonds are as under:

Sr. No.	Bond Series	As at 31.03.2021	As at 31.03.2020
1	Subordinated Tier II Debt Bond - 8.19% Bond Series 105 - PFC Ltd.	800.00	800.00
2	Subordinated Tier II Debt Bond - 9.65% Bond Series 111 - PFC Ltd.	1,000.00	1,000.00
3	Subordinated Tier II Debt Bond - 9.70% Bond Series 114 - PFC Ltd.	2,000.00	2,000.00
4	Subordinated Tier II Debt Bond - 9.25% Bond Series 184A - PFC Ltd.	2,000.00	2,000.00
5	Subordinated Tier II Debt Bond - 9.10% Bond Series 184 B - PFC Ltd.	2,411.50	2,411.50
6	Subordinated Tier II Debt Bond - 8.98% Bond Series 185 - PFC Ltd.	1,000.00	1,000.00
7	Subordinated Tier II Debt Bond - 7.96% Bond Series 199 - REC Ltd.	1,999.50	-
8	Subordinated Tier II Debt Bond - 8.97% Bond Series 175 - REC Ltd.	2,151.20	2,151.20
9	Subordinated Tier II Debt Bond - 8.06% Bond Series 115 - REC Ltd.	2,500.00	2,500.00
	Total	**15,862.20**	**13,862.70**

25. OTHER FINANCIAL LIABILITIES

The Group has categorised Other Financial Liabilities at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments' other than "Lease Liability" presented below, which is measured in accordance with Ind AS 116 'Leases'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Payable on account of Government of India Serviced Bonds (Refer Note 25.1)	29,352.64	26,831.04
(ii)	Advance received from Associates*	176.86	168.42
(iii)	Unclaimed Dividends (Refer Note 25.2)	9.69	8.23
(iv)	Unpaid - Bonds and Interest Accrued thereon (Refer Note 25.2)		
	- Unclaimed Bonds	50.30	39.66
	- Unclaimed Interest on Bonds	167.87	33.13
(v)	Others		
	- Application Money Refundable on Bonds and interest accrued thereon	0.69	0.83
	- Interest Subsidy Fund and other GOI Funds for disbursement as subsidy / Grants	1,346.91	1,838.08
	- Payable under APDRP/IPDS scheme (Refer Note 25.4)	211.00	-
	- Payable towards funded staff benefits	9.00	0.38
	- Lease Liability (Refer Note 51.1)	9.43	13.97
	- Other liabilities	740.21	245.42
	Total Other Financial Liabilities	**32,074.60**	**29,179.16**

*Payable in cash

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

25.1 Details of GoI Serviced Bonds (Unsecured Taxable Bonds):

Sr. No.	Bond Series	As at 31.03.2021	As at 31.03.2020
1	REC - GoI-I Series	1,837.00	1,837.00
2	REC - GoI-II Series	1,410.00	1,410.00
3	REC - GoI-III Series	753.00	753.00
4	REC - GoI-IV Series	3,000.00	3,000.00
5	REC - GoI-V Series	3,600.00	3,600.00
6	REC - GoI-VI Series	2,027.00	2,027.00
7	REC - GoI-VII Series	1,200.00	1,200.00
8	REC - GoI-VIII Series	4,000.00	4,000.00
9	REC - GoI-IX Series	1,500.00	1,500.00
10	REC - GoI-X Series	532.30	532.30
11	REC - GoI-XI Series	1,750.00	1,750.00
12	REC - GoI- XII Series	1,000.00	-
13	REC - GoI- XIII Series	1,000.00	-
14	REC - GoI- XIV Series	500.00	-
15	PFC Bond Series 156-GoI Fully Serviced Bond	200.00	200.00
16	PFC Bond Series 158-GoI Fully Serviced Bond	1,335.00	1,335.00
17	PFC Bond Series 160-GoI Fully Serviced Bond	1,465.00	1,465.00
18	PFC Bond Series 164-GoI Fully Serviced Bond	2,000.00	2,000.00
19	Interest accrued on above	243.34	221.74
	Total GoI Serviced Bonds (Unsecured Taxable Bonds)	**29,352.64**	**26,831.04**

25.2 Unclaimed dividends, unclaimed bonds and interest thereon include the amounts which have either not been claimed by the investors / holders of the instruments or are on hold pending legal formalities etc. Out of the above, the amount eligible to be transferred to Investor Education and Protection Fund has been transferred.

25.3 Interest Subsidy Fund under Accelerated Generation & Supply Programme (AG&SP):

PFC & RECL claimed subsidy from GoI at net present value calculated at indicative interest rates in accordance with GOI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. Impact of difference between indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after end of respective schemes.

A. In respect of PFC

Balance under the head Interest Subsidy Fund shown as Other Financial Liability, representing amount of subsidy received from MoP, GoI, comprises of the following: -

(₹ in crore)

Description	Year ended 31.03.2021	Year ended 31.03.2020
Opening Balance	17.31	15.96
Add: Received during the period	-	-
Interest credited during the period	1.41	1.35
Refund by the borrower due to non-commissioning of project in time	-	-
Less: Refunded to MoP:		
Estimated net excess against IX & X Plan	-	-
Due to non-commissioning of Project in time	-	-
Closing Balance	**18.72**	**17.31**

Interest subsidy passed on to borrowers during FY 2020-21 is ₹ 0.37 crore (previous year ₹ 1.13 crore).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

B. In respect of subsidiary, RECL

Net amount of ₹0.71 crore as at 31.03.2021 (₹ 0.69 Crore as at 31.03.2020) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following:-

(₹ in crore)

Description	Year ended 31.03.2021	Year ended 31.03.2020
Opening Balance of Interest Subsidy Fund	**0.69**	**0.63**
Add: Interest earned during the year	0.02	0.06
Less: Interest subsidy passed on to the borrower	-	-
Closing Balance of Interest Subsidy Fund	**0.71**	**0.69**

25.4 PFC has been designated as Nodal Agency for operationalisation and implementation of IPDS scheme under overall guidance of the MoP, GoI. Role of Nodal agency is mentioned in IPDS scheme which inter-alia includes pass through of loans/grants to eligible utilities under schemes of GOI. The Company receives the amount on such accounts and disburses it in accordance with the scheme. When funds are received from GOI, the amount is shown under other financial liabilities till the payments are released to the beneficiaries. For further details of the IPDS scheme, refer note 55.1.

25.5 Government of India has appointed RECL as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under the line item 'Interest Subsidy Fund and other GOI Funds for disbursement as subsidy / Grants' under 'Other Financial Liabilities'.

The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in crore)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Opening Balance	31.96	42.57
Add: Interest earned during the year	30.48	50.10
Less: Amount refunded to Govt. during the year	33.48	60.71
Closing Balance	**28.96**	**31.96**

26. PROVISIONS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	For Employee Benefits (Refer Note 50)		
	- Gratuity	1.79	2.76
	- Leave Encashment	79.76	73.20
	- Economic Rehabilitation of Employees	8.66	7.14
	- Provision for Bonus / Incentive	86.09	84.00
	- Provision for Staff Welfare Expenses	20.85	18.37
(ii)	Impairment Loss Allowance - Letter of Comfort (Refer Note 26.1)	66.12	188.85
	Total Provisions	**263.27**	**374.32**

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26.1 Movement of Impairment loss allowance on Letter of Comfort

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Opening balance	188.85	186.71
Creation during the year	13.47	8.87
Reversal during the year	(136.20)	(6.73)
Closing balance	**66.12**	**188.85**

26.2 The Group's exposure in relation to Letter of Comfort issued to banks on behalf of borrowers amounting to ₹ 6,530.95 crore (Previous year ₹1830.15 crore).

27. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Unamortised Fee – Undisbursed Loans Assets	217.36	151.91
(ii)	Sundry Liabilities (Interest Capitalisation)	37.09	6.57
(iii)	Statutory dues payable	87.92	31.18
(iv)	Others	1.72	-
(v)	Advance received from Govt. towards Govt. Schemes	1.17	4.14
	Total Other Non-Financial Liabilities	**345.26**	**193.80**

28. EQUITY SHARE CAPITAL

Sr. No.	Particulars	As at 31.03.2021		As at 31.03.2020	
		Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
(A)	**Authorised Capital**				
	Equity Share Capital (Par Value per share ₹ 10)	1,10,00,00,00,000	11,000.00	1,10,00,00,00,000	11,000.00
	Preference Share Capital (Par Value per share ₹ 10)	2,00,00,00,000	200.00	2,00,00,00,000	200.00
(B)	**Issued, Subscribed and Fully Paid-up Capital**				
	Equity Share Capital (Par Value per share ₹ 10)	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08
(C)	**Reconciliation of Equity Share Capital**				
	Opening Equity Share Capital	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08
	Changes during the period	-	-	-	-
	Closing Equity Share Capital	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08

28.1 Rights, preferences and restriction attached to equity shares

The Company had issued equity shares having par value of ₹ 10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of the shareholders.

28.2 Shares in the Company held by each shareholder holding more than 5% of the shares

Sr. No.	Particulars	As at 31.03.2021		As at 31.03.2020	
		Number of Shares	% of Equity Share Capital	Number of Shares	% of Equity Share Capital
(i)	President of India (Promoters)	1,47,82,91,778	55.99%	1,47,82,91,778	55.99%
(ii)	HDFC Trustee Company Ltd	23,81,25,247	9.02%	24,41,49,623	9.25%
(iii)	Life Insurance Corporation of India	15,75,97,304	5.97%	15,51,78,214	5.88%

28.3 Shares reserved for issue under options and contract / commitment for the sale of shares or disinvestment, including the terms and amount: Nil

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28.4 During the period of last 5 years, the Company has issued 132,00,40,704 bonus shares in the ratio of 1:1 during FY 2016-17 and has not bought back any shares.

28.5 Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date: Nil

28.6 Calls unpaid (showing aggregate value of calls unpaid by directors and officers): Nil

28.7 Forfeited shares (amount originally paid up): Nil

28.8 Capital Management: Refer Note 45.

29. OTHER EQUITY*

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Capital Reserve - Common Control (Refer Note 30.1 (i))	(13,461.00)	(13,461.00)
(ii)	Capital Reserve - Change in shareholding in JV	2.47	2.47
(iii)	Securities Premium (Refer Note 30.1 (ii))	3,953.74	3,953.74
(iv)	Foreign Currency Monetary Item Translation Difference Account (Refer Note 30.1 (iii))	(936.01)	(2,346.18)
(v)	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934 (Refer Note 30.1 (iv))	6,235.99	3,666.61
(vi)	Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income-Tax Act,1961 (Refer Note 30.1 (v))	1,407.54	4,089.44
(vii)	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 up to Financial Year 1996-97	599.85	599.85
(viii)	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98 (Refer Note 30.1 (vi))	31,833.14	27,616.89
(ix)	Interest Differential Reserve - KFW Loan (Refer Note 30.1 (vii))	62.65	61.40
(x)	General Reserve (Refer Note 30.1 (viii))	19,040.40	14,655.76
(xi)	Impairment Reserve (Refer Note 30.1 (ix))	-	417.55
(xii)	Retained Earnings (Refer Note (x))	9,760.52	8,080.18
(xiii)	Reserve for Equity Instruments through Other Comprehensive Income (Refer Note (xi))	(170.71)	(257.72)
(xiv)	Reserve for Effective portion of gains and loss on hedging instruments in a Cash Flow Hedge through other Comprehensive Income (Refer Note (xii))	(200.50)	(211.65)
(xv)	Costs of Hedging Reserve (Refer Note 30.1 (xiii))	(1.42)	(107.77)
(xvi)	Share of Other Comprehensive Income in Joint Venture and Associates	0.73	0.15
	Total Other Equity	**58,127.40**	**46,759.72**

*For movements during the period refer Consolidated Statement of Changes in Equity.

29.1 Nature and purpose of reserve

(i) Capital Reserve – Common Control

Consequent to the acquisition of REC Limited by PFC on 28th March,2019, the difference between PFC's share in equity share capital of REC Limited of ₹ 1039.50 and the consideration paid (including investment of ₹ 0.50 crore existing on the date of aquisition) of ₹ 14500.50 crore has been recognised as capital reserve-common control.

(ii) Securities Premium:

It represents amount of premium received on issue of equity share capital net of expense incurred on issue of equity shares. This amount can be utilised in accordance with the provisions of the Companies Act, 2013.

(iii) Foreign Currency Monetary Item Translation Difference Account:

It represents unamortised foreign exchange gain/loss on Long-term Foreign Currency Borrowings (existing as on 31.03.2018) and are amortised over the tenure of the respective borrowings.

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(iv) Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934:

It represents transfer from retained earning @ 20 % of net profit after tax for the year as disclosed in profit and loss account and before any dividend is declared. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India (RBI) from time to time and further, any such appropriation is also required to be reported to the RBI within 21 days from the date of such withdrawal.

(v) Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income-Tax Act,1961:

It has been created to enable the PFC and its subsidiary REC Ltd. to avail income tax deduction. The reserve so maintained is primarily utilised for adjustment of actual bad debts or part thereof. As per Section 36(1)(viia)(c) of Income Tax Act, 1961, the Company and its subsidiary REC Ltd. is eligible to avail deduction in respect of any provision / reserve made for bad and doubtful debts, not exceeding five percent of the total income as per Income Tax Act.

(vi) Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961:

It is maintained in order to enable PFC and its subsidiary REC Ltd. to avail tax benefits. As per Section 36(1)(viii) of the Income Tax Act, 1961, the Company and its subsidiary REC Ltd. is eligible for deduction not exceeding 20% of profit derived from long-term finance activity, provided such amount is transferred and maintained in special reserve account.

(vii) Interest Differential Reserve – KFW Loan:

It represents difference between the interest due and interest paid on KFW loan as per the loan agreement. Exchange gain/loss upon re-statement of loan balance, in accordance with the terms of the Foreign currency borrowing from KFW, is adjusted against this reserve. The Company is not required to repay the unadjusted balance in the reserve after complete repayment of KFW Loan. Any unadjusted balance in the reserve after complete repayment of KFW Loan shall be used for further lending by the Company after consulting with KFW.

(viii) General Reserve:

General Reserve includes the amounts appropriated from the profits of the Group before declaration of dividend (as was required under erstwhile Companies Act, 1956). It also includes the amount transferred from Statutory Reserves on utilisation / reversal of such Reserves. Further the Group appropriates profit to General Reserve in order to avail full eligible deduction of Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961.

(ix) Impairment Reserve:

As per the Reserve Bank of India (RBI) Guidelines, the Group is required to appropriate the difference from their net profit after tax to "Impairment Reserve" where the impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI. The Group reviews the requirement at each reporting date. In pursuance of the guidelines, an amount of ₹ 793.29 crore (attributable to owners of the parent 417.55 crore) lying under Impairment Reserve as on 31st March 2020 has been transferred to General Reserve during the current year.

(x) Retained Earnings:

It represent profits and specified items of other comprehensive income recognised directly in retained earnings earned by the Group after transfer to and from other reserves and dividend distributions.

(xi) Reserve for Equity Instruments through Other Comprehensive Income:

The Group elected to recognise changes in the fair value of certain investment in equity instruments through other comprehensive income. It represents cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income. When the asset is derecognised, amounts in the reserve are subsequently transferred to retained earnings and not to consolidated statement of profit and loss. Dividends on such investments are recognised in statement of profit & loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(xii) Reserve for Effective portion of gains and loss on hedging instruments in a Cash Flow Hedge through OCI:

The Group designates the intrinsic value of hedging instruments in 'Cash Flow Hedge' relationships. Amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

(xiii) Cost of Hedging Reserve:

The changes in fair value of the time value of hedging instruments are accumulated in a separate component of equity as "Cost of hedging reserve" and amortised to the Consolidated Statement of Profit and Loss on a systematic basis.

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29.2 The details of dividend paid by PFC on equity shares of face value of ₹ 10 each is as under:

Sr. No.	Particulars	FY 2020-21			FY 2019-20		
		% of Share Capital	Per equity share (₹)	Amount (₹ in crore)	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)
(i)	Interim Dividend	80%	8.00	2,112.07	95%	9.50	2,508.08
	Total Dividend	**80%**	**8.00**	**2,112.07**	**95%**	**9.50**	**2,508.08**

29.3 Events occuring after Balance Sheet date:

Board of Directors in its meeting held on 15.06.2021 has recommended final dividend @ 20% on the paid up equity share capital i.e. ₹ 2/- per equity share of ₹ 10/- each for the FY 2020-21 subject to approval of shareholders in ensuing Annual General Meeting.

30. NON-CONTROLLING INTEREST

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
	Balance at the beginning of the period	**16,765.57**	**16,363.02**
(i)	Share of Net Profit for the period	3,968.37	2,355.12
(ii)	Re-measurement of Defined Benefit Plans	(5.05)	(1.02)
(iii)	Share of Other Comprehensive Income / (Expense)	221.87	(261.31)
	Share of Total Comprehensive Income	**4,185.19**	**2,092.79**
(i)	Dividend paid to Non-Controlling Interest	(1,028.97)	(1,028.97)
(ii)	Dividend Distribution tax paid for Non-Controlling Interest	-	(211.28)
(iii)	Others	542.57	(450.00)
	Balance at the end of the period - towards Equity Share Holders	**20,464.37**	**16,765.57**
	Towards Instruments Entirely Equity in Nature (Refer Note 30.1)	558.40	-
	Total Non-Controlling Interest	**21,022.77**	**16,765.57**

30.1 During the year, PFC's Subsidiary REC Ltd. has issued Perpetual Debt Instruments of face value of ₹ 10 lakhs each, with no maturity and callable only at the option of the Company after 10 years. The claims of the holders of the securities shall be (a) Superior to the claims of the holders of the equity shares issued by the Issuer; and (b) Subordinated to the claims of all other creditors of the Issuer. The instruments carry a step up provision if not called after 10 years. The payment of Coupons may be cancelled or suspended at the discretion of the REC Ltd.. The coupon of the securities is not cumulative except where the Issuer shall not be liable to pay coupon and may defer the payment of coupon, if (i) The capital to risk assets ratio ("CRAR") of the Issuer is below the minimum regulatory requirement prescribed by RBI; or (ii) the impact of such payment results in CRAR of the Issuer falling below or remaining below the minimum regulatory requirement prescribed by RBI.

As these securities are perpetual in nature and the Group does not have any redemption obligation and discretion on payment of coupon, these have been classified as Equity. Further as such Equity is not attributable , directly or indirectly to the parent viz PFC Limited, the same has been included under Non-Controlling interest.

30.2 In case of PFC's Subsidiary REC Ltd. details of Instruments Entirely Equity in Nature (Perpetual Debt instruments) issued are as follows:

(₹ in crore)

Sr. No.	Particulars	Coupon Rate	Number of Bonds	Date of allotment	As at 31.03.2021	As at 31.03.2020
(i)	Series 206	7.97%	5,584.00	22-Jan-2021	558.40	-

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31. INTEREST INCOME

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
A	**On Financial Assets measured at Amortised Cost**		
(i)	Interest on Loans	70,360.77	61,491.76
	Less: Rebate for Timely Payment to Borrowers	(331.33)	(401.99)
(ii)	Interest on Deposits with Banks	455.25	231.22
(iii)	Other Interest Income	70.55	47.21
B	**On Financial Assets classified at Fair Value Through Profit or Loss**		
(i)	Interest on Investment	286.23	257.56
(ii)	Other Income	3.95	2.59
	Total Interest Income (A+B)	**70,845.42**	**61,628.35**

32. DIVIDEND INCOME

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(A)	Dividend on equity investments designated at FVTOCI		
(i)	Investments held at the end of the year	87.76	103.75
(ii)	Investments derecognised during the year	0.98	0.66
	Sub-Total	**88.74**	**104.41**
(B)	Dividend on mutual funds	-	1.24
	Total dividend income	**88.74**	**105.65**

33. FEES AND COMMISSION INCOME

On the basis of nature of services, the Group's revenue from contracts with customers are:

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Prepayment Premium on Loans	365.60	92.34
(ii)	Fee based Income on Loans	86.44	50.05
(iii)	Fee for implementation of GoI Schemes (Refer Note 55)	38.32	19.52
	Total Fees and Commission Income	**490.36**	**161.91**

34. OTHER OPERATING INCOME

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Sale of Services (Refer Note 6.11)	231.42	293.37
(ii)	Other	-	0.16
	Total Other Operating Income	**231.42**	**293.53**

35. OTHER INCOME

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Excess Liabilities written back	0.15	0.48
(ii)	Miscellaneous Income	44.42	85.44
	Total Other Income	**44.57**	**85.92**

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36. FINANCE COSTS

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	On Financial Liabilities Measured At Amortised Cost		
(i)	**Interest on Borrowings**		
	- Term Loans and others	8,249.79	7,684.82
	- Interest on Lease Liability (Refer Note 51.1)	1.35	1.22
(ii)	**Interest on Debt Securities**		
	- Bonds / Debentures	33,682.96	30,710.91
	- Commercial Paper	164.74	896.99
(iii)	**Interest on Subordinated Liabilities**	1,244.19	1,246.87
(iv)	**Other Interest Expense**		
	- Interest on Interest Subsidy Fund	1.41	1.35
	- Interest on Application Money - Bonds	0.04	0.06
	- Interest on advances received from Subsidiaries	2.88	5.07
	- Interest under Income Tax Act, 1961	24.90	0.38
	- Other	6.77	4.73
	Less: Finance Cost Capitalised	(22.04)	(15.79)
	On Financial Liabilities Classified at Fair Value Through Profit or Loss		
(v)	**- Swap Premium (Net)**	1,326.53	308.04
	Total Finance Costs	**44,683.52**	**40,844.65**

37. NET TRANSLATION /TRANSACTION EXCHANGE LOSS /(GAIN)

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	Net Translation/Transaction Exchange Loss /(Gain) on account of		
(i)	Translation of Long-term foreign currency monetary item (LTFCMI) recognised on or after 01.04.2018	(1,062.15)	3,632.64
(ii)	Amortisation of Foreign Currency Monetary Item Translation Difference Account created on LTFCMI recognised up to 31.03.2018	1,228.35	1,358.68
	Total Translation/Transaction Exchange Loss /(Gain)	**166.20**	**4,991.32**

37.1 The Group's foreign currency monetary items are translated at prevailing rate at the year-end as below:

Exchange Rates	As at 31.03.2021	As at 31.03.2020
USD / INR	73.5047	75.3859
Euro / INR	86.0990	83.0496
JPY / INR	0.6636	0.6965
SGD / INR	54.3581	52.8342

38. FEES AND COMMISSION EXPENSE

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Agency Fees	4.29	2.99
(ii)	Guarantee, Listing and Trusteeship fees	3.09	16.37
(iii)	Credit Rating Fees	12.69	9.28
(iv)	Other Finance Charges	4.16	7.56
	Total Fees and Commission Expense	**24.23**	**36.20**

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39. NET LOSS / (GAIN) ON FAIR VALUE CHANGES

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	On financial instruments at Fair value through Profit or Loss:		
(i)	- Change in Fair Value of Derivatives	(3.15)	(648.54)
(ii)	- Change in Fair Value of Investments	(26.26)	(9.19)
(iii)	- Change in Fair Value of Short-Term Investment of Surplus Funds in Mutual Funds	(23.98)	(15.47)
	Total Net Loss / (Gain) on Fair Value changes	**(53.39)**	**(673.20)**
	Fair value changes:		
(i)	- Realised	(819.41)	205.63
(ii)	- Unrealised	766.02	(878.83)
	Total Net Loss / (Gain) on Fair Value changes	**(53.39)**	**(673.20)**

39.1 Fair value changes in this note are other than those arising on account of accrued interest income/expense.

40. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	On Financial Assets measured at Amortised Cost:		
(i)	Loans	5,980.05	1,872.00
(ii)	Other Financial Assets	85.68	45.07
(iii)	Letter of Comfort	(123.44)	(6.24)
	Total Impairment on Financial Instruments	**5,942.29**	**1,910.83**

40.1 Refer Note 46.1 for details of impairment on financial assets.

41. EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Salaries and Wages	271.52	285.99
(ii)	Contribution to Provident and other Funds	30.55	36.65
(iii)	Staff Welfare Expenses	60.72	70.26
(iv)	Rent for Residential Accommodation of Employees	8.03	6.82
	Total Employee Benefit Expenses	**370.82**	**399.72**

41.1 Disclosures as per Ind AS 19 'Employee Benefits' in respect of provision made towards various employee benefits are provided in Note 50.

42. OTHER EXPENSES

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i)	Rent, Taxes and Energy Cost	21.67	20.90
(ii)	Repairs and Maintenance	17.63	18.34
(iii)	Communication Costs	4.59	5.14
(iv)	Printing and Stationery	1.98	4.65
(v)	Advertisement and Publicity	14.23	20.06
(vi)	Directors Fees, Allowance & Expenses	0.21	0.36
(vii)	Auditor's fees and expenses	2.78	2.92
(viii)	Legal & Professional charges	19.44	19.32
(ix)	Insurance	0.37	0.31
(x)	Travelling and Conveyance	20.73	35.45
(xi)	Net Loss / (Gain) on derecognition of Property, Plant and Equipment	5.15	2.65
(xii)	Other Expenditure	76.66	98.45
	Total Other Expenses	**185.44**	**228.55**

Notes to the Consolidated Financial Statements
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43. DISCLOSURE RELATED TO "INCOME TAXES"

43.1 Income tax expense recognised in Consolidated Statement of Profit and Loss:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Tax expense:		
Current Year	5,321.55	3,004.98
Earlier Years	401.96	83.02
(A) Total Tax Expense	**5,723.51**	**3,088.00**
(B) Total Deferred Tax Expense	**(1,548.98)**	**1,527.42**
Total Income Tax Expense (A+B)	**4,174.53**	**4,615.42**

During the year, PFC and its subsidiary RECL have opted for settlement of eligible Income Tax disputes as per the scheme introduced by Government of India vide The Direct Tax Vivad Se Vishwas Scheme, 2020. Accordingly, an amount of ₹ 339.68 crore has been charged during FY 2020-21 as tax expenses for earlier years.

43.2 Income tax expense recognised in Consolidated Other Comprehensive Income:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
(A) Items that will not be reclassified to Profit or Loss		
- Re-measurement of Defined Benefit Plans	4.72	0.80
- Net Gain / (Loss) on Fair Value of Equity Instruments	(6.01)	12.39
(B) Items that will be reclassified to Profit or Loss		
- Effective portion of Gains and (Loss) on hedging instruments in Cash Flow Hedge	(13.38)	80.27
- Cost of Hedging Reserve	(74.98)	68.86
(C) Total Income Tax Expense (A+B)	**(89.65)**	**162.32**

43.3 Reconciliation of tax expense and accounting profit

Reconciliation of tax expenses (income) and profit before tax multiplied by corporate tax rate:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Profit before Tax	**19,890.73**	**14,092.67**
Applicable Tax Rate	25.168%	25.168%
Tax using the applicable tax rate	**5,006.10**	**3,546.84**
Tax effect of:		
Non-deductible tax expenses	127.40	119.18
Tax exempt income	(8.62)	(334.29)
Deduction u/s 36(1)(viii)	(1,283.04)	(722.94)
Others	(354.71)	(175.86)
Previous year tax liability	401.96	83.02
Change in tax rate *	-	1,795.36
Effect of eliminations	285.44	304.11
Total tax expenses in the Consolidated Statement of Profit and Loss	**4,174.53**	**4,615.42**

*Due to change in applicable tax rate in previous financial year from 34.944% to 25.168% as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

Notes to the Consolidated Financial Statements

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43.4 Deductible temporary differences/ unused tax losses/ unused tax credits carried forward in respect of PFC

(₹ in crore)

Particulars	As at 31.03.2021	Expiry date	As at 31.03.2020	Expiry date
Deductible temporary differences/ unused tax losses / unused tax credits for which no deferred tax asset has been recognised	1.25	31.03.2024	1.25	31.03.2024
	2.54	31.03.2025	2.54	31.03.2025
	0.03	31.03.2028	-	-

43.5 Movement in Deferred Tax balances

FY 2020-21

(₹ in crore)

Description	Net balance at 01.04.2020	Recognised in Profit or Loss	Recognised in OCI	Net balance at 31.03.2021
(A) Deferred Tax Asset				
(i) Provision for expenses deductible on payment basis under Income Tax Act	41.54	3.86	(4.88)	40.52
(ii) Unamortised income on loans to borrowers	(12.04)	6.72	-	(5.32)
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	5681.92	1,193.92	-	6,875.84
(iv) Depreciation and amortisation	0.58	0.88	-	1.46
(v) Fair value of derivatives (Net)	450.53	(315.69)	(88.37)	46.47
(vi) Others	20.64	3.74	-	24.38
(B) (Deferred Tax Liabilities)				
(i) Lease income	(47.99)	47.99	-	-
(ii) Unamortised exchange loss (Net)	(814.02)	500.30	-	(313.72)
(iii) Financial assets and liabilities measured at amortised cost	(253.46)	44.36	-	(209.10)
(iv) Others	(62.39)	62.89	-	0.50
Net Deferred Tax (Liabilities) /Assets	**5,005.31**	**1,548.98**	**(93.25)**	**6,461.03**

FY 2019-20

(₹ in crore)

Description	Net balance at 01.04.2019	Recognised in Profit or Loss	Recognised in OCI	Net balance at 31.03.2020
(A) Deferred Tax Asset				
(i) Provision for expenses deductible on payment basis under Income Tax Act	41.22	(12.15)	12.47	41.54
(ii) Unamortised income on loans to borrowers	-	(12.04)	-	(12.04)
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	7393.96	(1712.04)	-	5681.92
(iv) Depreciation and amortisation	(1.45)	2.03	-	0.58
(v) Fair value of derivatives (Net)	19.52	281.88	149.13	450.53
(vi) Others	-	20.64	-	20.64
(B) (Deferred Tax Liabilities)				
(i) Lease income	(66.64)	18.65	-	(47.99)
(ii) Unamortised exchange loss (Net)	(538.45)	(275.57)	-	(814.02)
(iii) Financial assets and liabilities measured at amortised cost	(371.51)	118.05	-	(253.46)
(iv) Others	(106.91)	43.13	0.72	(62.39)
Net Deferred Tax (Liabilities)/Assets	**6,369.74**	**(1,527.42)**	**162.32**	**5,005.31**

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44. DISCLOSURE AS PER IND AS 33 "EARNINGS PER SHARE"

Sr. No.	Description	FY 2020-21	FY 2019-20
(A)	Profit for the period used as numerator (basic & diluted) (₹ in crore):		
	(i) from continuing operations	11,747.83	7,122.13
	(ii) from discontinued operations	-	-
	(iii) from continuing and discontinued operations	11,747.83	7,122.13
(B)	Weighted average number of equity shares used as denominator (basic & diluted)	2,64,00,81,408	2,64,00,81,408
(C)	Earning per equity share (basic & diluted), face value ₹ 10 each (₹):		
	(i) for continuing operations	44.50	26.98
	(ii) for discontinued operations	-	-
	(iii) for continuing and discontinued operations	44.50	26.98

45. CAPITAL MANAGEMENT

The Group maintains a capital base that is adequate to support the Group's risk profile, regulatory and business needs. The Group sources funds from domestic and international financial markets, inter-alia leading to diverse investor base and optimised cost of capital. Refer Note 22, 23 & 24 for details w.r.t. sources of funds and refer Consolidated Statement of Changes in Equity for details w.r.t Equity.

As contained in RBI Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (hereinafter referred to as "RBI Master Directions"), NBFCs are required to maintain a capital ratio consisting of Tier I and Tier II capital not less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. Out of this, Tier I capital shall not be less than 10%. The Company and its subsidiary RECL are registered with RBI as Non-Deposit Systematically Important (NDSI) NBFCs. Both the companies regularly monitor the maintenance of prescribed levels of Capital to Risk Weighted Assets Ratio (CRAR). Further, with regard to capital restructuring, the Company and its subsidiary RECL is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc.

Capital to Risk Weighted Assets Ratio (CRAR) is as under:

Particulars	As at 31.03.2021		As at 31.03.2020	
	PFC	RECL	PFC	RECL
CRAR – Tier I Capital	15.46%	16.31%	12.45%	13.17%
CRAR – Tier II Capital	3.37%	3.41%	4.51%	2.89%
Total CRAR	**18.83%**	**19.72%**	**16.96%**	**16.06%**

Dividend Distribution Policy

The companies in the Group have a well-defined dividend distribution policy. Dividend distribution policy focuses on various factors including but not limited to GoI guidelines, future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by Department of Investment and Public Asset Management (DIPAM), Government of India, an entity is required to pay a minimum annual dividend of 30% of Profit after Tax or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under extant legal provisions. Though respective companies' endeavours to declare dividend as per these guidelines, they may propose a lower dividend after analysis of various financial parameters like net-worth, CAPEX/business expansion needs; additional investments in subsidiaries / associates of the respective company; etc. For details of dividend paid/proposed during the year, refer Note 29.2 and 29.3.

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46. FINANCIAL RISK MANAGEMENT

The Group is exposed to several risks which are inherent to the environment that it operates in. The Group is primarily into the business of extending financial assistance to power sector. The principal risks which are inherent with the Group's business model and from its use of financial instruments include credit risk, liquidity risk and market risk (currency risk, interest rate risk and price risk).

The following table broadly explains the sources of risks which the Group is exposed to and how it manages the same and related impact in the consolidated financial statements:

Sr. No.	Risk	Exposure arising from	Measurement	Risk Management
46.1	Credit Risk	Loans, financial assets, investments, trade receivables, cash and cash equivalents	Ageing analysis	Detailed appraisal process, credit limits, diversification of asset base and collateral including government guarantee
46.2	Liquidity Risk	Debt securities, borrowings, subordinated liabilities and other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
46.3	Market Risk – Foreign Currency Risk	Recognised financial liabilities not denominated in Indian Rupee (INR)	Sensitivity Analysis, cash flow forecasting	Derivative contracts for hedging currency risk
46.4	Market Risk – Interest Rate Risk	Debt securities, borrowings, subordinated liabilities and loans at variable interest rates	Interest rate gap analysis, Sensitivity analysis	Mix of loan arrangements with varied interest rate terms, derivative contract like interest rate swaps etc.
46.5	Market Risk – Price Risk	Investments in quoted equity securities	Sensitivity Analysis	Diversification of portfolio, with focus on strategic investments

For managing these risks, the companies in the Group have put in place a mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO/.099/03.10.001/2018-19 dated 16.05.2019; to augment risk management practices in the respective Company, the Board of Directors of PFC and its subsidiary RECL have also appointed respective Chief Risk Officers (CRO) who are involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e. objectives, policies and processes for identifying, measuring and managing each of above risk is set out in the subsequent paragraphs.

46.1 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Group by failing to discharge its obligation. Details of financial assets that expose the Group to credit risk are:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Low Credit Risk		
Cash and cash equivalents[(a)]	4,927.74	1,905.21
Bank balances other than included in cash and cash equivalents[(a)]	3,274.82	2,282.96
Loans (Principal outstanding)[(c)]	6,55,373.44	5,82,949.37
Trade Receivables[(b)]	151.99	112.86
Investments (Excluding equity investments)[(a)]	1,594.76	2,579.97
Other financial assets[(b)]	29,779.87	27,463.77
Moderate Credit Risk		
Loans (Principal outstanding)[(c)]	50,408.61	35,252.65
Trade receivables[(b)]	55.32	52.01
High Credit Risk		
Loans (Principal outstanding)[(c)]	39,407.09	49,127.25
Other financial assets[(b)]	111.37	51.64
Trade receivables[(b)]	**54.26**	**40.04**

(a) Credit risk on cash and cash equivalents and other bank balances is limited as these are held with scheduled commercial public sector banks, high rated private sector banks and mutual fund houses, across the country with diversified deposit base. The Companies in the Group diversify the deposit base by deploying funds in various types of instruments with respective banks/ mutual fund houses.

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Exposure to credit risk on investments is managed by diversifying the investment portfolio, periodically monitoring such investments, and applying the appropriate valuation techniques to arrive at the carrying value.

(b) Credit risk on trade receivables and other financial assets is mitigated by assessing the credit worthiness of debtors and is managed by monitoring the recoverability of such amounts. The Group carries requisite impairment loss allowance on such trade receivables and other financial assets.

(c) The Group is exposed to credit risk primarily through its lending operations. The same is explained in the paragraphs below (Note 46.1.1 – Note 46.1.13).

46.1.1 Credit Risk Management Approach for lending operations

A. In respect of PFC

PFC has put in place key policies and processes for managing credit risk, which include formulating credit policies, guiding the PFC's appetite for credit risk exposures, undertaking reviews & objective assessment of credit risk, and monitoring performance and management of portfolios. All the procedures and processes of the Company are ISO 9001:2015 certified.

The credit risk management covers two key areas, i.e. project appraisal & project monitoring. PFC selects the borrowers in accordance with the PFC's approved credit policy, which inter alia, defines factors to be considered for rating of the borrower/ project. PFC's customer selection procedure assesses viability of project along with that of its promoting entity. Rate of interest and maximum admissible exposure is, inter alia, based on internal rating awarded by PFC.

(i) Project Appraisal

PFC follows a systematic, institutional project appraisal process to assess the credit risk before financing any project.

(a) Appraisal for Private Sector Power Projects

For private sector projects, a two-stage appraisal process is followed. Initially a preliminary appraisal is carried out in order to decide the prima facie preparedness of the project to be taken up for detailed appraisal. Detailed appraisal is carried out for those projects shortlisted by the Competent Authority on the basis of preliminary appraisal.

PFC along with evaluation of project viability also assesses the ability of its promoter(s) to contribute equity and complete the project. PFC follows an integrated rating methodology whereby Integrated Rating (IR) is calculated using the weighted average of the scores of the project grading and promoter grading. Based on the IR of the project, terms and conditions (including security package and interest rate) are stipulated.

(b) Appraisal for State Sector Power Projects

State sector projects are taken up for detailed appraisal to determine, inter-alia, if it is techno economically sound and compatible with integrated power development & expansion plans of the State.

PFC classifies state power generation and transmission utilities into various risk rating grades based on the evaluation of utility's performance against specific parameters covering operational and financial performance. With regards to transmission utilities, PFC adopts the categorisation of its subsidiary RECL as per its policy. With regard to State Power Distribution utilities including integrated utilities, PFC's categorisation policy provides for adoption of Ministry of Power's (MoP's) Integrated Ratings by aligning such ratings/ grading with that of PFC's rating structure.

Such categories/ ratings are used to determine credit exposure limits, security requirements and pricing of loans given to the State Sector Borrowers. PFC also has a mechanism in place for monitoring the exposure to single borrower and exposure within a State.

The detailed project appraisal involves technical and financial appraisal covering various aspects such as project inputs, statutory and non-statutory clearances, contracts, project linkages, financial modelling/ projections, calculation of returns, sensitivity analysis etc.

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After detailed analysis indicated above, the overall viability of the project and entity is assessed and various conditions in the form of pre-commitment, pre-disbursement and the like are stipulated so as to ensure tying up of funds (debt and equity both), all physical inputs, appropriateness of all the contracts, compliance of conditions precedent in agreements/ contracts/statutory and non-statutory clearances related to the project etc. and in general to ensure bankability of the project & protection of the interest of PFC as a lender for timely servicing of debt. PFC has an authorisation/delegation structure for the approval and renewal of credit facilities commensurating with the size of the loan.

(ii) Security and Covenants

PFC stipulates a package of security measures/ covenants to mitigate risks during the construction and post COD (commercial operation date) stage of the project. Based on the risk appetite and appraisal of the project, PFC adopts a combination of the following measures:

(a) Primary Security – Charge on Project Assets or State Government Guarantees

(b) Collateral Securities – Corporate guarantee, Personal guarantee of promoters, Pledge of shares, Charge on assets / revenues of group/ other companies

(c) Payment Security Mechanism – Escrow Account / Letter of Credit, Trust and Retention Account (TRA)

(d) Other covenants - Assignment of all project contracts, documents, insurance policies in favour of the Company, Upfront equity requirement, Debt Service Reserve Account (DSRA), Debt Equity ratio, shareholders' agreements, financial closure, etc.

(iii) Project Monitoring

PFC has comprehensive project/loan monitoring guidelines that captures aspects relating to monitoring and tracking of project construction and implementation, progress of commissioned projects; identifies risks where intervention is required to minimise the time & cost overruns and consequent slippages in disbursements.

For State sector projects, monitoring is carried out based on project progress details obtained regularly from borrowers through progress monitoring reports, site visits, discussions with the borrowers, information/ reports available on Central Electricity Authority's (CEA) website etc.

For private sector, where PFC is Lead Financial Institution (FI), PFC engages Lenders' Engineers (LEs) and Lenders' Financial Advisors (LFAs), which are independent agencies to act on behalf of various lenders / consortium members. The LEs conduct periodic site visits, review relevant documents, discusses with the borrowers and submit its reports on progress of the project. LFAs submit the statements of fund flow and utilisation of funds in the project periodically. In cases where PFC is not the lead FI, the tasks related to LEs and LFAs services are coordinated with the concerned lead lender.

Also, the consolidated periodic progress report of certain projects is prepared comprising important observations/ issues viz. areas of concern, reasons for delay, issues affecting project construction/ implementation etc. and is reviewed by PFC on a regular basis.

PFC continuously monitors delays and/or default of borrowers and their recoverability. On occurrence of default in the borrower's account, PFC initiates necessary steps which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC) etc., regularisation of the account by recovering all overdues, invocation of guarantees/ securities to recover the dues, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/investors, other recovery mechanisms like referring the case for legal action before Debt Recovery Tribunal (DRT), SARFAESI, National Company Law Tribunal (NCLT) (IBC -2016) etc. and other actions as specified under regulatory/legal framework.

B. In respect of subsidiary, RECL

The credit risk is managed at different levels including at appraisal, disbursements and post disbursement

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monitoring. RECL has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy". To mitigate credit risk, RECL follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis the projects risk are reviewed and categorised as High/Moderate/Low based on different risk parameters and exposure of the project as per Project Risk Categorisation Frameworks. The process for Credit Risk Management is as under:

(i) RECL has "Integrated Rating Guidelines" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk.

(ii) For all existing private sector projects, where RECL is Lead Financial Institution, RECL engages Lender's Independent Engineers (LIE), Lender's Financial Advisors (LFA) and Lender's Insurance Advisors (LIA), which are independent agencies who act on behalf of various lenders and consortium members. LIE conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/ review of relevant documents. LFA submit the statements of fund flow and utilisation of funds in the project periodically. In cases where RECL is not the lead Financial Institution, the tasks related to LIE and LFA services are being coordinated with the lead lender.

RECL also endeavours to appoint a separate Project Management Agency (PMA) for new projects being financed, which subsumes the entire works of LIE / Project Management Consultant (PMC), LFA and LIA for better coordination among the agencies. PMA is stationed at project site to closely monitor various day to day project execution activities including monitoring of project progress, review of EPC/non-EPC contracts & invoices, fund utilisation and insurance for the project. PMA also verifies the bills of original equipment manufacturer/ supplier, composite works contractor and give its recommendation for disbursement. Initial due diligence is also be performed by PMA taking the sanctity of technical and financial parameters including original project cost & COD.

Concurrent Auditors/Agencies for Specialised monitoring/Cash Flow monitoring agencies are being appointed by REC/Lenders on case to case basis for effective monitoring of Trust & Retention Account (TRA) for stressed projects.

(iii) RECL has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/ Loan Committee/Board of Directors based on the recommendation of Screening Committee, as appropriate.

(iv) RECL has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.

(v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.

(vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout RECL for management of credit risk.

(vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities is also subject to the same review process.

(viii) RECL continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, RECL initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc., monitoring of the TRA account, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms including invocation of guarantees/ securities to recover the dues.

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46.1.2 Credit Risk Measurement – Impairment Assessment

Ind-AS 109 outlines a three staged model for measurement of impairment based on changes in credit risk since initial recognition. For classification of its borrowers into various stages, the Group uses the following basis:

- A financial asset that is not credit impaired on initial recognition is classified in 'Stage I'.
- If a significant increase in credit risk (SICR) is identified, the financial asset is moved to 'Stage II'.
- If the financial asset is credit-impaired, it is moved to 'Stage III' category.

A. In respect of PFC

PFC recognises impairment loss allowance in accordance using the expected credit loss (ECL) model for the financial assets which are not categorised at fair value through profit or loss.

I. Default: In accordance with Ind AS 109, PFC considers the rebuttable presumption to define a financial asset as in default, i.e. when the loan account is more than 90 days past due on its contractual payments. Credit impaired financial assets are aligned with the definition of default.

II. SICR: An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting date by considering the change in the risk of default occurring over the remaining life of the financial instrument. In accordance with Ind AS 109, PFC has applied rebuttable presumption that considers more than 30 days past due as a parameter for determining significant increase in credit risk.

In case of Stage III financial assets, after implementation of the resolution plan (except for change of ownership and/or resolution through NCLT), the financial asset is upgraded and classified as Stage II for two quarters from the date of implementation of resolution plan.

III. Measurement of Expected Credit Loss (ECL)

PFC recognises impairment loss allowance for the financial assets in accordance with a board-approved expected credit loss (ECL) policy. ECL is measured on either a 12-month or lifetime basis depending on whether there is significant increase in credit risk since initial recognition. ECL is the product of Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). PFC has appointed an independent agency, ICRA Analytics Ltd., during the financial year for assessment of ECL in accordance with Ind AS 109. The brief methodology of computation of ECL is as follows:

(i) Probability of default (PD)

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. For assessing 12-month PD, probability of a loan defaulting in next 12 months is ascertained and similarly for assessing lifetime PD, probability of a loan defaulting in its remaining lifetime is ascertained.

For Stage I accounts, 12 months PD is used.

For Stage II significantly increased credit risk accounts, Lifetime PD is used.

For Stage III credit impaired accounts, 100% PD is taken.

For 12-month PD: PDs as associated with external ratings grades (published as a part of rating transition matrix of ICRA) have been used for assessment of ECL. In case of State Sector borrowers, the same have been derived on the basis of mapping with the Company's internal ratings. Whereas in case of private sector borrowers, the same have been derived on the basis of mapping with latest external ratings as published by various credit rating agencies. In case of non-availability of external rating for private sector borrowers, the 12-month PD has been computed through a Proxy Risk Scoring Model developed by the agency. The said model uses the financial ratios like Gearing (Debt/ Equity), Return on Capital Employed, Interest Coverage ratio, Debt to EBITDA ratio and qualitative parameters like Plant Load Factor, LAF and ACS ARR gap.

For Lifetime PD: Markov Chain Model has been used to compute Lifetime PDs of the rating grade.

(ii) Loss Given Default (LGD)

LGD is the loss factor which the Company may experience in case the default occurs.

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For State sector borrowers, LGD has been assigned on the basis of risk category considering State GDP and fiscal deficit.

In case of Private sector borrowers, LGD has been assessed considering factors like Project Cost per Unit, Percentage Completion, Project Capacity in case of generation projects and on the basis of book value of assets, Percentage Completion in case of transmission & distribution projects. The said assessed values have thereafter been discounted by applying stress factor and depreciation based on useful life of assets as published by CERC. Further, stage wise average LGD had been applied in case of other types of projects. For Stage III borrowers, LGD has been assessed based on discounted projected cash flow analysis for operational projects and on assets valuation for projects under liquidation.

(iii) Exposure at Default (EAD)
It is outstanding exposure on which ECL is computed. EAD includes outstanding principal and interest in respect of the loan.

(iv) Key assumptions used in measurement of ECL

- PFC considers the date of initial recognition as the base date from which significant increase in credit risk is determined.
- Since PFC has a right to cancel any sanctioned but undrawn limits to any of its borrowers, EAD is assumed to be outstanding balance as on the reporting date.

(v) The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. Further, the Credit Rating Models used by the independent agency appointed to assist the Company in ECL assessment also consider the forward-looking information in the determination of the credit rating to be assigned to the borrower, by taking into consideration various financial ratios, extension of the project completion and also possibility of stressed and favourable economic conditions. The incorporation of macroeconomic adjustments to the PD also covers the ICAI guidelines related to COVID-19 published in March 2020. The co-relation of macroeconomic parameters such as IIP (index of industrial production) electricity y-o-y growth rate, Money supply y-o-y growth rate is considered with the GNPA ratio of PFC portfolio for Worst, Base and Best case scenarios and a weighted shock factor was then added to the base PD term structure. Hence PD value will constitute both idiosyncratic risk of the portfolio as well as the influence of macroeconomic risk factors.

B. In respect of subsidiary, RECL

The impairment loss allowance on loan assets is provided as per Ind AS 109 in accordance with a board-approved policy of RECL, which measures the credit risk on the basis of key financial and operational parameters to assess improvement/ deterioration in credit quality. RECL's management overlays to the model output, if any, are duly documented and approved by the Audit Committee of RECL. The evaluation of Expected Credit Loss (ECL) is undertaken by an independent agency, ICRA Analytics Limited (formerly ICRA Online Limited).

I. RECL has an internal system of grading for State Governments, Public Sector Undertakings and State Power Utilities. However, for Distribution Companies (DISCOMs), RECL adopts the ratings by the Ministry of Power as and when they are updated. These ratings are mapped with external rating grades published by various credit rating agencies as part of rating transition matrix. For private borrowers, RECL uses the external rating as published by various credit rating agencies or proxy risk scores in case such rating is not available. The proxy risk score model considers following parameters:

- ***Quantitative factors***
  - Debt/EBITDA (30% weightage)
  - Return on Capital Employed (15% weightage)
  - Interest Coverage (25% weightage)
  - Gearing (Debt/Equity) (30% weightage)

- ***Qualitative factors***
  - Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF
  - Actual Default dates
  - Status of the Project

II. Significant Increase in Credit Risk (SICR)
RECL considers a financial instrument to have experienced a significant increase in credit risk when on any financial instrument if the payment is more than 30 days past due on its contractual payments.

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III. Definition of default and credit-impaired assets
RECL defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments or any such period allowed by RECL in line with circular issued by the Reserve Bank of India.

IV. Measuring ECL – explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that RECL expects to be owed at the time of default.
- LGD represents RECL's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

V. Determination of Probability of Default (PD)
RECL has analysed the available annual rating transition matrix published by credit rating agencies to arrive at annual transition matrix based PD. This annual transition matrix was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD.

VI. Loss Given Default (LGD) computation model
Based on the historical trend, research and industry benchmarking, RECL has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, PPA status, FSA status etc. Based on internal research RECL has benchmarked these factors for Thermal, Renewable in Private Sector. In case of Private sector borrowers, the realisable value of the assets were arrived at using suitable assumptions, including valuation on outcome of the resolution process etc., to arrive at LGD. For State Government and Public sector projects, the Company has factored in the state support and assumed that the State/Central governments would step in to repay debt obligations of the state utilities as witnessed in the past.

VII. Alignment of LGD in case of Stage III Assets
Stage III Assets, where RECL and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, RECL considers LGD on the following basis:

a) In cases where either RECL or PFC is lead lender, LGD % calculated by the lead lender is adopted

b) In cases where neither RECL nor PFC is lead lender, higher of the LGD% worked out by RECL and PFC is adopted.

VIII. Key assumptions used in measurement of ECL

a) RECL considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

b) EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that RECL expects to be owed at the time of default.

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IX. Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in crore)

External/Mapped credit rating	As at 31.03.2021				As at 31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	27,188.09	-	-	27,188.09	37,832.86	-	-	37,832.86
AA	95,722.23	-	-	95,722.23	82,131.73	-	-	82,131.73
A	92,972.07	1,421.82	-	94,393.89	71,840.30	-	-	71,840.30
BBB	29,817.62	-	-	29,817.62	28,629.56	-	-	28,629.56
BB	61,131.32	-	-	61,131.32	60,555.15	36.22	-	60,591.37
B	17,049.99	69.68	-	17,119.67	9,876.29	23.37	-	9,899.66
C	28,532.47	-	-	28,532.47	2,215.02	29.68	-	2,244.70
D	1,874.55	1,396.55	18,256.93	21,528.03	-	2,342.00	21,255.55	23,597.55
Government Loan	4,602.77	-	-	4,602.77	6,616.62	-	-	6,616.62
Gross carrying amount	**3,58,891.11**	**2,888.05**	**18,256.93**	**3,80,036.09**	**2,99,697.53**	**2,431.27**	**21,255.55**	**3,23,384.35**
Loss allowance	1,282.46	141.43	11,791.31	13,215.20	488.46	963.83	10,552.13	12,004.42
Carrying amount	**3,57,608.65**	**2,746.62**	**6,465.62**	**3,66,820.89**	**2,99,209.07**	**1,467.44**	**10,703.42**	**3,11,379.93**

X. Collateral and other credit enhancements

RECL employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. RECL has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

46.1.3 Credit risk analysis

Exposure to credit risk

For loans recognised in the balance sheet, the gross exposure to credit risk equals their carrying amount. Refer Note 12 'Loans' for Group's exposure to credit risk arising from loans.

For financial guarantee issued, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the guarantees are called upon. For irrevocable loan commitments, the maximum exposure to credit risk is the full amount of the commitment facilities. The Group's exposure with respect to financial guarantees and outstanding disbursement commitments as at 31.03.2021 is ₹ 6,530.95 crore (as at 31.03.2020 ₹ 1,821.78 crore).

46.1.4 Concentration of credit risk

Credit concentration risk refers to risk associated with large credit/investment exposure to a single company or a group of companies based on its ownership, sector, region etc. that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions, with the potential to adversely affect lender's core operations.

The following table sets out an analysis of risk concentration of overall loan portfolio of PFC and its subsidiary, RECL on the basis of similar risk characteristics:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
Concentration by ownership				
Loans to state sector (i.e. entities under the control of state and /or central government)	6,47,197.74	2,272.49	5,71,332.27	554.49
Loans to private sector	97,991.40	27,539.42	95,997.00	27,413.96
Total	**7,45,189.14**	**29,811.91**	**6,67,329.27**	**27,968.45**

*including impairment loss allowance on Letter of Comfort (LoC) of ₹ 66.12 crore. (as at 31.03.2020 ₹ 188.85 crore).

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Loans to state sector are well diversified as these are extended to multiple entities under the control of various State Governments and Central Government. The Companies considers that these loans have a low credit risk in comparison to lending to private sector mainly due to low default / loss history in state sector and availability of government guarantee in certain loans. Presence of Government interest in these projects also lowers the risk of non-recoverability of dues.

Further, the Companies have a lending portfolio comprising of loans to generation (renewable and non-renewable), transmission and distribution power projects spread across diverse geographical areas.

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
Concentration by scheme –				
Generation	3,41,944.76	24,810.36	2,94,713.46	24,411.14
Renewable	53,976.04	2,134.37	28,373.82	615.29
Transmission	90,528.86	1,697.34	95,914.32	1,527.09
Distribution	2,52,132.27	1,130.80	1,60,998.49	278.21
Others	6,607.21	39.04	87,329.18	1,136.72
Total	**7,45,189.14**	**29,811.91**	**6,67,329.27**	**27,968.45**

*including impairment loss allowance on Letter of Comfort (LoC) of ₹ 66.12 crore (as at 31.03.2020 ₹ 188.85 crore)

The exposure to various projects and borrowers is constantly monitored in line with the Credit Concentration Norms applicable to the Companies in the Group.

46.1.5 Details of Stage wise Principal outstanding and Impairment loss Allowance in respect of PFC & subsidiary, RECL:

(₹ in crore)

Particulars	As at 31.03.2021			As at 31.03.2020		
	Principal Outstanding	Impairment loss allowance*	%	Principal Outstanding	Impairment loss allowance*	%
Stage I	6,55,373.44	2,517.57	0.38	5,82,949.37	930.13	0.16
Stage II	50,408.61	2,086.67	4.14	35,252.65	1,737.73	4.93
Stage III	39,407.09	25,207.67	63.97	49,127.25	25,300.59	51.50
Total	**7,45,189.14**	**29,811.91**	**4.00**	**6,67,329.27**	**27,968.45**	**4.19**

*including impairment loss allowance on Letter of Comfort (LoC) of ₹ 66.12 crore (as at 31.03.2020 ₹ 188.85 crore).

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46.1.6 Details of Stage wise movement of Principal outstanding and Impairment loss Allowance:

The following tables explain the changes in the loans and the corresponding impairment loss allowance in respect of PFC & subsidiary, RECL between the beginning and the end of the reporting period:

(₹ in crore)

FY 2020-21	Stage I		Stage II		Stage III		Total	
Particulars	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***
Opening Balance	**5,82,949.37**	**930.13**	**35,252.65**	**1,737.73**	**49,127.25**	**25,300.59**	**6,67,329.27**	**27,968.45**
Transfer to Stage I	29,007.95	552.11	(25,890.73)	(129.76)	(3,117.21)	(422.35)	-	-
Transfer to Stage II	(38,926.86)	(39.83)	42,034.50	317.95	(3,107.64)	(278.12)	-	-
Transfer to Stage III	(151.59)	(3.28)	(36.22)	(0.38)	187.81	3.66	-	-
Net Change in Principal/ECL during the year	5,745.50	541.86	(958.63)	1,154.53	51.36	3,843.74	4,838.23	5,540.13
New financial assets originated	1,38,527.28	653.24	1,921.09	7.36	2.00	0.20	1,40,450.37	660.80
Derecognised financial assets (loans repaid)	(25,440.44)	(17.28)	(587.02)	(0.04)	(201.68)	(43.42)	(26,229.14)	(60.74)
Financial Assets derecognised during the period (Write-off)	(66.59)	(2.67)	(905.44)	(905.44)	(533.49)	(533.49)	(1,505.52)	(1,441.60)
Financial Assets derecognised during the period (Investment Received)	(36,271.19)	(96.69)	(421.58)	(95.28)	(3,001.30)	(2,663.15)	(39,694.07)	(2,855.12)
Closing Balance	**6,55,373.44**	**2,517.57**	**50,408.61**	**2,086.67**	**39,407.09**	**25,207.67**	**7,45,189.14**	**29,811.91**

*including impairment loss allowance on LoC

(₹ in crore)

FY 2019-20	Stage I		Stage II		Stage III		Total	
Particulars	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***	**Principal**	**Impairment loss allowance***
Opening Balance	**5,32,107.25**	**1,388.28**	**13,880.61**	**1,576.79**	**49,888.75**	**24,900.60**	**5,95,876.61**	**27,865.68**
Transfer to Stage I	7,809.96	579.38	(6,874.07)	(106.43)	(935.90)	(472.95)	(0.01)	-
Transfer to Stage II	(29,768.07)	(56.70)	29,835.95	73.67	(67.89)	(16.97)	(0.01)	-
Transfer to Stage III	(1,476.62)	(12.99)	(1,485.30)	(526.81)	2,961.92	539.80	-	-
Net Change in Principal/ECL during the year	5,369.59	(411.99)	(1,280.50)	703.83	46.38	1,675.87	4,135.47	1,967.71
New financial assets originated	1,17,102.08	224.26	1,739.43	17.00	75.00	30.80	1,18,916.51	272.06
Derecognised financial assets (loans repaid)	(47,498.37)	(309.35)	(563.46)	(0.34)	(1,512.57)	(103.02)	(49,574.40)	(412.71)
Financial Assets derecognised during the period (Write-off)	(636.64)	(410.93)	-	-	(1,110.70)	(1,052.96)	(1,747.34)	(1,463.89)
Financial Assets derecognised during the period (Investment Received)	(59.82)	(59.82)	-	-	(217.74)	(200.57)	(277.56)	(260.39)
Closing Balance	**5,82,949.37**	**930.13**	**35,252.65**	**1,737.73**	**49,127.25**	**25,300.59**	**6,67,329.27**	**27,968.45**

*including impairment loss allowance on LoC

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46.1.7 Movement of Stage III accounts:

The following tables explain the changes in credit impaired assets and the corresponding impairment loss allowance in respect of PFC & subsidiary RECL between the beginning and the end of the reporting period

(₹ in crore)

Sr. No.	Description	As at 31.03.2021	As at 31.03.2020
(i)	Net Stage III accounts to Gross Loans (%)	1.91%	3.57%
(ii)	Net Stage III accounts to Net Loans (%)	1.97%	3.71%
(iii)	Movement of Stage III (Gross)	**FY 2020-21**	**FY 2019-20**
	(a) Opening balance	49,127.26	49,888.75
	(b) Additions during the year	243.33	3,083.31
	(c) Reductions/ Write-offs during the year	(9,963.49)	(3,844.80)
	(d) Closing balance	**39,407.09**	**49,127.26**
(iv)	Movement of Net Stage III		
	(a) Opening balance	23,826.66	24,988.15
	(b) Additions during the year	166.12	779.90
	(c) Reductions/ Write-offs during the year	(9,793.36)	(1,941.38)
	(d) Closing balance	**14,199.42**	**23,826.67**
(v)	Movement of impairment loss allowance on Stage III		
	(a) Opening balance	25,300.59	24,900.60
	(b) Provisions made during the year	3,848.12	2,303.41
	(c) Write-off / write-back of excess provisions	(3,941.04)	(1,903.42)
	(d) Closing balance	**25,207.67**	**25,300.59**

46.1.8 Write-off of Loan Assets

The Companies in the Group writes off financial assets, in whole or in part, when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

46.1.9 Policy for sale out of amortised cost business

PFC & RECL does not resort to the sale of financial assets, in ordinary course of business. However, the respective companies have approved policies that they may proceed for resolution of stressed assets by either restructuring, change of ownership, settlement or otherwise. The assets are then assessed for derecognition as per Ind AS 109.

RECL has also not entered into any transaction of sale/ purchase of credit-impaired assets, except as below:

Particulars	FY 2020-21	FY 2019-20
No. of Accounts Sold	1	1.00
Aggregate Outstanding (₹ in crore)	510.98	236.80
Aggregate consideration received (₹ in crore)	329.13	124.13

46.1.10 Disclosure in respect of accounts that are beyond 90 days overdue but not treated as credit impaired (excluding accounts to whom relief under RBI COVID-19 Relief package has been allowed)

Particulars	In respect of PFC		In respect of REC	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Number of Borrowers	2	1	-	1
Amount of loan outstanding (₹ in crore)	1,767.16	1,116.65	-	2,342.00

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A. In respect of PFC

These borrower(s) had obtained Ad-interim order from Hon'ble High Court(s). The Company holds adequate impairment loss allowance with respect to these loan accounts and has categorised them into Stage II. Further, interest income is not recognised on these loan accounts on accrual basis during the year ended 31.03.2021. Interest income was also not recognised on the loan on accrual basis during the previous half year ended 31.03.2020.

B. In respect of subsidiary RECL,

During the year, loan from one of the borrowers, M/s RKM Powergen Pvt. Ltd. has been restructured and is now servicing the dues as per the restructured schedule. As at 31.03.2020, it was not classified as credit impaired owing to ad-interim order from Hon'ble High Court of Madras.

46.1.11 In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13.03.2020, NPA ratios are as under:

A. In respect of PFC

In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13.03.2020, NPA ratios duly considering credit impaired loans and restructured loans which would have been classified as NPA as per RBI norms is as under:

Particulars	As at 31.03.2021	As at 31.03.2020
Gross NPA to Gross Loans	5.99%	8.39%
Net NPA to Net Loans	2.45%	4.30%

B. In respect of subsidiary RECL,

Had the loans otherwise required to be classified as NPA as per IRACP norms been considered, Gross NPA to Gross Loans ratio would have been 5.04% (previous year 6.60%) and Net NPA to Net Loans would have been 1.99% (previous year 3.46%) as at 31.03.2021.

46.1.12 Details of provision required as per Income Recognition, Asset Classification & Provisioning Norms (IRACP) of RBI and impairment allowance as per Ind AS 109 'Financial Instruments'

A. In respect of PFC

(₹ in crore)

Asset Classification as per RBI Norms	As at 31.03.2021					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,05,410.67	1,193.00	3,04,217.67	1,586.86	(393.86)
	Stage 2	49,037.04	1,901.40	47,135.64	2,226.57	(325.17)
	Stage 3	-	-	-	-	-
Sub-Total		**3,54,447.71**	**3,094.40**	**3,51,353.31**	**3,813.43**	**(719.03)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 1	321.79	29.33	292.46	32.17	(2.84)
	Stage 2	-	-	-	-	-
	Stage 3	170.10	40.24	129.86	17.01	23.23
Sub-Total for Sub-standard		**491.89**	**69.57**	**422.32**	**49.18**	**20.39**
Doubtful - up to 1 year	Stage 1	115.49	0.05	115.44	22.59	(22.55)
1 to 3 years	Stage 1	313.92	0.50	313.42	94.35	(93.85)
More than 3 years	Stage 1	316.45	0.11	316.34	154.45	(154.34)
Doubtful - up to 1 year	Stage 3	-	-	-	-	-

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(₹ in crore)

Asset Classification as per RBI Norms	As at 31.03.2021					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
1 to 3 years	Stage 3	13,863.97	7,703.23	6,160.75	6,357.63	1,345.59
More than 3 years	Stage 3	5,874.82	4,431.62	1,443.19	4,650.66	(219.04)
Sub-Total for doubtful		**20,484.65**	**12,135.51**	**8,349.14**	**11,279.68**	**855.81**
Loss	Stage 3	1,241.27	1,241.27	-	1,241.27	-
Sub-Total for NPA		**22,217.85**	**13,446.35**	**8,771.50**	**12,570.14**	**876.21**
Other items (whose exposure forms part of contingent liability) such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	-	13.20	(13.20)	-	13.20
	Stage 2	-	43.83	(43.83)	-	43.83
	Stage 3	-	-	-	-	-
Sub-Total		**-**	**57.03**	**(57.03)**	**-**	**57.03**
Total	**Stage 1**	**3,06,478.32**	**1,236.19**	**3,05,242.13**	**1,890.43**	**(654.24)**
	Stage 2	**49,037.04**	**1,945.24**	**47,091.81**	**2,226.57**	**(281.33)**
	Stage 3	**21,150.16**	**13,416.36**	**7,733.80**	**12,266.57**	**1,149.79**
	Total	**3,76,665.52**	**16,597.79**	**3,60,067.74**	**16,383.57**	**214.22**

(₹ in crore)

Asset Classification as per RBI Norms	As at 31.03.2020					
	Asset classification per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	2,87,255.52	441.06	2,86,814.45	1,322.84	(881.78)
	Stage 2	33,713.58	773.89	32,939.69	238.46	535.43
	Stage 3	5,203.08	2,137.83	3,065.25	1,822.31	315.52
Sub-Total		**3,26,172.17**	**3,352.78**	**3,22,819.39**	**3,383.61**	**(30.83)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 1	755.11	0.08	755.03	73.78	(73.70)
	Stage 2	6.00	0.01	5.99	0.59	(0.58)
	Stage 3	923.18	520.69	402.49	275.41	245.29
Sub-Total for Sub-standard		**1,684.30**	**520.78**	**1,163.52**	**349.78**	**171.01**
Doubtful - up to 1 year	Stage 1	7.60	0.02	7.57	1.48	(1.46)
1 to 3 years	Stage 1	313.73	0.01	313.72	91.81	(91.80)
Doubtful - up to 1 year	Stage 3	3,755.54	1,274.46	2,481.08	828.34	446.11
1 to 3 years	Stage 3	11,702.63	5,995.02	5,707.62	5,919.65	75.37
More than 3 years	Stage 3	5,018.92	3,399.22	1,619.70	3,578.09	(178.87)
Sub-Total for doubtful		**20,798.42**	**10,668.73**	**10,129.69**	**10,419.37**	**249.36**
Loss	Stage 3	1,241.27	1,241.27	-	1,241.27	-
Sub-Total for NPA		**23,723.99**	**12,430.78**	**11,293.21**	**12,010.41**	**420.37**
Other items (whose exposure forms part of contingent liability) such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	-	0.49	(0.49)	-	0.49
	Stage 2	-	-	-	-	-
	Stage 3	-	179.98	(179.98)	-	179.98
Sub-Total		**-**	**180.47**	**(180.47)**	**-**	**180.47**

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(₹ in crore)

Asset Classification as per RBI Norms	As at 31.03.2020					
	Asset classification per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Total	**Stage 1**	**2,88,331.96**	**441.67**	**2,87,890.29**	**1,489.91**	**(1,048.24)**
	Stage 2	**33,719.58**	**773.90**	**32,945.68**	**239.05**	**534.85**
	Stage 3	**27,844.62**	**14,748.46**	**13,096.16**	**13,665.06**	**1,083.40**
	Total	**3,49,896.16**	**15,964.03**	**3,33,932.13**	**15,394.02**	**570.01**

B. In respect of subsidiary RECL,

(₹ in crore)

Asset Classification as per RBI Norms	As at 31.03.2021					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,57,285.43	1,273.37	3,56,012.06	2,304.84	(1,031.47)
	Stage 2	2,925.24	141.43	2,783.81	145.62	(4.19)
Sub-Total		**3,60,210.67**	**1,414.80**	**3,58,795.87**	**2,450.46**	**(1,035.66)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	36.31	3.63	32.68	3.63	-
Doubtful - up to 1 year	Stage 3	560.99	303.81	257.18	301.24	2.57
1 to 3 years	Stage 3	13,786.04	8,514.57	5,271.46	6,913.49	1,601.08
More than 3 years	Stage 3	3,856.37	2,952.08	904.29	2,665.23	286.85
Sub-Total for doubtful		**18,203.40**	**11,770.46**	**6,432.93**	**9,879.96**	**1,890.50**
Loss	Stage 3	17.22	17.22	-	17.22	-
Sub-Total for NPA		18,256.93	11,791.31	6,465.61	9,900.81	1,890.50
Other items (whose exposure forms part of contingent liability) such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms -Letter of Comfort	Stage 1	2,617.94	9.09	2,608.85	-	9.09
Sub-Total		**2,617.94**	**9.09**	**2,608.85**	**-**	**9.09**
Total	**Stage 1**	**3,59,903.37**	**1,282.46**	**3,58,620.91**	**2,304.84**	**(1022.38)**
	Stage 2	**2,925.24**	**141.43**	**2,783.81**	**145.62**	**(4.19)**
	Stage 3	**18,256.93**	**11,791.31**	**6,465.61**	**9,900.81**	**1,890.50**
	Total	**3,81,085.54**	**13,215.20**	**3,67,870.33**	**12,351.27**	**863.93**

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(₹ in crore)

Asset Classification as per RBI Norms	As at 31.03.2020					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,00,392.16	480.08	2,99,912.08	1,779.27	(1,299.19)
	Stage 2	2,431.83	963.83	1,468.00	702.28	261.55
Sub-Total		**3,02,823.99**	**1,443.91**	**3,01,380.08**	**2,481.55**	**(1,037.64)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	2,037.61	468.91	1,568.70	203.76	265.15
Doubtful - up to 1 year	Stage 3	3,973.02	1,646.55	2,326.47	1,282.92	363.63
1 to 3 years	Stage 3	11,276.57	5,724.26	5,552.30	6,024.78	(300.52)
More than 3 years	Stage 3	3,951.13	2,695.19	1,255.94	2,787.48	(92.29)
Sub-Total for doubtful		**19,200.72**	**10,066.00**	**9,134.71**	**10,095.18**	**(29.18)**
Loss	Stage 3	17.22	17.22	-	17.22	-
Sub-Total for NPA		**21,255.55**	**10,552.13**	**10,703.41**	**10,316.16**	**235.97**
Other items (whose exposure forms part of contingent liability) such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	959.67	8.38	951.29	-	8.38
Sub-Total		**959.67**	**8.38**	**951.29**	**-**	**8.38**
Total	**Stage 1**	**3,01,351.83**	**488.46**	**3,00,863.37**	**1,779.27**	**(1,290.81)**
	Stage 2	**2,431.83**	**963.83**	**1,468.00**	**702.28**	**261.55**
	Stage 3	**21,255.55**	**10,552.13**	**10,703.41**	**10,316.16**	**235.97**
	Total	**3,25,039.21**	**12,004.42**	**3,13,034.78**	**12,797.71**	**(793.29)**

46.1.13 Expected Credit Loss for Trade Receivables

A. In respect of subsidiary, RECL

RECL provides for lifetime credit losses in respect of trade receivables of RECPDCL, one of the subsidiaries of RECL using simplified approach under ECL method

(₹ in crore)

Particulars	Less than 1 year	1 year- 2 year	2 year- 3 year	More than 3 year	Total
As at 31.03.2021					
Gross carrying value	124.45	22.85	32.47	46.80	226.57
Expected loss rate	15.36%	19.04%	49.98%	100.00%	38.18%
Expected credit loss (provision)	19.12	4.35	16.23	46.80	86.50
Carrying amount (net of impairment)	105.33	18.50	16.24	-	140.07
As at 31.03.2020					
Gross carrying value	71.77	50.03	16.48	33.60	171.88
Expected loss rate	15.61%	23.85%	36.89%	100.00%	36.54%
Expected credit loss (provision)	11.20	11.93	6.08	33.60	62.81
Carrying amount (net of impairment)	60.57	38.10	10.40	-	109.07

RECPDCL assumes significant increase in credit risk on Trade Receivables outstanding for more than 1 year.

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B. In respect of subsidiary PFCCL

The trade receivables of PFCCL mainly amount recoverable from the State Government entities. It considers that the exposure to state sector have a low credit risk mainly due to low default/ loss history. Further, the presence of Government interest lowers the risk of non-recoverability.

Subsequent to initial recognition, PFCCL recognises expected credit loss (ECL) on financial assets especially on trade receivables other than related parties. ECL is recognised at 100% on the trade receivables due for more than 2 years and 50% on the trade receivables due for more than one year and less than 2 years.

Ageing analysis of Trade receivables is as follows:

(₹ in crore)

Particulars	0 to 1 year	1 to 2 year	More than 2 years	Total
Gross carrying amount as at 31.03.2021	16.67	4.92	13.41	35.00
Gross carrying amount as at 31.03.2020	25.79	1.58	5.65	33.02

Movement in the expected credit loss allowance

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Balance at the beginning of the year	6.44	6.71
- Impairment allowance reversal	-	0.27
- Impairment losses recognised	1.02	-
Balance at the end of the year	**7.46**	**6.44**

46.2 Liquidity Risk

Liquidity risk is the risk that the Group doesn't have sufficient financial resources to meet its obligations as and when they fall due. The risk arises from the mismatches in the timing of the cash flows which are inherent in all financing operations and can be affected by a range of company specific and market wide events.

46.2.1 The following table analyses the maturity pattern of items of financial liabilities (debt securities, borrowings and subordinated liabilities) by remaining maturity of contractual principal and interest on an undiscounted basis:

(₹ in crore)

Particulars	Up to 1 year	1 – 5 years	More than 5 years	Total
As at 31.03.2021				
Domestic borrowings				
Principal	93,922.81	2,44,250.38	2,03,858.39	5,42,031.58
Interest	39,155.67	1,02,683.51	69,460.04	2,11,299.22
Foreign Currency borrowings				
Principal	10,050.05	55,538.09	37,063.19	1,02,651.33
Interest	2,964.78	9,290.91	5,134.49	17,390.18
Total	**1,46,093.31**	**4,11,762.89**	**3,15,516.11**	**8,73,372.31**
As at 31.03.2020				
Domestic borrowings				
Principal	91,623.66	2,32,563.84	1,60,419.57	4,84,607.07
Interest	36,793.50	94,529.63	57,820.02	1,89,143.15
Foreign Currency borrowings				
Principal	20,006.83	50,127.26	28,918.39	99,052.48
Interest	3,072.86	9,078.12	5,044.54	17,195.52
Total	**1,51,496.85**	**3,86,298.85**	**2,52,202.52**	**7,89,998.22**

In the above table, bonds with put & call option have been shown considering the earliest exercise date. Further, the commercial papers and zero-coupon bonds have been shown at the maturity value.

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46.2.2 The following table analyses the maturity pattern of Derivative financial liabilities:

(₹ in crore)

Particulars	Up to 1 year	1 – 5 years	More than 5 years	Total
As at 31.03.2021				
Forward	40.53	0.00	0.00	40.53
Option/swaps	88.61	847.95	363.26	1,299.82
Total	**129.14**	**847.95**	**363.26**	**1,340.35**
As at 31.03.2020				
Forward	20.23	-	-	20.23
Option/ swaps	94.80	1,146.00	664.52	1,905.32
Total	**115.03**	**1,146.00**	**664.52**	**1,925.55**

The above table details Group's liquidity analysis for its derivative financial liabilities based on MTMs received from counterparties. Maturity buckets are as per the remaining tenor of the respective derivative instrument.

46.2.3 Liquidity Risk Management

A. In respect of PFC,

In order to effectively manage liquidity risk, PFC endeavours to maintain sufficient cash flows to cover maturing liabilities without incurring unacceptable losses or risking damage to PFC's reputation and also endeavours to maintain a diversified fund base by raising resources through different funding instruments. The adequacy of the PFC's liquidity position is determined keeping in view the current liquidity position; anticipated future funding needs; present and future earning capacity; and available sources of funds.

PFC manages its day to day liquidity to ensure that PFC has sufficient liquidity to meet its financial obligation as & when due. The long-term liquidity is managed keeping in view the long-term fund position and the market factors. This is in line with the Board approved framework and breaches, if any, are to be reported to the Board of Directors. PFC has never defaulted in servicing of its borrowings.

Further, for overall liquidity monitoring and supervision, PFC has an Asset Liability Committee (ALCO) headed by Director (Finance). The ALCO tracks the liquidity risk by analysing the maturity or cash flow mis-matches of its financial assets and liabilities. The mis-matches are analysed by way of liquidity statements prescribed by RBI, wherein the cumulative surplus or deficit of funds is arrived at by distributing the cash flows against outstanding financial assets and financial liabilities according to the maturity ladder.

B. In respect of subsidiary, RECL

RECL manages its liquidity risk through a mix of strategies, including forward-looking resource mobilisation based on projected disbursements and maturing obligations. RECL has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis.

RECL maintains adequate bank balances, short-term investments that are readily convertible into cash and adequate borrowing and overdraft facilities by continuously monitoring the forecast and actual cash flows.

C. In respect of subsidiary PFCCL,

PFCCL maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31.03.2021 and 31.03.2020.

46.2.4 Financing arrangements

A. In respect of PFC

PFC has access to cash credit, overdraft, line of credits and working capital demand loans from banks to meet unanticipated liquidity need. Further, PFC has the highest Domestic Credit Rating of AAA, thereby enabling it to mobilise funds from the domestic market within a short span of time.

PFC has access to the following undrawn borrowing facilities:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
CC/ OD/ LoC / WCDL limits	8,098.00	5,270.00

B. In respect of subsidiary, RECL

Company's subsidiary RECL had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Expiring within one year (cash credit and other facilities)-Floating Rate	5,547.28	8,780.00
Expiring beyond one year (loans/ borrowings)-Floating Rate	-	497.82

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46.2.5 Liquidity Coverage Ratio

RBI vide circular dated 4.11.2019 issued the guidelines covering liquidity risk management for NBFCs wherein RBI introduced Liquidity Coverage Ratio (LCR) applicable on all non-deposit taking NBFCs with asset size of more than ₹ 5,000 crore. The guidelines aim to maintain a liquidity buffer in terms of LCR by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for next 30 days. As per the guideline, LCR is represented by Stock of HQLA divided by Total Net Cash Outflows (stressed outflow less stressed inflows) over the next 30 calendar days. PFC and its subsidiary RECL have complied with the said norms and maintained sufficient liquidity buffer in the form of HQLA (i.e. HQLA held being 50% of LCR).

46.3 Market Risk – Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument, denominated in currency other than functional currency, will fluctuate because of changes in foreign exchange rates.

46.3.1 The Company and its subsidiary, RECL is exposed to foreign currency risk mainly on its borrowings denominated in foreign currency. The carrying amount of the foreign currency denominated borrowings of these companies is as follows:

Description	As at 31.03.2021		As at 31.03.2020	
	Crore in respective currency	₹ in Crore	Crore in respective currency	₹ in Crore
USD Loans	**1,320.30**	**97,047.96**	**1,230.25**	**92,743.53**
Hedged	630.00	46,307.97	612.00	46,136.17
Unhedged	690.30	50,739.99	618.25	46,607.36
Euro Loans	**4.66**	**400.99**	**6.64**	**550.95**
Hedged	1.14	98.12	2.97	246.69
Unhedged	3.52	302.87	3.67	304.26
JPY Loans#	**7,249.24**	**4,810.59**	**7,720.32**	**5,377.20**
Hedged	2,084.60	1,383.34	2,519.05	1,754.51
Unhedged	5,164.64	3,427.25	5,201.27	3,622.69
SGD Loans	**7.21**	**391.79**	**7.21**	**380.80**
Hedged	7.21	391.79	7.21	380.80
Unhedged	-	-	-	-
Total		**1,02,651.33**		**99,052.48**
Hedged		48,181.22		48,518.17
Unhedged		54,470.11		50,534.31

#includes JPY loan partly hedged through forwards covering USD/ INR exposure for ₹ 940.86 crore as at 31.03.2021 (as at 31.03.2020 ₹ 964.94 crore).

46.3.2 Foreign currency risk monitoring and management

A. In respect of PFC

PFC has put in place a Board approved Currency Risk Management (CRM) policy to manage and hedge risks associated with foreign currency borrowings which prescribes the structure and organisation for management of associated risks.

PFC enters into various derivative transactions viz. principal only swaps, options and forward contracts for hedging the exchange rate risk. As per CRM policy, a system for reporting and monitoring of risks is in place wherein Risk Management Committee (RMC), consisting of senior executives of PFC, monitors the foreign currency exchange rate. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. The policy lays down the appropriate systems and controls to identify, measure and monitors, the currency risk for reporting to the Management. Parameters like hedging ratio, un-hedged exposure, mark-to market position, exposure limit with banks etc. are continuously monitored as a part of currency risk management.

B. In respect of subsidiary, RECL

RECL has a board-approved Risk Management Policy which inter-alia aims to manage risks associated with foreign currency borrowings. The Company uses combination of foreign currency options structures, forward contracts, cross currency swap and interest rate swaps to hedge its exposure to foreign currency and interest rate risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Functional Directors, Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors foreign currency risk with

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exchange rate and interest rate managed through various derivative instruments. The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

46.3.3 Foreign Currency Sensitivity Analysis

The table below represents the impact on Group's total equity (Gain / (Loss)) for 5% change in foreign currency exchange rate against INR on unhedged portfolio of outstanding foreign currency borrowings:

(₹ in crore)

Foreign Currency Liabilities	As at 31.03.2021		As at 31.03.2020	
	Decrease	Increase	Decrease	Increase
USD	2,223.07	(2,223.07)	2,091.12	(2,091.12)
Euro	12.38	(12.38)	12.56	(12.56)
JPY	170.73	(170.73)	180.14	(180.14)
Total	**2,406.18**	**(2,406.18)**	**2,283.82**	**(2,283.82)**

46.4 Market Risk – Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates.

A. In respect of PFC

(i) Interest rate risk is managed with the objective to control market risk exposure while optimising the return. The impact may be beneficial or adverse depending on the direction of change in interest rates and whether assets or liabilities re-price faster.

The Asset Liability Committee (ALCO) tracks the interest rate risk through the gap analysis i.e. by analysing the mis-matches between Rate Sensitive Assets and Rate Sensitive Liabilities. For gap analysis, the interest rate sensitivity statement prescribed by RBI is used, wherein the gap is measured between the Rate Sensitive Assets and Rate Sensitive Liabilities which are distributed based on the maturity date or the re-pricing date whichever is earlier.

Further, for managing the interest rate risk, PFC reviews its interest rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, etc. The asset mix is managed by PFC through its interest rate & credit policies which inter-alia covers aspects like reset periods; repayment periods, prepayment premium etc. The liabilities are managed keeping in view factors like cost, market appetite, timing, market scenario, ALM gap position etc.

(ii) Interest Rate Sensitivity Analysis

As per RBI Guidelines, Earning at Risk (EaR) is an important focal point for interest risk management. For interest rate sensitivity analysis, the impact of movement of interest rates has been measured on the Earning at Risk derived from the gap statements. The impact has been worked out considering 25 basis upward/downward shock to interest rates over a one-year period, assuming a constant balance sheet. The analysis shows that if rates are increased/decreased by 25 bps, the impact on EaR will be (+/-) ₹ 58.00 crore. (As at 31.03.2020 (+/-)₹ 73.08 crore)

The analysis assumes that the Rate Sensitive Assets and Rate Sensitive Liabilities are being re-priced at the same time. Further, the analysis considers the earliest/ first re-pricing date of the Rate Sensitive Assets and Rate Sensitive Liabilities.

Note: A 25 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

(iii) Disclosures in respect of Interest Rate Benchmark Reform

PFC has variable interest rate borrowings whose interest rate is based on interest rate benchmarks. Also, to hedge the variability of cash flows on these borrowings, PFC has entered into multiple interest rate swaps with key terms (principal amount, payment dates, repricing dates, currency) that match those of the debt on which it pays a fixed rate and receives a variable rate. Significant interest rate benchmark used in PFC's borrowings is 6 month USD /JPY LIBOR (London Interbank Offered Rate).

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Following is the detail of the foreign currency borrowing which may be impacted based on LIBOR transition as planned after June 2023 for 6 month USD LIBOR & December 2021 for JPY LIBOR:-

Benchmark	Amount in respective currency (million)
6 month USD LIBOR	USD 909
6 month JPY LIBOR	JPY 36,336

PFC is managing LIBOR transition plan. The significant change will be amendments to the contractual terms of the LIBOR referenced floating rate borrowings and the associated swap and the corresponding update of the hedge designation. The Company has incorporated LIBOR transition related clauses in all its facility agreement linked with interest rate benchmarks. Further, PFC is under discussion with other counterparties to discuss available alternative benchmark and commercials, but changes required by the IBOR (Interbank offer rate) reforms have not been agreed yet. The nominal amount of the hedging instruments which may be impacted due to LIBOR transition i.e. after June 2023 is USD Interest rate swap – USD 900 million.

B. In respect of subsidiary, RECL

(i) RECL manages its interest rate risk through various derivative contracts like interest rate swap contracts, forward interest rate contracts to minimise the risk of fluctuation in interest rates. RECL also uses cross-currency interest rate swaps as a cost-reduction strategy to benefit from the interest differentials in different currencies.

The table below shows the overall exposure of RECL to interest rate risk on the floating rate liabilities, along with the bifurcation under hedged/ un-hedged category as at 31.03.2021 is as under:

(Foreign Currency & INR Equivalent in ₹ crore)

Currency	As at 31.03.2021			As at 31.03.2020		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	35,738.58	-	35,738.58	19,899.78	-	19,899.78
USD $	276.88	163.00	113.89	324.20	283.00	41.20
INR Equivalent	20,352.38	11,981.27	8,371.11	24,439.81	21,334.21	3,105.60
JPY ¥	2,084.61	1,032.71	1,051.90	1,032.71	1,032.71	-
INR Equivalent	1,383.35	685.31	698.04	719.28	719.28	-
SGD $	7.21	7.21	-	7.21	7.21	-
INR Equivalent	391.79	391.79	-	380.83	380.83	-
Total INR Equivalent	**57,866.10**	**13,058.37**	**44,807.73**	**45,439.70**	**22,434.32**	**23,005.38**

RECL's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 1/3/10 year reset option with the borrower. RECL reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, RECL charges pre-payment premium from borrowers in case of pre- payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

RECL is exposed to interest rate risk on following loan assets which are at semi-fixed rates:

(₹ in crore)

Description	As at 31.03.2021	As at 31.03.2020
Rupee Loans	3,63,580.03	3,12,065.92

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(ii) Sensitivity Analysis

The table below represents the impact on P&L (Gain / (Loss)) for 50 basis points increase or decrease in interest rate on RECL's floating rate assets and liabilities on the unhedged exposures:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(167.65)	167.65	(86.08)	86.08
Floating/ semi-fixed Rate Loan Assets	1,360.37	(1,360.37)	1,167.63	(1,167.63)

*Holding all other variables constant

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

(iii) Disclosures in respect of Interest Rate Benchmark Reform (IBOR)

RECL has variable interest rate borrowings with interest rates linked with different benchmarks. Such interest rate benchmarks for foreign currency borrowings include 1/3/6 Month USD/ JPY LIBOR (London Inter-Bank Offered Rate) and 6 Month SOR (Swap Offer Rate). The summary of such borrowings is as below:

Benchmark	Amount (₹ In Crore)	Amount (USD Mn Equivalent)
1M USD LIBOR	1,690.61	230.00
3M USD LIBOR	5,512.85	750.00
6M USD LIBOR	13,148.92	1,788.85
6M JPY LIBOR	1,383.35	188.20
6M SOR	391.79	53.30
Total	**22,127.52**	**3,010.35**

As announced by the UK Financial Conduct Authority (FCA) on 05.03.2021, JPY LIBOR will cease to be published after 31.12.2021 and 1 Month, 3 Month and 6 Month USD LIBOR will cease to be published after 30.06.2023. Since SOR (Singapore Swap Offer Rate) is also benchmarked with USD LIBOR, it will also become non-representative from 30.06.2023.

(a) Exposure directly affected by the interest rate benchmark reform

The total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is ₹ 13,468.66 crore. Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is ₹ 4,752.33 crore.

(b) Managing the process to transition to alternative benchmark rates

Pursuant to the interest rate benchmark reform, LIBOR will be replaced with alternative Risk-Free Rates. SOFR (Secured Overnight Financing Rate) will be the replacement for USD LIBOR, while TONA (Tokyo Overnight Average Rate) will replace JPY LIBOR. ISDA (International Swaps and Derivatives Association), the globally recognised statutory body governing the global derivative deals, has come up with the ISDA 2020 IBOR Fallbacks Protocol (commonly referred to as Fallback Protocol) to move all the legacy contracts to new benchmarks. RECL has adhered to the Fallbacks Protocol under which the fallbacks for the various LIBOR benchmarks will automatically become applicable to the existing derivative trades with all counterparties.

(C) Significant Assumptions for exposures affected by the Interest Rate Benchmark Reform

Ind AS 109 provides temporary exceptions to all the hedging relationships directly impacted by the Interest Rate Benchmark Reform. While the benchmarks for the underlying loan are yet to be agreed with the lenders, it has been assumed that there will be no change in the alternative benchmark rates of the underlying loan and the derivative contracts and hedge effectiveness is not altered as a result of such reform.

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46.5 Market Risk – Price risk

The Group is exposed to price risks arising from investments in listed equity shares. Refer Note 13A 'Investments' for Group's exposure to the same.

Sensitivity Analysis

The table below represents the impact on Consolidated Statement of Profit and Loss for 5% increase or decrease in the respective prices on Group's equity investments, outside the Group:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Increase	(Decrease)	Increase	(Decrease)
Impact on P&L	4.18	(4.18)	2.22	(2.22)
Impact on OCI	63.61	(63.61)	61.48	(61.48)

47. HEDGE ACCOUNTING

Derivatives are measured at FVTPL unless designated under Hedge Accounting relationship. The Group has designated certain derivative contracts under cash flow hedge. For derivatives other than interest rate derivative, the Group designates only the intrinsic value of option contracts as a hedged item by excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. The time value of the options at the inception of the hedging relationship is reclassified to profit or loss on a systematic basis over the term of hedging instrument

The table below provides Movement in Effective Portion of Gains / (Loss) on Hedging Instruments in Cash Flow Hedge and cost of hedging reserve for PFC and subsidiary RECL

(₹ in crore)

Sr. No.	Particulars	FY 2020-21	FY 2019-20
(a)	**Opening balance of Reserves (net of tax)**	(523.49)	(50.15)
(b)	Amount recognised in OCI during the year	(1,685.62)	321.98
(c)	Amount reclassified from OCI to P&L (including amortisation)	2,036.73	(944.45)
(d)	**Net amount recognised in OCI during the year (b + c)**	**351.11**	**(622.47)**
(e)	Deferred Tax on (d) above	(88.36)	149.13
(f)	**Net amount recognised in OCI during the year (Net of Tax) (d+e)**	**262.75**	**(473.34)**
(g)	**Closing balance of Reserves (net of Tax) (a+f)**	**(260.74)**	**(523.49)**
	- attributable to owners of the Equity	(201.92)	(319.42)
	- attributable to NCI	(58.82)	(204.07)

Hedge ineffectiveness recognised in Statement of Profit and Loss during FY 2020-21- Nil (previous year ₹ 0.13 crore).

A. In respect of PFC

(i) Hedge Effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company applies the following effectiveness testing strategies:

a) For derivatives other than options that exactly match the terms of the hedged item, the economic relationship and hedge effectiveness are based on the qualitative factors using critical terms match method (where principal terms of the hedging instrument and the hedged item are same).

b) For option structures, the Company analyses the relationship of changes in value of the hedging instrument and hedged item using regression analysis based dollar offset method.

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(ii) Details of hedging instrument designating as Cash flow hedge

Sr. No.	Particulars	Nominal Amount (₹ in Crore)	Carrying Amount		Date of maturity	Weighted Average Rate / Strike Price[1]
			Assets (₹ in Crore)	Liabilities (₹ in Crore)		
As at 31.03.2021						
1.	Currency Derivatives	55.13	0.09	-	17.06.2021	73.6705
		9.38	0.02	-	21.06.2021	73.6890
		26.57	0.06	-	30.06.2021	73.7625
		1,837.62	81.33	-	28.06.2022	4.53%
		1,837.62	44.40	-	26.09.2023	4.12%
		735.05	-	1.58	13.10.2023	3.67%
		2,205.14	-	16.08	05.11.2023	3.48%
		2,940.19	-	9.17	14.06.2024	3.95%
		2,205.14	72.87	-	13.09.2024	4.43%
		1,837.61	-	25.09	20.12.2024	3.88%
	Sub Total	**13,689.45**	**198.77**	**51.92**		
2.	Interest rate Derivatives	1,837.62	-	43.96	28.06.2022	1.76%
		1,837.62	-	134.36	26.09.2023	3.15%
		735.05	0.78	-	13.04.2024	0.50%
		2,205.14	1.25	-	05.05.2024	0.55%
		1,837.61	2.07	-	20.06.2024	0.58%
	Sub Total	**8,453.04**	**4.10**	**178.32**		
3.	**Total (1+2)**	**22,142.49**	**202.87**	**230.24**		
As at 31.03.2020						
1.	Currency derivatives	1,884.65	120.04	-	26.09.2023	4.12%
		1,884.65	141.60	-	28.06.2022	4.53%
		2,261.58	166.47	-	13.09.2024	4.43%
	Sub Total	**6,030.88**	**428.11**	**-**		
2.	Interest rate Derivatives	1,884.65	-	183.34	26.09.2023	3.15%
		1,884.65	-	50.23	28.06.2022	1.76%
	Sub Total	**3,769.30**	**-**	**233.57**		
3.	**Total (1+2)**	**9,800.18**	**428.11**	**233.57**		

[1] In case of POS/ Options/ IRS – weighted average rate has been indicated and in case of forwards deal rate has been indicated.

(iii) Profile of timing of nominal amount of hedging instrument

(₹ in crore)

Description (including derivative)	As at 31.03.2021	As at 31.03.2020
Currency derivatives		
Up to 1 year	91.08	-
1 – 5 years	13,598.37	6,030.88
More than 5 years	-	-
Sub Total (A)	**13,689.45**	**6,030.88**
Interest rate Derivatives		
Up to 1 year	-	-
1 – 5 years	8,453.04	3,769.30
More than 5 years	-	-
Sub Total (B)	**8,453.04**	**3,769.30**
Total (A+B)	**22,142.49**	**9,800.18**

Maturity buckets in the above table are as per the remaining tenor of the respective derivative instrument.

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B. In respect of subsidiary, RECL

(i) Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company applies the following effectiveness testing strategies:

- For cross currency swaps and interest rate swaps that exactly match the terms of the hedged item, the economic relationship and hedge effectiveness are based on the qualitative factors using critical terms match method.
- For other interest rate swaps (in cases of late designation), RECL uses dollar offset method using a hypothetical derivatives, dollar offset method is a quantitative method that consists of comparing the change in fair value or cash flows of the hedging instrument with the change in fair value or cash flows of the hedged item attributable to the hedged risk.
- For option structures, RECL analyses the behaviour of the hedging instrument and hedged item using regression analysis based dollar offset method.

RECL has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

(ii) Effects of hedge accounting on balance sheet

(₹ in crore)

Type of hedge and risks	Notional Amt (in Mln)	Carrying amount of hedging instruments		Maturity Dates	Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
As at 31.03.2021								
Cash flow hedge								
Foreign exchange and interest rate risk								
Seagull Structure	USD 2595	1,458.96	43.25	April 2021 - Oct 2025	1:1	73.32	(611.68)	611.68
	JPY 20,846.12	198.23	-	Aug 2023 - Sep 2025	1:1	0.66	(131.87)	131.87
Call Spread	USD 250	77.74	-	Mar 2024	1:1	71.94	(93.51)	93.51
Cross Currency swaps	USD 1350	-	244.37	Dec 2021 - Mar 2025	1:1	2.92% and 72.93	(73.78)	73.78
	JPY 10,327.12	-	4.06	Aug 2023	1:1	0.42% and 0.62	(0.08)	0.08
	SGD 72.08	23.86	-	Mar 2025	1:1	1.44%	21.54	(21.54)
Principal only swaps	USD 375	-	121.08	Mar 2025 - Jun 2030	1:1	7541.00%	(174.62)	174.62
Interest rate swaps	USD 260	-	69.74	Mar 2024 - Jul 2024	1:1	2.32%	(1.12)	1.12
As at 31.03.2020								
Cash flow hedge								
Foreign exchange and interest rate risk								
Seagull Structure	USD 1410.00	1,494.84	-	May 2020 – Mar 2025	1:1	71.88	213.14	(213.14)
	JPY 10,327.10	167.37	-	Aug 2023	1:1	0.62	10.3	(10.3)
Call Spread	USD 250.00	97.16	-	Mar 2024	1:1	71.94	81.36	(81.36)
Cross Currency swaps	USD 1,000.00	-	297.86	Dec 2020- Mar 2025	1:1	3.67%	(175.35)	175.22
	JPY 10,327.10	-	5.28	Aug 2023	1:1	0.42%	(1.29)	1.29
	SGD 72.08	2.32	-	Mar 2025	1:1	1.18%	2.32	(2.32)
Interest rate swaps	USD 1,260	5.24	134.45	Jul 2020 -Jul 2024	1:1	2.35%	(185.91)	185.91

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48. FAIR VALUE MEASUREMENTS

48.1 Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

(₹ in crore)

Sr. No.	Financial asset/ Financial Liability – Recurring fair value	Fair Value as at 31.03.2021	Fair Value as at 31.03.2020	Fair value hierarchy (Refer Note 6.1)	Valuation technique(s) & Key input(s)
1	Investment in Debt Securities (Perpetual bonds)				
	- Union Bank of India	-	810.05	Level 3	Fair value has been computed using the discounted cash flow method
	- Indian Bank	-	500.31		
	- Bank of Baroda	-	500.00		
	- Syndicate Bank	-	500.31		
2	Quoted Equity investments				
	- PTC India Limited	93.30	46.50	Level 1	Quoted market price
	- Coal India Limited	182.03	195.57		
	- NHPC Limited	953.00	817.50		
	- Suzlon Energy Limited	42.31	-		
	-Housing & Urban Development Corporation. Ltd	1.52	0.69		
	- Indian Energy Exchange Ltd.	-	157.01		
	- RattanIndia Power Limited	83.56	44.24		
3	Un-Quoted Equity investments				
	-Power Exchange India Limited	-	-	Level 3	Fair value has been calculated as Nil as PFC estimates no material amount may be realised from the investment on the basis of the financial statements of the investee company.
	- RKM PowerGen Pvt. Ltd	-	-		Allotted pursuant to restructuring, valued at ₹ 1 on prudent basis
	-Universal Commodity Exchange Limited (UCX)	-	-		Fair value has been calculated as Nil as UCX was shut down in 2014, thereby, ceasing to exist as a going concern
4	Investment in preference shares				
	- RattanIndia Power Limited-OCCRPS	139.18	145.99	Level 3	Fair valued using discounted future cash flow as per terms of agreement
	- Suzlon Global Services Limited -CCPS	-	-		Allotted pursuant to restructuring, valued at ₹ 1 on prudent basis
5	Investment in debentures				
	- Essar Power Transmission Company Ltd. - Series 1 - OCD	140.21	-	Level 3	Fair valued using discounted future cash flow as per terms of agreement
	- Essar Power Transmission Company Ltd. - Series 2 - OCD	60.20	-		
	- Suzlon Energy Limited – OCD	94.28	-		
	- Essar Power Transmission Company Ltd. - Series 3 - OCD	-	-		Fair valued a ₹ 1 due to the non-availability of structured repayment schedule. The debentures are unsustainable in nature and future cashflows are uncertain.
	- RKM Powergen Pvt. Ltd. - Series A – OCD	-	-		
	- RKM Powergen Pvt. Ltd. - Series B – OCD	-	-		
	- RKM Powergen Pvt. Ltd. - Series AI – OCD	-	-		
6	Units of 'Small Is Beautiful' Fund of KSK	-	12.24	Level 3	Fair valued at nil as the fund is under liquidation and realisable value is uncertain.
7	Derivative Financial Instruments				
	Assets	3,562.67	5,182.27	Level 2	The fair value of these contracts is obtained from counterparty banks, who determines it using valuation models that use inputs which are observable for the contracts, such as interest rates and yield curves, implied volatilities etc.
	Liability	1,340.35	1925.55		

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48.2 There were no transfers between Level 1 and Level 2 fair value hierarchy in the period.

48.3 Reconciliation of Financial Instruments fair valued through Level 3 inputs:

The following table shows the reconciliation of the opening and closing amounts of financial assets and liabilities of the Group measured at fair value through Level 3 inputs:

(₹ in crore)

Particulars	Investment in Bond Instruments	Investment in Preference Shares	Investment in OCDs	Investment in Venture Capital Fund	Investment in Unlisted Equity Shares
FY 2020-21					
Opening Balance	2,310.67	145.99			
Investment made during the year			306.62		
Settlement	(2,555.54)	-	(47.03)	-	-
Transfer in Level 3	-	-	-	12.27	-
Transfer from Level 3	-	-	-	-	-
Interest income	244.87	6.26	35.10	-	-
Fair Value gain/ (loss)	-	(13.07)	-	(12.27)	-
Closing Balance	0.00	139.18	294.69	-	-
Unrealised gains/(loss) on balances held at the end of the period	-	6.18	12.42	(12.27)	(16.00)
FY 2019-20					
Opening Balance	2,366.71		-	-	-
Investment made during the year		127.15	-	-	-
Settlement	(312.10)		-	-	-
Interest income	256.06	1.50	-	-	-
Fair Value gain/ (loss)	-	17.34	-	-	-
Closing Balance	**2,310.67**	**145.99**	**-**	**-**	**-**
Unrealised gains/ (loss) on balances held at the end of the period	10.67	18.84			(16.00)

48.4 Fair Value of financial assets/ liabilities measured at amortised cost:

(₹ in crore)

Asset/Liability	Fair value hierarchy	As at 31.03.2021		As at 31.03.2020	
		Amortised Cost	Fair Value	Amortised Cost	Fair Value
Loans	Level 3	7,22,386.84	7,27,567.67	6,46,196.11	6,44,517.94
Investments	Level 3	1,160.89	1,173.94	123.31	130.41
Other financial assets	Level 2	29,779.87	29,791.25	27,463.77	27,469.30
Debt securities[(a)]	Level 1 / 2	4,80,080.65	4,89,419.90	4,41,765.90	4,36,863.38
Borrowings other than debt securities[(b)]	Level 2	1,63,344.42	1,61,896.67	1,40,664.60	1,47,031.59
Subordinated liabilities	Level 2	16,257.09	17,825.47	14,130.60	15,167.54

[(a)] Includes listed instruments with Level 1 fair value hierarchy.
[(b)] Foreign currency Notes (GMTN issuances) being fair valued as per closing prices as per Reuters.
[(b)] Includes foreign currency loans linked to LIBOR and multilateral agencies loans being valued at par.

(i) The fair value of the above financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties except for the cases where quoted market prices are available. These fair values were calculated for disclosure purposes only.

(ii) The carrying amounts of financial assets and financial liabilities other than those shown in the above table are considered to be a reasonable approximation of their fair values.

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49. RELATED PARTY DISCLOSURES

49.1 Related Parties:

Associates:			
1	Bihar Mega Power Limited	2	Sakhigopal Integrated Power Company Limited
3	Orissa Integrated Power Limited	4	Ghogarpalli Integrated Power Company Limited
5	Jharkhand Infrapower Limited	6	Odisha Infrapower Limited
7	Coastal Tamil Nadu Power Limited	8	Deoghar Mega Power Limited
9	Bihar Infrapower Limited	10	Cheyyur Infra Limited
11	Coastal Karnataka Power Limited (under approval for winding up)	12	Tatiya Andhra Mega Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)
13	Chhattisgarh Surguja Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)	14	Coastal Maharashtra Mega Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)
15	Deoghar Infra Limited	16	Karur Transmission Limited
17	Vapi II North Lakhimpur Transmission Limited (transferred on 23.06.2020)	18	Bijawar-Vidarbha Transmission Limited (National Committee on Transmission (NCT) has already recommended for closure/de-notification of the scheme/ITP, however, formal gazette notification from MoP is awaited)
19	Shongtong Karcham-Wangtoo Transmission Limited (under process of Striking off the name of Company from the records of Registrar of Companies)	20	Tanda Transmission Company Limited (under process of Striking off the name of Company from the records of Registrar of Companies)
21	Koppal- Narendra Transmission Limited	22	Ananthpuram Kurnool Transmission Limited (incorporated on13.05.2020)
23	Bhadla Sikar Transmission Limited (incorporated on 13.05.2020)	24	Khetri-Narela Transmission Limited (incorporated on 15.05.2020)
25	Bikaner-II Bhiwadi Transco Limited (incorporated on 12-05-2020 and sold on 25.03.2021)	26	Sikar-II Aligarh Transmission Limited (incorporated on 17.05.2020)
27	Dumka Transmission Limited	28	Dinchang Transmission Limited (under process of Striking off)
29	Koderma Transmission Limited	30	Chandil Transmission Limited
31	Mandar Transmission Limited	32	Sikar New Transmission Limited (incorporated on 11.06.2020)
33	Ramgarh New Transmission Limited (incorporated on 26.06.2020 and transferred on 09.03.2021)	34	MP Power Transmission Package-I Limited (incorporated on 04.08.2020)
35	MP Power Transmission Package-II Limited (incorporated on 20.08.2020)	36	Kallam Transmission Limited (incorporated on 28.05.2020)
37	Gadag Transmission Limited (incorporated on 02.06.2020)	38	Fatehgarh Bhadla Transco Limited ((incorporated on 02.06.2020)
39	Rajgarh Transmission Limited (incorporated on 06.06.2020)	40	Bidar Transmission Limited (incorporated on 08.06.2020)
Joint Ventures:			
1	Energy Efficiency Services Limited (EESL)	2	Creighton Energy Limited (through EESL)
3	EESL EnergyPro Assets Limited (through EESL)	4	Edina Acquisition Limited (through EESL)
5	Anesco Energy Services (South) Limited (through EESL)	6	Edina Limited (through EESL)
7	EPAL Holdings Limited (through EESL)	8	Edina Australia Pty Limited (through EESL)
9	Edina Power Services Limited (through EESL)	10	Stanbeck Limited (through EESL)
11	Edina UK Limited (through EESL)	12	Edina Power Limited (through EESL)
13	Armoura Holdings Limited (through EESL)	14	Edina Manufacturing Limited (through EESL)
15	EPSL Trigeneration Private Limited (through EESL)	16	Convergence Energy Services Limited(through EESL)(incorporated on 29.10.2020)

Key Managerial Personnel (KMP):		**Designation**
In respect of PFC,		
1	Shri Ravinder Singh Dhillon (Director (Projects) from 12.06.2019 till 31.05.2020)	Chairman and Managing Director (w.e.f. 01.06.2020)
2	Shri Rajeev Sharma (superannuated on 31.05.2020)	Chairman and Managing Director
3	Shri P.K. Singh	Director (Commercial) & Additional Charge Director (Projects)
4	Smt. Parminder Chopra (w.e.f. 01.07.2020)	Director (Finance)
5	Shri N. B. Gupta (superannuated on 30.06.2020)	Director (Finance)
6	Shri Tanmay Kumar (w.e.f. 04.11.2020)	Government Nominee Director
7	Shri Mritunjay Kumar Narayan (up to 04.11.2020)	Government Nominee Director
8	Shri Ram Chandra Mishra	Part Time Non-Official Independent Director
9	Smt. Gouri Chaudhury (up to 03.11..2020)	Part Time Non-Official Independent Director
10	Shri Manohar Balwani	CGM & Company Secretary

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In respect of subsidiary RECL		
1	Shri Sanjay Malhotra (w.e.f. 09.11.2020)	Chairman and Managing Director
2	Shri Ajeet Kumar Agarwal (up to 31.05.2020)	Chairman & Managing Director and Director (Finance)
3	Shri Sanjeev Kumar Gupta	Chairman and Managing Director (from 01.06.2020 to 08.11.2020) and Director (Technical)
4	Shri Ajoy Choudhary (w.e.f. 01.06.2020)	Director (Finance)
5	Shri P.K. Singh	PFC Nominee Director (Non-executive Director)
6	Shri Mritunjay Kumar Narayan (up to 05.11.2020)	Govt. Nominee Director
7	Shri Tanmay Kumar (w.e.f. 05.11.2020)	Govt. Nominee Director
8	Shri J.S. Amitabh	Executive Director & Company Secretary
In respect of subsidiary PFCCL,		
1	Shri Ravinder Singh Dhillon (Director from 12.06.2019 till 31.05.2020)	Chairman (w.e.f. 01.06.2020)
2	Shri Rajeev Sharma (superannuated on 31.05.2020)	Chairman
3	Shri P.K. Singh	Director
4	Shri N. B. Gupta (superannuated on 30.06.2020)	Director
5	Smt. Parminder Chopra (w.e.f. 01.07.2020)	Director
6	Shri Manoj Kumar Rana	Chief General Manager (In-charge) exercising powers of Chief Executive Officer
7	Shri Yogesh Juneja (up to 04.08.2020)	Chief Executive Officer
8	Shri Manish Kumar Agrawal	Company Secretary

Trusts / Funds under control of PFC			
1	PFC Employees Provident Fund	2	PFC Employees Gratuity Fund
3	PFC Defined Contribution Pension Scheme 2007	4	PFC Superannuation Medical Fund
Trusts / Funds/ society of subsidiary RECL			
1	REC Retired Employees' Medical Trust	2	REC Employees' Superannuation Trust
3	REC Gratuity Fund	4	REC Limited Contributory Provident Fund Trust
5	REC Foundation		
Others			
1	PTC India Limited	2	NHPC Limited (w.e.f. 04.11.2020)
3	SJVN Limited (w.e.f. 04.11.2020)	4	Kholongchhu Hydro Energy Limited (w.e.f. 04.11.2020)
5	Punatsangchhu-I, Hydroelectric Project Authority in Bhutan (w.e.f. 04.11.2020)	6	Punatsangchhu-II Hydroelectric Project Authority in Bhutan (w.e.f. 04.11.2020)
7	Mangdechhu Hydroelectric Project Authority in Bhutan (w.e.f. 04.11.2020)		

49.2 Transactions with the Related Parties are as follows:

Intra Group related party transactions with subsidiaries are eliminated in the preparation of Consolidated Financial Statement of the Group. Hence the same has not been disclosed in Group related party transactions.

(₹ in crore)

Particulars	During FY 2020-21	During FY 2019-20
Joint Venture		
Others	0.21	0.74
Associates		
Advances to associates	1.29	3.59
Recoveries of advances (including interest) from associates	33.21	14.92
Interest income on advances to associates	17.23	21.12
Advances received from associates	6.81	8.65
Interest expenses on advances from associates	2.88	5.07
Income on transfer of associate	21.84	59.92
Others	14.55	5.95
Trusts/ Funds/ Foundations of the Group		
Contributions made during the year	9.75	39.49
Finance cost on bonds	1.46	9.13
Others	90.00	152.49

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(₹ in crore)

Particulars	During FY 2020-21	During FY 2019-20
Key managerial personnel		
Short-term employee benefits (i)	7.51	6.15
Post-employment benefits (ii)	0.58	0.64
Other long-term benefits (iii)	0.45	0.33
Sub Total (i+ii+iii)	**8.54**	**7.12**
Repayment/recovery of loans and advances	0.30	0.11
Directors' sitting fee	0.19	0.33
Finance cost on bonds	0.05	0.03
Redemption of bonds (net of subscription)	0.36	-
Others		
Dividend received	9.00	4.80
Directors' Sitting Fee	0.02	0.02

49.3 Outstanding balances with Related Parties are as follows:

Intra Group related party outstanding balances with subsidiaries are eliminated in the preparation of Consolidated Financial Statement of the Group. Hence the same has not been disclosed in Group Outstanding balances with related party.

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Amount recoverable towards loans, advances and others(including interest)		
Associates	198.70	171.02
Key managerial personnel	0.85	0.84
Trusts / Funds under control of the Group	1.54	4.21
Amount payable towards loans, advances and others (including interest)		
Associates	176.94	169.11
Debt Securities		
Key managerial personnel	0.31	0.64
Trusts/ Funds under control of the Company	74.70	66.08

49.4 Disclosure in respect of entities under the control of the same government (Government related entities)

Companies in the Group are Central Public Sector Undertaking (CPSU) controlled by Central Government. List of Government related entities with which the Group has done transactions, includes but not limited to:

Bhartiya Rail Bijlee Company Ltd.	Damodar Valley Corporation
Tehri Hydro Development Corporation	Power Grid Corporation of India Ltd.
Neyveli UP Power Ltd.	Bihar Grid Company Ltd.
Meja Urja Nigam Pvt. Ltd.	Coal India Ltd.
Raichur Power Corporation Ltd.	Railtel Enterprises Ltd
NTPC Ltd.	Aravali Power Company Pvt. Ltd.
NLC Tamil Nadu Power Limited	North East Transmission Company Ltd.
National High Power Test Laboratory Pvt. Ltd	Neyveli Lignite Corporation Ltd.
Nabinagar Power Generating Co. Pvt. Ltd.	Singareni Collieries Company Ltd.
Bhilai Electric Supply Company Ltd	NTPC Tamil Nadu Energy Company Ltd.
SBI Capital Markets Limited	Bhilai Electric Supply Company Ltd.
THDC India Ltd	Patratu Vidut Utpadan Nigam Ltd.
NTPC Vidyut Vyapar Nigam Ltd.	MSTC Ltd.
NHPC Ltd.	THDC India Ltd.
Ratnagiri Gas & Power (P) Ltd.	

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Significant transactions with entities under the control of same government:

(₹ in crore)

Particulars	During FY 2020-21	During FY 2019-20
Disbursement of loans	5,871.88	4,770.51
Interest received	6,098.30	6,598.77

Refer Note 55, 14 and 25 in respect of material transactions with the Central Govt.

The above transactions with the government related entities cover transactions that are significant individually and collectively. The Group has also entered into other transactions such as telephone expenses, air travel and deposits etc. with other CPSUs. They are insignificant individually & collectively and hence not disclosed. All transactions are carried out on market terms.

49.5 Terms and conditions of transactions with related parties

(i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

(ii) The remuneration and staff loans to Key Managerial Personnel are in line with the service rules of the respective Companies.

(iii) The Companies in the Group makes advances to its associate companies which are incorporated as SPVs to meet the preliminary expenditure. Such advances carry interest rates at the rate applicable to Term Loans as per the respective Company's policy.

(iv) The interest and/or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the debt securities and/or equity shares of the respective Company and the interest and/or dividend paid on such securities is uniformly applicable to all the holders.

(v) Outstanding balances of Group companies at the year-end are unsecured.

50 EMPLOYEE BENEFITS

50.1 Defined contribution plans:

a) Pension

The Companies in the Group pays fixed contribution to National Pension Scheme (NPS) for its pension obligation towards employees at pre-determined rates into NPS Account (Pension Account) of the employees.

b) Provident Fund

The Companies in the Group pays fixed contribution on account of provident fund at prescribed rates to a separate trusts, which invests the funds in permitted securities. These trusts have to ensure a minimum rate of return to the members, as specified by GoI. However, any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Companies in the Group. The Companies in the Group estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

The Group has recognised an expense in the Consolidated Statement of Profit and Loss of ₹ 26.97 Crore (previous year ₹ 28.32 Crore) towards defined contribution plans.

50.2 Defined benefit plans:

a) Gratuity

The Companies in the Group have a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crore on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability for the same is recognised on the basis of actuarial valuation.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
a) Present value of Defined benefit obligation	61.11	65.25
b) Fair Value of Plan Assets	57.13	61.14
c) Net Defined Benefit (Asset)/ Liability (a-b)	3.98	4.11

Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
I. Opening Balance	**65.25**	**68.91**	**61.14**	**69.90**	**4.11**	**(0.99)**
Included in profit or loss						
Current service cost	3.78	4.05	-	-	3.78	4.05
Past service cost	-	-	-	-	-	-
Interest cost / income	4.20	5.02	4.12	5.41	0.08	(0.39)
II. Total amount recognised in profit or loss	**7.98**	**9.07**	**4.12**	**5.41**	**3.86**	**3.66**
Included in OCI						
Re-measurement loss/ (gain)	-	-	-	-	-	-
Actuarial loss (gain) arising from changes in financial assumptions	(1.30)	4.16	-	-	(1.30)	4.16
Actuarial loss (gain) arising from experience adjustment	0.70	(2.33)	-	-	0.70	(2.33)
Effect of change in demographic assumptions	-	-	-	-	-	-
Return on plan assets excluding interest income	-	-	(0.78)	(0.44)	0.78	0.44
III. Total amount recognised in OCI	**(0.60)**	**1.83**	**(0.78)**	**(0.44)**	**0.18**	**2.27**
IV. Contribution by participants	-	-	-	-	-	-
V. Contribution by employer	-	-	4.18	0.82	(4.18)	(0.82)
VI. Benefits paid	(11.52)	(14.56)	(11.53)	(14.55)	0.01	(0.01)
VII. Closing Balance (I+II+III+IV+V+VI)	**61.11**	**65.25**	**57.13**	**61.14**	**3.98**	**4.11**

b) Post-Retirement Medical Scheme (PRMS)

The Companies in the Group have Post-Retirement Medical Scheme (PRMS) to provide medical facilities to superannuated and deceased employees and their dependent family members. The liability for PRMS is recognised on the basis of actuarial valuation.

This scheme is managed by a separate trust. The trust has to ensure adequate corpus for meeting the medical expenditure incurred by the eligible employees. However, any short fall has to be compensated by the respective Company. The Companies in the Group estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
a) Present value of Defined benefit obligation	200.06	178.42
b) Fair Value of Plan Assets	187.46	177.71
c) Net Defined Benefit (Asset)/ Liability (a-b)	12.6	0.71

Notes to the Consolidated Financial Statements

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Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
I. Opening Balance	**178.42**	**164.91**	**177.71**	**126.50**	**0.71**	**38.41**
Included in profit or loss						
Current service cost	5.06	4.58	-	-	5.06	4.58
Past service cost	-	-	-	-	0	-
Interest cost / income	11.79	12.48	11.96	9.77	(0.17)	2.71
II. Total amount recognised in profit or loss	**16.85**	**17.06**	**11.96**	**9.77**	**4.89**	**7.29**
Included in OCI						
Re-measurement loss/ (gain)						
Actuarial loss (gain) arising from changes in financial assumptions	(7.73)	21.20	-	-	(7.73)	21.20
Actuarial loss (gain) arising from experience adjustment	25.24	(13.53)	-	-	25.24	(13.53)
Effect of change in demographic assumptions	-	-	-	-	-	-
Return on plan assets excluding interest income	-	-	1.27	4.24	(1.27)	(4.24)
III. Total amount recognised in OCI	**17.51**	**7.67**	**1.27**	**4.24**	**16.24**	**3.43**
IV. Contribution by participants	-	-	0.04	31.81	(0.04)	(31.81)
V. Contribution by employer	-	-	5.57	6.95	(5.57)	(6.95)
VI. Benefits paid	(12.72)	(11.22)	(9.09)	(1.56)	(3.63)	(9.66)
VII. Closing Balance (I+II+III+IV+V+VI)	**200.06**	**178.42**	**187.46**	**177.71**	**12.6**	**0.71**

c) Economic Rehabilitation Scheme (ERS)

The Companies in the Group have an Economic Rehabilitation Scheme (ERS) to provide monetary benefit in case of permanent disability/death of an employee. This scheme is unfunded and the liability is determined based on actuarial valuation.

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Present value of Defined benefit obligation	8.66	7.14

Movement in defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation for the year ended	
	31.03.2021	31.03.2020
I. Opening Balance	**7.14**	**5.38**
Included in profit or loss		
Current service cost	0.56	0.47
Past service cost	-	-
Interest cost / income	0.45	0.40
II. Total amount recognised in profit or loss	**1.01**	**0.87**
Included in OCI		
Actuarial loss (gain) arising from changes in financial assumptions	(0.08)	0.55
Actuarial loss (gain) arising from experience adjustment	2.2	1.73
Effect of change in demographic assumptions	-	-
Return on plan assets excluding interest income	-	-
III. Total amount recognised in OCI	**2.12**	**2.28**
IV. Contribution by participants	-	-

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(₹ in crore)

Particulars	Present value of Defined Benefit Obligation for the year ended	
	31.03.2021	31.03.2020
V. Contribution by employers	-	-
VI. Benefits paid	(1.61)	(1.39)
VII. Closing Balance (I+II+III+IV+V+VI)	**8.66**	**7.14**

d) Risk exposure

Through its defined benefit plans, the Companies in the Group are exposed to a number of risks, the most significant of which are detailed below:

(i) Investment risk/Asset Volatility Risk

Most of the plan asset investments are in government securities, other fixed income securities with high grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market & macro-economic factors. There is also a risk of asset liability matching i.e. the cashflow for plan assets does not match with cashflow for plan liabilities.

(ii) Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to government bonds' yields at the end of the reporting period. A decrease (increase) in discount rate will increase (decrease) present values of plan liabilities, although this will be partially offset by an increase in the value of the plans' investments.

(iii) Mortality rate risk/Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(iv) Salary escalation risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(v) Employee Turnover rate/Withdrawal rate

If the actual employee withdrawal rate in the future turns out to be more or less than expected then it may result in increase/ decrease in the liability.

e) Plan Assets

The value of plan assets for each category, are as follows:

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Cash & cash equivalents	2.50	5.79
State/ Central Government debt securities	37.01	31.33
Corporate bonds/ debentures	173.83	164.95
Others	31.25	35.34
Total	**244.59**	**237.41**

-Actual return on plan assets is ₹ 16.57 crore (previous year ₹ 18.99 crore).

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f) Significant Actuarial Assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31.03.2021 by TransValue Consultants for PFC & RECL. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for actuarial valuation are:-

A. In respect of PFC

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Discount rate & expected return on plan assets, if funded	7.08%	6.76%	7.08%	6.76%	7.08%	6.76%
Salary escalation rate/ Medical inflation rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality rate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate
Withdrawal rate	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

B. In respect of subsidiary, RECL

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Method used	PUCM					
Discount rate & expected return on plan assets	6.99%	6.72%	6.99%	6.72%	6.99%	6.72%
Future salary escalation/ medical inflation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected average remaining working lives of employees (years)	16.03	15.41	16.03	15.41	16.03	15.41

g) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation of PFC & RECL by the amounts shown below:

(₹ in crore)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
Gratuity	(2.14)	2.24	(1.90)	2.16
PRMS	(14.81)	15.79	(13.21)	14.07
ERS	(0.31)	0.35	(0.25)	0.29
Salary Escalation/Medical inflation rate (0.50% movement)				
Gratuity	0.3	(0.29)	0.45	(0.40)
PRMS	14.78	(14.07)	13.17	(12.54)
ERS	0.32	(0.29)	0.27	(0.23)
Medical Cost (10% movement)				
PRMS	20.85	(19.33)	18.58	(17.25)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Group actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Group to manage its risks from prior periods.

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h) Expected maturity analysis of the defined benefit plans in future years

(₹ in crore)

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Up to 1 year	9.78	13.63	13.8	11.74	1.73	1.57
1 to 5 years	29.65	23.71	83.36	60.16	5.17	4.10
Over 5 years	80.71	82.53	336.11	286.01	8.26	8.49
Total	120.14	119.87	433.27	357.91	15.16	14.16

The table above is drawn on the basis of expected cash flows.

i) Expected contributions to post-employment benefit plans

(₹ in crore)

Particulars	Gratuity		PRMS	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Expected contribution	7.56	7.89	18.46	7.09

j) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 15.94 years (as at 31.03.2020: 16.02 years) for PFC and 12.54 years (as at 31.03.2020: 12.57 years) for subsidiary, RECL.

50.3 Other long-term employee benefits

a) Leave

The companies in the Group provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. On separation after 10 years of service or on superannuation, earned leave plus half pay leave taken together can be en-cashed subject to a maximum of 300 days. However, there is no restriction on the number of years of service for encashment of earned leave on separation from the service. Provision based on actuarial valuation amounting to ₹ 13.40 crore (previous year ₹ 19.73 crore) for the year has been made at the year end and debited to the Consolidated Statement of Profit and Loss.

b) Other employee benefits

Provision for settlement allowance and long service awards amounting to ₹ 3.44 crore for the year (previous year ₹ 4.46 crore) has been made on the basis of actuarial valuation and debited to the Consolidated Statement of Profit and Loss.

c) In case of RECPDCL, the Loyalty incentive to the employees is payable after completion of three years of continuous service only, except in case of separation due to death. The payment of dues to outgoing employee is released at the time of separation. Expenses amounting to ₹ 0.20 crore (previous year ₹ 0.15 crore) have been debited to the Consolidated Statement of Profit and Loss on the basis of actuarial valuation.

50.4 Employee benefits (viz. Gratuity, PRMS, Terminal Benefits, Leave encashment and other employee benefits) in respect of PFC's employees working in its wholly-owned subsidiary PFCCL on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

51. LEASES

Details of 'Right of Use Asset' and 'Lease Liability':

51.1 The table below shows the movement of lease liabilities during the year

Notes to the Consolidated Financial Statements

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(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Opening balance	13.97	2.76
Additions during the year	-	14.52
Finance cost accrued during the period	1.35	1.22
Payment of lease liabilities	(4.55)	(4.53)
Reassessment of lease liabilities	(1.34)	-
Closing balance	**9.43**	**13.97**

51.2 The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Up to 1 year	1.52	4.70
1-5 years	3.13	5.24
More than 5 years	56.29	57.83

51.3 During the year 2020-21, the expenses relating to short-term/low value leases amounting to ₹ 22.60 crore (Previous year ₹ 19.03 crore) has been charged to Consolidated statement of Profit and Loss. Included in the amount above are leases pertaining to residential accommodation of employees, space for official use, hiring of EDP equipment & other office equipment etc. These leases are usually renewable on mutually agreed terms and are cancellable.

51.4 The total cash outflow towards all leases, including Right-of-Use Assets is ₹ 26.39 crore. (Previous year ₹ 23.80 crore)

52. CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in crore)

Sr. No	Description	As at 31.03.2021	As at 31.03.2020
Contingent Liabilities			
(i)	Guarantees[(a)]	44.65	81.02
(ii)	Claims against the Group not acknowledged as debts	29.67	0.22
(iii)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	3,913.01	870.49
(iv)[(b)]	- Additional demands raised by the Income Tax Department of earlier years which are being contested.	87.64	202.13
	- Further, the Income Tax Department has filed appeals against the relief allowed by appellate authorities to the Companies in the Group. The same are also being contested.	0.30	340.40
(v)	- Service Tax demand or show cause notices raised by Service Tax Department in respect of earlier years which are being contested.	22.51	20.56
	- Further, the Service Tax Department has filed appeals before CESTAT against the order of Commissioner (CE&ST) who had dropped a demand of service tax. The same is also being contested.	50.07	46.31
(vi)	Bank Guarantees	40.80	33.50
Commitments			
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	561.60	745.47
(ii)	Contractual commitments for the acquisition of intangible assets	0.16	-
(iii)	Other Commitments – CSR unspent amount pertaining to the period up to 31.03.2020	405.21	510.26
Total		**5,155.62**	**2,850.36**

[(a)] Guarantees include default payment guarantee given by the PFC in favour of a borrower company. The amount paid /payable against this guarantee is reimbursable by Government of Madhya Pradesh.

[(b)] PFC's income Tax litigation for AY 2016-17 is pending before CIT (A). All other Income Tax litigations pertaining to AY 1996-97 to AY 2015-16 are in the process of being settled under the Direct Tax Vivad se Vishwas Scheme, 2020.

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53. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES OF THE GROUP THAT HAVE MATERIAL NON-CONTROLLING INTEREST (NCI):

Name of Subsidiary	Proportion of ownership interests held by NCI		TCI allocated to non-controlling interests (₹ in crore)		Accumulated non-controlling interests (₹ in crore)	
	As at 31.03.2021	As at 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020	As at 31.03.2021	As at 31.03.2020
REC Ltd.	47.37%	47.37%	4,185.19	2,092.79	21,022.77*	16,765.57

* Includes Instruments in nature of equity of ₹ 558.40 crore issued by PFC's subsidiary REC Ltd (Refer Note 30.1).

During the year, the Ministry of Corporate Affairs vide its order dated 05.02.2021 has accorded its approval to the scheme of amalgamation of two wholly-owned subsidiaries of REC Limited - REC Transmission Projects Company Limited (RECTPCL) ("Transferor Company") with REC Power Distribution Company Limited (RECPDCL) ("Transferee Company") with appointed date as 01.04.2020. Pursuant to such scheme, RECPDCL has allotted 35,500 fully paid-up equity shares of ₹ 10 each to the Company against 50,000 fully paid equity shares of ₹ 10 each of RECTPCL.

54. SUMMARISED FINANCIAL INFORMATION FOR GROUP'S SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (BEFORE INTRA GROUP ELIMINATIONS):

(₹ in crore)

Particulars (RECL)	As at 31.03.2021	As at 31.03.2020
Financial assets	3,97,259.16	3,43,715.01
Non-financial assets	3,593.66	3,305.54
Assets classified as held for sale	14.05	9.53
Financial liabilities	3,56,853.53	3,11,442.65
Non-financial liabilities	249.33	190.32
Liabilities directly associated with assets classified as held for sale	0.08	0.68
Equity attributable to the owners of the Company	22,741.16	18,630.86
Non-Controlling interests towards Instruments Entirely Equity in Nature (Refer Note 30.1)	558.40	-
Non-Controlling interests towards Equity Shareholders	20,464.37	16,765.57
Total Non-controlling interests	21,022.77	16,765.57

(₹ in crore)

Particulars (RECL)	FY 2020-21	FY 2019-20
Total Revenue	35,575.40	29,981.20
Total Expenses	24,793.84	22,960.36
Profit/(loss) for the year	8,378.24	4,972.27
Profit/(loss) attributable to owners of the Company	4,409.87	2,617.15
Profit/(loss) attributable to the non-controlling interests	3,968.37	2,355.12
Other comprehensive income attributable to owners of the Company	240.94	(291.52)
Other comprehensive income attributable to the non-controlling interests	216.82	(262.33)
Other comprehensive income for the year	457.76	(553.85)
Total comprehensive income attributable to owners of the Company	4,650.81	2,325.63
Total comprehensive income attributable to the non-controlling interests	4,185.19	2,092.79
Total comprehensive income for the year	8,836.00	4,418.42
Dividends paid to non-controlling interests	1,028.97	1,028.97
Net cash inflow (outflow) from operating activities	(43,512.33)	(32,441.57)
Net cash inflow (outflow) from investing activities	860.52	(148.91)
Net cash inflow (outflow) from financing activities	42,113.34	33,926.20
Net cash inflow (outflow)	(538.47)	1,335.72

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55. THE GOVERNMENT OF INDIA SCHEMES BEING IMPLEMENTED IN THE GROUP

A. In respect of PFC

55.1 Integrated Power Development Scheme - IPDS (with Restructured Accelerated Power Development and Reform Programme (R-APDRP) subsumed in it)

The Company has been designated as Nodal Agency for operationalisation and implementation of IPDS scheme under overall guidance of the MoP, GoI. The Company is eligible for nodal agency fee at the rate of 0.50% (to be accrued in phases as per scheme) of total project cost approved by Monitoring Committee or award cost, whichever is lower. The total amount of nodal agency fee income for FY 2020-21 stands at ₹ 4.65 crore (previous year Nil).

Additionally, the Company has also received ₹ 6.29 crore (previous year ₹ 28.04 crore) as reimbursement of expenditure from MoP under the said scheme.

The estimated outlay of IPDS scheme is ₹ 32,612 crore including a budgetary support of ₹ 25,354 crore from Government of India during the entire implementation period and the amount of GOI grant administered to the eligible utilities till 31.03.2021 is ₹ 15,782.44 crore (₹ 12,702.45 crore as at 31.03.2020).

The Company was also designated as Nodal Agency for operationalisation and associated service for implementation of erstwhile R – APDRP scheme (a back-to-back arrangements of amounts received from GoI for on-lending to eligible borrowers) which has been subsumed in the IPDS scheme. R-APDRP scheme cost of ₹ 44,011 crore including budgetary support of ₹ 22,727 crore as already approved by CCEA have been carried forward to IPDS in addition to the outlay of ₹ 32,612 crore.

B. In respect of subsidiary RECL

55.2 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme 'Pradhan Mantri Sahaj Bijli Har Ghar Yojana' - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas. The capital outlay of Saubhagya Scheme is ₹ 16,320 crore including gross budgetary support of ₹ 12,320 crore during the entire implementation period. Ministry of Power designated RECL as the Nodal agency for operationalisation of Saubhagya Scheme.

55.3 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant up to 15% (5% for special states) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

(i) Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;

(iii) Micro-grid and Off-grid distribution network;

(iv) Rural electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan have been subsumed in this scheme as a separate Rural Electrification (RE) component.

55.4 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 crore (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. RECL has been nominated as the nodal agency for operationalisation of NEF scheme across the country.

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55.5 J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed RECL's subsidiary RECPDCL as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of distribution work under MDP in J&K state on nomination basis, as per actual cost to be discovered through competitive biddings.

55.6 11 kV Feeder Monitoring

Ministry of Power has appointed RECL's subsidiary RECPDCL to implement 11 kV Feeder Monitoring Scheme. The scheme is to develop a self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub stations and make the information available online for various stake holders including public portal, on real time basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit.

C. In respect of subsidiary PFCCL

55.7 PFC's subsidiary PFCCL has been selected as nodal agency for facilitating short-term power requirements through competitive bidding as per MoP guidelines dated 30.03.2016. As per the guidelines, every bidder is required to deposit with PFCCL the requisite fees of ₹ 500 per MW plus applicable taxes for the maximum capacity a bidder is willing to bid. Only successful bidder(s) will have to pay the fees to PFCCL for the quantum allocated to each bidder after completion of activity and the balance amount will be refunded to the bidder.

56. STATUS OF DOCUMENTATION SUBSEQUENT TO UNBUNDLING OF SEBS

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities.

56.1 Status of documentation subsequent to reorganisation of the State of Jammu & Kashmir

After the bifurcation of the state of Jammu & Kashmir into two union territories- Jammu & Kashmir UT and Ladakh UT, the existing entities pertaining to the erstwhile state of Jammu & Kashmir have been restructured vide unbundling order dated 23.10.19. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documents, the existing loans are being serviced/ repaid in line with the existing loan agreement.

56.2 Status of documentation subsequent to reorganisation of the State of Andhra Pradesh

In respect of PFC,

Subsequent to the reorganisation of erstwhile Andhra Pradesh, the State of Telangana has been formed on 02.06.2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal gazette notification.

Once the final transfer scheme is notified through Gazette Notification by Govt. duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest/ principal is being segregated by the utilities and the respective portions are being paid by utilities in Telangana and Andhra Pradesh

In respect of subsidiary RECL,

56.2.1 Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

56.2.2 Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

56.2.3 Where ever the loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with government guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

56.2.4 Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name

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changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh

57. IMPACT OF COVID-19 ON THE GROUP

India is currently witnessing the second wave of COVID-19 pandemic with significant increase in the number of infected cases. The resultant lockdowns are less restrictive for economic activity and are concentrated in the most-hit states.

The Group's robust IT infrastructure and digital communication technology enables its workforce to work securely through remote technology ensuring business continuity.

The Company and its subsidiary REC Ltd in accordance with RBI guidelines relating to COVID-19 Regulatory Package dated 27.03.2020, 17.04.2020 and 23.05.2020, has offered moratorium on payment of instalments falling due between 01.03.2020 and 31.08.2020 to eligible borrowers.

The Government of India, as a part of its COVID-19 package announcement, has also announced liquidity injection to the State Discoms in the form of State Government guaranteed loans through The Company and its subsidiary viz. REC Ltd. The Group, up to May 2021, has sanctioned and disbursed an amount of ₹ 1,30,452.54 crore and ₹ 78,855.15 crore respectively to the discoms as a part of this liquidity package.

The Companies in the Group have not experienced any significant impact on its liquidity position due to the access to diversified sources of borrowings. They continue to be well geared to meet its funding needs. The Companies in the Group hold sufficient liquidity as well as adequate undrawn lines of credits from various banks. Considering Group's high credit worthiness and well-established relationship with lenders, it can mobilise funds from domestic & international markets.

The Group believes that with the pickup in global vaccination programme, the business and commercial activity is poised for resurgence, leading to increase in power demand and generation.

In view of the above, the Group believes that there will not be significant impact of this outbreak in continuing its business operations, in maintaining its financial position and in its ability to continue as a going concern. However, the impact of this pandemic on the Group will, inter alia, continue to be dependent on future developments relating to duration of COVID-19, and any further actions by the Government and Regulatory bodies to contain its impact on the power sector and NBFCs. The Group shall also continue to closely monitor any material changes arising of future economic conditions and potential impact on its business.

58. In accordance with the RBI Circular dated 07.04.2021, all lending institutions including Non-Banking Financial Companies shall refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 01.03.2020 to 31.08.2020 irrespective of whether moratorium had been fully or partially availed, or not availed. PFC and its subsidiary RECL have put in place respective Board approved policies to refund/adjust interest on interest based on the guidance issued by Indian Banks Association (IBA) for calculation of such interest on interest. The Group has computed such amount and made necessary accounting treatment for refund/ adjustment. Accordingly, interest income for the year ended 31.03.2021 is lower by ₹ 420.57 crore in the consolidated Statement of Profit and Loss.

59. IN THE CONTEXT OF REPORTING BUSINESS / GEOGRAPHICAL SEGMENT AS REQUIRED BY IND AS 108 – 'OPERATING SEGMENTS'

The Group's operations majorly comprise of one business segment i.e. lending to power sector entities. All activities revolve around the main business. Accordingly, there are no reportable segments as per Ind AS 108. Based on management approach as defined in Ind AS 108 'Operating Segments', the Chief Operating Decision Maker evaluates the Group's performance based on analysis of various factors of one business segment.

59.1 The Group does not have any geographical segments as its operations are mainly carried out within the country.

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59.2 Revenue from major services

The following is an analysis of Group's revenue from operations from its major products/services:

(₹ in crore)

	FY 2020-21	FY 2019-20
Interest income		
on loans	70,029.44	61,089.77
others	815.98	538.58
Dividend income	88.74	105.65
Fees and commission income	490.36	161.91
Other operating income	231.42	293.53

59.3 Information about major borrowers

No single borrower contributed 10% or more to respective companies' revenue for both FY 2020-21 and FY 2019-20.

60. AMOUNTS EXPECTED TO BE RECOVERED/ SETTLED WITHIN 12 MONTHS AND BEYOND FOR EACH LINE ITEM UNDER ASSET AND LIABILITIES

(₹ in crore)

Particulars		As at 31.03.2021			As at 31.03.2020		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
1	**Financial Assets**						
	(a) Cash and Cash Equivalents	4,927.74	-	4,927.74	1,905.21	-	1,905.21
	(b) Bank Balance other than included in Cash & Cash Equivalents	3,273.60	1.22	3,274.82	2,282.96	-	2,282.96
	(c) Derivative Financial Instruments	264.27	3298.40	3,562.67	1,244.54	3,937.73	5,182.27
	(d) Trade Receivable	167.61	0.00	167.61	135.66	-	135.66
	(e) Loans	89,118.68	6,33,268.16	7,22,386.84	86,807.57	5,59,388.54	6,46,196.11
	(f) Investments	920.76	2,029.73	2,950.48	2,164.80	1,688.92	3,853.72
	(g) Other Financial Assets	425.72	29,354.15	29,779.87	578.68	26,885.09	27,463.77
	Total Financial Assets (1)	**99,098.37**	**6,67,951.66**	**7,67,050.03**	**95,119.42**	**5,91,900.28**	**6,87,019.70**
2	**Non-Financial Assets**						
	(a) Current Tax Assets (Net)	23.16	502.16	525.32	142.98	995.35	1,138.33
	(b) Deferred Tax Assets (Net)	-	6,461.03	6,461.03	-	5,005.31	5,005.31
	(c) Investment Property	-	0.01	0.01	-	0.01	0.01
	(d) Property, Plant and Equipment	-	297.75	297.75	-	186.79	186.79
	(e) Capital Work-in-Progress	-	335.67	335.67	-	287.62	287.62
	(f) Intangible Assets under development	-	0.77	0.77	-	0.77	0.77
	(g) Other Intangible Assets	-	6.39	6.39	-	9.23	9.23
	(h) Right of use asset	-	37.17	37.17	-	42.07	42.07
	(i) Other Non-Financial Assets	209.91	201.52	411.43	168.84	95.1	263.94
	(j) Investments accounted for using equity method	-	548.35	548.35	-	549.9	549.90
	Total Non-Financial Assets (2)	**233.07**	**8,390.82**	**8,623.89**	**311.82**	**7172.15**	**7,483.97**
3	**Assets classified as held for sale**	33.16	-	33.16	16.93	-	16.93
	Total Assets (1+2+3)	**99,364.60**	**6,76,342.48**	**7,75,707.08**	**95,448.17**	**5,99,072.43**	**6,94,520.60**
LIABILITIES							
1	**Financial Liabilities**						
	(a) Derivative Financial Instruments	129.14	1,211.21	1,340.35	115.03	1810.52	1,925.55
	(b) Trade Payables	70.43	-	70.43	53.22		53.22
	(c) Debt Securities	83,174.52	3,96,906.13	4,80,080.65	85,726.03	3,56,039.87	4,41,765.90
	(d) Borrowings (other than Debt Securities)	35,729.82	1,27,614.60	1,63,344.42	37,281.65	1,03,382.95	1,40,664.60
	(e) Subordinated Liabilities	401.29	15,855.80	16,257.09	273.62	13,856.98	14,130.60
	(f) Other Financial Liabilities	2,817.26	29,257.34	32,074.60	2,509.77	26,669.39	29,179.16
	Total Financial Liabilities (1)	**1,22,322.46**	**5,70,845.08**	**6,93,167.54**	**1,25,959.32**	**5,01,759.71**	**6,27,719.03**

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(₹ in crore)

Particulars		As at 31.03.2021			As at 31.03.2020		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
2	**Non-Financial Liabilities**						
	(a) Current Tax Liabilities (Net)	24.84	115.84	140.68	67.40	-	67.40
	(b) Provisions	165.70	97.57	263.27	290.28	84.04	374.32
	(c) Other Non-Financial Liabilities	282.96	62.30	345.26	82.37	111.43	193.80
	Total Non-Financial Liabilities (2)	**473.50**	**275.71**	**749.21**	**440.05**	**195.47**	**635.52**
3	Liabilities directly associated with assets classified as held for sale	0.08	-	0.08	0.68	-	0.68
	Total Liabilities (1+2+3)	**1,22,796.04**	**5,71,120.79**	**6,93,916.83**	**1,26,400.05**	**5,01,955.18**	**6,28,355.23**

61. JOINT VENTURE ENTITY OF THE GROUP ACCOUNTED FOR USING EQUITY METHOD:

For consolidating Group's share in joint Venture entity (EESL), management approved standalone financial statements for FY 2020-21 have been considered. To compute Group's share in Networth of EESL, standalone financial performance for the FY-2020-21 is adjusted to the share in consolidated net worth as at 31.03.2020.

The relevant disclosures pertaining to JV entity are presented in subsequent paragraphs:

61.1 Summarised financial position of EESL:

(₹ in crore)

Particulars	As at 31.03.2021*	As at 31.03.2020#
Financial Assets		
Cash and cash equivalents	211.55	348.82
Bank balances other than above	526.60	304.93
Other financial assets	3,726.53	3,240.85
Sub-total (Financial assets)	**4,464.68**	**3,894.60**
Non-financial assets	5,098.02	5,377.34
Total assets	**9,562.70**	**9,271.94**
Financial liabilities	8,215.53	7,770.81
Non-financial liabilities	213.33	324.06
Total liabilities	**8,428.86**	**8,094.87**
Net assets	**1,133.84**	**1,177.07**

* Based on management approved standalone financials. # Based on audited consolidated financials

61.2 Summarised financial performance of EESL:

(₹ in crore)

Particulars	FY 2020-21*	FY 2019-20#
A. Income		
Revenue from operations	1,471.85	2,487.77
Other income	58.43	76.13
Total (A)	**1,530.28**	**2,563.90**
B. Expenses		
Finance costs	328.50	367.31
Depreciation, amortisation and impairment	533.05	464.45
Purchase of stock-in-trade	245.98	1076.98
Employee Benefit	45.77	146.57
Other expenses	333.02	481.00
Total (B)	**1,486.32**	**2,536.31**

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(₹ in crore)

Particulars	FY 2020-21*	FY 2019-20#
C. Share of net profits/(losses) of joint ventures accounted for using equity method	-	0.00
D. Profit before tax (A-B+C)	43.96	27.59
E. Tax Expense	11.09	(4.43)
F. Profit for the period (C-D)	32.87	32.02
G. Other comprehensive income/ (Loss)	(0.29)	6.95
H. Total comprehensive income (F+G)	32.58	38.97
Dividends received from EESL	-	4.47

* Based on management approved standalone financials. # Based on audited consolidated financials.

61.3 Movement in net assets of EESL:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Opening equity attributable to owners	1,165.30	828.82
Adjustment for difference in audited vs. unaudited financial statements	(35.88)	(4.64)
Share capital issued	-	308.12
Total comprehensive income for the year (based on un-audited standalone financial statements)	32.58	44.44
Less: Dividend paid (including DDT)	-	(11.44)
Closing equity attributable to owners	**1,162.00**	**1,165.30**

61.4 Reconciliation to carrying amount of EESL

(₹ in crore)

Particulars	As at 31.03.2021	As at 31.03.2020
Net worth attributable to owners	1,162.00	1,165.30
Group share %	47.15%	47.15%
Group's share in net worth	547.88	549.40

The equity shares of EESL are not listed on stock exchanges.

62. DETAILS IN AGGREGATE, FOR INTERESTS IN ALL INDIVIDUALLY IMMATERIAL ASSOCIATES THAT ARE ACCOUNTED FOR USING THE EQUITY METHOD:

(₹ in crore)

Particulars	FY 2020-21	FY 2019-20
Profit or loss from continuing operations	0.00	(0.20)
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	0.00	(0.20)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

63. DISCLOSURES IN RESPECT OF ENTITIES CONSOLIDATED AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013

63.1 Share in net assets i.e. total assets minus total liabilities

(₹ in crore)

Name of entity	As at 31.03.2021		As at 31.03.2020	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
PFC Ltd.	64.06%	52,393.12	68.26%	45,164.13
Subsidiaries-Indian				
REC Limited	52.82%	43,205.53	53.50%	35,396.43
PFC Consulting Limited (PFCCL)	0.11%	88.18	0.09%	60.07
Power Equity Capital Advisors Private Limited (PECAP) (Refer Note 5.1)	-	-	0.00%	0.05
Joint Venture-Indian				
Energy Efficiency Services Limited (EESL)	0.67%	547.85	0.83%	549.40
Associates-Indian				
Chhattisgarh Surguja Power Limited	0.00%	-	0.00%	-
Coastal Karnataka Power Limited	0.00%	-	0.00%	-
Coastal Maharashtra Mega Power Limited	0.00%	-	0.00%	-
Orissa Integrated Power Limited	0.00%	-	0.00%	-
Coastal Tamil Nadu Power Limited	0.00%	0.08	0.00%	0.08
Sakhigopal Integrated Power Limited	0.00%	0.05	0.00%	0.05
Ghogarpalli Integrated Power Company Limited	0.00%	0.05	0.00%	0.05
Tatiya Andhra Mega Power Limited	0.00%	-	0.00%	-
Deoghar Mega Power Limited	0.00%	0.05	0.00%	0.04
Cheyyur Infra Limited	0.00%	0.05	0.00%	0.05
Odisha Infrapower Limited	0.00%	0.05	0.00%	0.04
Deoghar Infra Limited	0.00%	0.05	0.00%	0.05
Bihar Infrapower Limited	0.00%	0.05	0.00%	0.05
Bihar Mega Power Limited	0.00%	0.05	0.00%	0.05
Jharkhand Infrapower Limited	0.00%	0.05	0.00%	0.04
Adjustments or eliminations effect	(17.66)%	(14,444.96)	(22.68)%	(15,005.21)
Total	**100.00%**	**81,790.25**	**100.00%**	**66,165.37**

63.2 Share in profit and loss

(₹ in crore)

Name of entity	As at 31.03.2021		As at 31.03.2020	
	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount
Parent				
PFC Ltd.	53.73%	8,444.01	59.67%	5,655.14
Subsidiaries-Indian				
REC Ltd	53.31%	8,378.24	52.47%	4,972.27
PFC Consulting Limited (PFCCL)	0.18%	28.11	0.61%	58.15
Power Equity Capital Advisors Private Limited (PECAP) (Refer Note 5.1)	-	-	0.00%	(0.05)
Joint Venture-Indian				
Energy Efficiency Services Limited (EESL)	0.04%	6.24	0.23%	21.63
Associates-Indian	0.00%	-	0.00%	(0.20)
Adjustments or eliminations effect	(7.26)%	(1,140.40)	(12.98)%	(1,229.69)
Total	**100.00%**	**15,716.20**	**100.00%**	**9,477.25**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

63.3 Share in other comprehensive income

(₹ in crore)

Name of entity	As at 31.03.2021		As at 31.03.2020	
	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Parent				
PFC Ltd.	16.46%	90.20	37.66%	(334.63)
Subsidiaries-Indian				
REC Ltd	83.55%	457.76	62.33%	(553.85)
PFC Consulting Limited (PFCCL)	0.00%	-	0.00%	0.00
Power Equity Capital Advisors Private Limited (PECAP) (Refer Note 5.1)	-	-	0.00%	0.00
Joint Venture-Indian				
Energy Efficiency Services Limited (EESL)	0.21%	1.17	0.47%	(4.19)
Associates-Indian	0.00%	-	0.00%	-
Adjustments or eliminations effect	(0.23)%	(1.24)	(0.46)%	4.06
Total	**100.00%**	**547.89**	**100.00%**	**(888.61)**

63.4 Share in total comprehensive income

(₹ in crore)

Name of entity	As at 31.03.2021		As at 31.03.2020	
	As a % of consolidated total comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Parent				
PFC Ltd.	52.47%	8,534.21	61.95%	5,320.51
Subsidiaries-Indian				
REC Ltd	54.33%	8,836.00	51.44%	4,418.42
PFC Consulting Limited (PFCCL)	0.17%	28.11	0.68%	58.15
Power Equity Capital Advisors Private Limited (PECAP) (Refer Note 5.1)	-	-	0.00%	(0.05)
Joint Venture-Indian				
Energy Efficiency Services Limited	0.05%	7.41	0.20%	17.44
Associates-Indian	0.00%	-	0.00%	(0.20)
Adjustments or eliminations effect	(7.02)%	(1,141.64)	(14.27)%	(1,225.63)
Total	**100.00%**	**16,264.09**	**100.00%**	**8,588.64**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

64. Disclosures in Consolidated Financial Statements have been made to the extent relevant for Consolidated Financial Statements and to the extent of information available in subsidiaries' financial statements.

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

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

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Date: 15.06.2021

Form AOC - 1

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

PART "A": SUBSIDIARIES

(₹ in crore)

A.	Subsidiaries[1]	REC Ltd	PFC Consulting Limited (PFCCL)	REC Power Distribution Company Limited
1	Information for the year ended as on[2]	31.03.2021	31.03.2021	31.03.2021
2	Date of acquisition / incorporation	28.03.2019	25.03.2008	28.03.2019
3	Share Capital	1,974.92	0.05	0.09
4	Reserves & Surplus	40,893.05	88.13	297.90
5	Instruments in the nature of Equity	558.40	-	-
6	Total Assets	4,00,233.19	131.53	662.79
7	Total Liabilities	3,56,806.82	43.35	364.80
8	Investments	1,909.77	-	91.06
9	Turnover[3]	34,815.56	67.85	184.69
10	Profit before Taxation	10,756.13	37.99	32.62
11	Provision for Taxation	2,394.35	9.88	7.00
12	Profit after taxation	8,361.78	28.11	25.62
13	Proposed Dividend	Nil	Nil	Nil
14	% of Shareholding	52.63%	100.00%	100.00%

Notes:

1. The Company does not have any foreign subsidiary.
2. Reporting period of all the subsidiaries is same as that of the holding company.
3. Turnover is considered as Revenue from Operations.
4. Name of Subsidiaries which are yet to commence operations - Nil
5. Name of Subsidiaries which have been liquidated or sold during the year - Power Equity Capital Advisors Private Limited

PART "B": ASSOCIATES AND JOINT VENTURES

(₹ in crore)

B.	Name of Joint Ventures/Associates	Latest audited Balance Sheet Date	Shares of Joint Ventures/Associates held by the Company on the year end			Description of how there is Significant Influence	Reason why the associate/ joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance sheet	Profit / Loss for the year	
			No. of shares	Amount of Investments in Joint Venture/ Associates	Extent of Group's Holding %				Considered in Consolidation	Not considered in Consolidation
Joint Venture										
1	Energy Efficiency Services Limited (EESL)[3]	31.03.2020	46,36,00,000	463.60	47.15%	Being Promoter[1] / by virtue of Shareholding agreement	NA	532.48	6.24	-
Associates[2]										
1	Sakhigopal Integrated Power Company Ltd[3]	31.03.2020	50,000	0.05	100%	SPVs are managed as per the mandate from Government of India (GoI). and the Company does not have the practical ability to direct the relevant activities of these SPVs unilaterally. Therefore, investment in these SPVs are considered as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.	NA	0.05	-	-
2	Ghogarpalli Integrated Power Company Ltd[3]	31.03.2020	50,000	0.05	100%		NA	0.05	-	-
3	Coastal Karnataka Power Ltd[3]	31.03.2020	50,000	0.05	100%		NA	-	-	-
4	Coastal Maharashtra Mega Power Ltd[3]	31.03.2020	50,000	0.05	100%		NA	-	-	-
5	Jharkhand Infrapower Ltd[3]	31.03.2020	50,000	0.05	100%		NA	0.05	-	-
6	Chhattisgarh Surguja Power Limited[3]	31.03.2020	50,000	0.05	100%		NA	-	-	-
7	Odisha Infrapower Ltd[3]	31.03.2020	50,000	0.05	100%		NA	0.05	-	-
8	Orissa Integrated Power Ltd[3]	31.03.2020	50,000	0.05	100%		NA	(0.08)	0.00	-
9	Cheyyur Infra Ltd[3]	31.03.2020	50,000	0.05	100%		NA	0.05	-	-
10	Coastal Tamil Nadu Power Ltd[3]	31.03.2020	50,000	0.05	100%		NA	0.08	-	-
11	Bihar Infrapower Limited[3]	31.03.2020	50,000	0.05	100%		NA	0.05	0.00	-
12	Bihar Mega Power Limited[3]	31.03.2020	50,000	0.05	100%		NA	0.05	0.00	-
13	Deoghar Infra Limited[3]	31.03.2020	50,000	0.05	100%		NA	0.05	-	-
14	Deoghar Mega Power Ltd[3]	31.03.2020	50,000	0.05	100%		NA	0.05	0.00	-
15	Tatiya Andhra Mega Power Ltd[3]	31.03.2020	50,000	0.05	100%		NA	-	-	-
16	Bidar Transmission Limited	31-Mar-21	50,000	0.05	100%		Refer Note 7	0.07	-	0.02
17	Chandil Transmission Limited	31-Mar-21	50,000	0.05	100%			(2.15)	-	(0.01)
18	Dumka Transmission Limited	31-Mar-21	50,000	0.05	100%			(2.09)	-	(0.01)
19	Fatehgarh Bhadla Transco Limited	31-Mar-21	50,000	0.05	100%			(0.67)	-	(0.72)
20	Gadag Transmission Limited	31-Mar-21	50,000	0.05	100%			0.05	-	(0.00)
21	Kallam Transmission Limited[3]	31-Mar-20	50,000	0.05	100%			-	-	(0.10)
22	Koderma Transmission Limited	31-Mar-21	50,000	0.05	100%			(1.92)	-	(0.01)
23	Mandar Transmission Limited	31-Mar-21	50,000	0.05	100%			(1.87)	-	(0.01)
24	MP Power Transmission Package I Limited[3]	31-Mar-20	50,000	0.05	100%			-	-	(0.87)
25	MP Power Transmission Package II Limited[3]	31-Mar-20	50,000	0.05	100%			-	-	(0.88)
26	Rajgarh Transmission Limited	31-Mar-21	50,000	0.05	100%			0.10	-	0.05
27	Sikar New Transmission Limited	31-Mar-21	50,000	0.05	100%			(0.54)	-	(0.59)
28	Koppal Narendra Transmission Ltd.	31-Mar-20	10,000	0.01	100%			0.00	-	(0.01)
29	Karur Transmission Ltd.	31-Mar-20	10,000	0.01	100%			0.00	-	(0.01)
30	Sikar-II Aligarh Transmission Limited	Note 4	10,000	0.01	100%			0.01	-	-
31	Khetri Narela Transmission Ltd.		10,000	0.01	100%			0.01	-	-
32	Ananthpuram Kurnool Transmission Ltd.		10,000	0.01	100%			0.01	-	-
33	Badla Sikar Transmission Ltd.		10,000	0.01	100%			0.01	-	-
34	Tanda Transmission Company Limited	31-Mar-20	50,000	0.05	100%		NA	-	-	-
35	Shongtong Karcham-Wangtoo Transmission Limited	31-Mar-20	10,000	0.01	100%		NA	-	-	-
36	Bijawar-Vidhrbha Transmission Limited	31-Mar-20	10,000	0.01	100%		NA	0.01	-	-

Notes:

1. EESL has been jointly promoted by PFC, NTPC, PGCIL and RECL.
2. All the SPVs are under pre-operative stage and yet to commence operations.
3. Amount of Profit / Loss is as per management approved standalone financial statements as on 31.03.2021.
4. These associates are incorporated during FY2020-21and the audit of financial statements for the FY 2020-21 is under progress.
5. Three SPVs namely Pakaldul HEP in Chenab Valley HEPs - Connectivity System, 3GW RE injectionat Khavda P.S. under Phase-I, New220/132 kV substation at Nangalbibraand Consultant & BPC for selection of developer & implementation of TBCB for substations and lines (UPPTCL) are in the process of incorporation and yet to commence operations as at 31-Mar-2021.
6. Vapi II North Lakhimpur Transmission Limited, Bikaner-II Bhiwadi Transco Limited and Ramgarh New Transmission Limited have been sold / transfer during the year.
7. Associates have been classified as 'held for sale' and valued at cost or fair market value (less cost to sales) whichever is less. Accordingly, the Profit/ (loss) has not been considered in Consolidated Financial Statements.
8. Associates Tanda Transmission Company Limited and Shongtong Karcham-Wangtoo Transmission Limited were denotified by MoP and subsequently the investment was provided for impairment. MoP permission for striking off the name of company with MCA has been obtained during the year.
9. Associate Bijawar-Vidhrbha Transmission Limited was recommended for denotification by National Committee for Transmission (NCT) and subsequently the investment was provided for impairment. MoP permission for striking off the name of company with MCA is awaited.

For and on behalf of Board of Directors

Sd/-
(Manohar Balwani)
CGM & Company Secretary

Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Sd/-
(R. S. Dhillon)
Chairman and Managing Director
DIN: 00278074

Signed in terms of our report of even date attached

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn. No.: 000458N

Sd/-
(CA Manoj Bhardwaj)
Partner
Membership No.: 098606

For Dass Gupta & Associates
Chartered Accountants
Firm Regn. No.: 000112N

Sd/-
(CA Naresh Kumar)
Partner
Membership No.: 082069

Place: New Delhi
Date: 15.06.2021

Notes

Notes

Reference Information

Registered Office:
'Urjanidhi',
1, Barakhamba Lane,
Connaught Place, New Delhi – 110 001
Tel. No.: (91) (11) 23456000
Website: http://www.pfcindia.com

Subsidiaries *(as on March 31, 2021)*
PFC Consulting Limited
REC Limited
Chhattisgarh Surguja Power Limited
Coastal Karnataka Power Limited
Coastal Maharashtra Mega Power Limited
Coastal Tamil Nadu Power Limited
Orissa Integrated Power Limited
Sakhigopal Integrated Power Company Limited
Ghogarpalli Integrated Power Company Limited
Tatiya Andhra Mega Power Limited
Deoghar Mega Power Limited
Cheyyur Infra Limited
Odisha Infrapower Limited
Deoghar Infra Limited
Bihar Infrapower Limited
Bihar Mega Power Limited
Jharkhand Infrapower Limited
Tanda Transmission Company Limited*
Bijawar-Vidarbha Transmission Limited*
Shongtong Karcham-Wangtoo Transmission Limited*
Koppal-Narendra Transmission Limited*
Karur Transmission Limited*
Ananthapuram Kurnool Transmission Limited*
Bhadla Sikar Transmission Limited*
Khetri Narela Transmission Limited*
Sikar-II Aligarh Transmission Limited*#
REC Power Distribution Company Ltd^ @
Koderma Transmission Limited^
Mandar Transmission Limited^
Dinchang Transmission Limited^
Chandil Transmission Limited^
Dumka Transmission Limited^
Kallam Transmission Limited^
Sikar New Transmission Limited^
Bidar Transmission Limited^
Gadag Transmission Limited^
Rajgarh Transmission Limited^
Fatehgarh Bhadla Transco Limited^
MP Power Transmission Package-I Limited^
MP Power Transmission Package-II Limited^

* Through PFC Consulting Limited
^ Through REC Ltd.
# Transferred on June 8, 2021.
@ renamed as REC Power Development & Consultancy Ltd., w.e.f. July 16, 2021

Shares Listed at
National Stock Exchange of India Limited
BSE (formerly known as Bombay Stock Exchange Limited)

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

Company Secretary
Shri Manohar Balwani

Auditors
Dass Gupta & Associates, Chartered Accountants
Gandhi Minocha & Co., Chartered Accountants

Secretarial Auditors
Amit Agarwal & Associates, Company Secretaries

Registrar & Share Transfer Agent
KFin Technologies Private Limited
Selenium Building, Tower-B,
Plot No. 31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad, Telangana, India
Tel. No.: +91 40 67162222
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

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State Bank of India
ICICI Bank
HDFC Bank

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Net worth

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in the World
in terms of Assets
Forbes Global 2021

Ranked **33rd**
in Fortune India's
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PFC

POWER FINANCE CORPORATION LTD.
(A Navratna PSU)

Regd. Office: "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi-110001
Tel.: 011-23456000, **Fax:** 011-23412545, **Website:** www.pfcindia.com
CIN: L65910DL1986GOI024862

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