



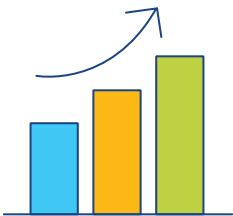
Power Finance Corporation Limited
(A Maharatna Company)



Diversifying Growth Consolidating Strengths

36th Annual Report 2021-22

Diversifying Growth Consolidating Strengths



India is emerging as one of the fastest-growing economies in the world, and we at Power Finance Corporation, are ready to transform and help electrify India’s growth story. As India’s newest Maharatna PSU, we are ready to strengthen our partnership with the Government of India and ready to explore emerging opportunities in terms of financing metros, oil refineries, and manufacturing.

FY 2021-22 was a year of growth and consolidation for us. We achieved our highest-ever PAT and lowest NPA in five years. Our impressive financial performance reflects the strengths and resilience of our business model and demonstrates our capacity for growth. Our focus on stressed asset resolution and diversification of the funding mix lends strength to our balance sheet during the year. We continued our strategic alignment by funding renewable energy projects.

As India forges ahead, we are committed to continuing our strategic role in India’s growth story and helping achieve the aspirations of our country.

Operational Highlights FY 2021-22

₹ 59,350 CR **₹ 14,030 CR**

Net worth Standalone Net Interest Income

₹ 51,242 CR **1.76%**

Loan Disbursed Standalone Net NPA

Highest Ever

₹ 10,022 CR

Standalone PAT

Asset Quality Snapshot FY 2021-22

Lowest Net NPA in 5 years

69%

Provision Coverage Ratio¹

1.76%

Net Stage III Ratio²

¹Provision coverage ratio is the percentage of funds that a financial institution sets aside for losses due to bad debts.

²Net stage III ratio is the percentage stage III net assets in asset loan book.

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BOARD OF DIRECTORS



Shri Ravinder Singh Dhillon
Chairman and Managing Director



Smt. Parminder Chopra
Director (Finance)



Shri Rajiv Ranjan Jha
Director (Projects)



Shri Manoj Sharma
Director (Commercial)



Shri Ajay Tewari
Director (Govt. Nominee)



Shri Bhaskar Bhattacharya
Independent Director



Smt. Usha Sajeew Nair
Independent Director



Shri Prasanna Tantri
Independent Director

SENIOR MANAGEMENT*



Smt. Simmi R Nakra
CVO



Shri Subir Saha
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 Manoj Kumar Rana
Executive Director



Shri G. Jawahar
Executive Director



Shri Gaddam David
Executive Director



Shri Raj Kumar Malhotra
Executive Director



Shri R K Chaturvedi
Executive Director



Shri V.Packirisamy
Executive Director



Shri Saurav Shah
Executive Director

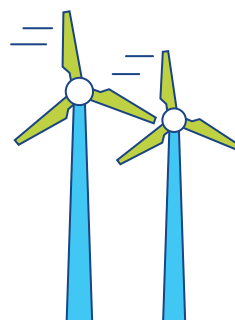


Shri Manohar Balwani
Company Secretary

*As on 30.08.2022

WHO WE ARE

Electrifying India's Progress



Power Finance Corporation Limited (PFC) is India's largest government-owned NBFC and provides funding to the Indian power sector. We are the nodal agency for Revamped Distribution Sector Scheme (RDSS), Ultra Mega Power Projects (UMPPs), Integrated Power Development Scheme (IPDS), and Bid Process Co-ordinator for Independent Transmission Projects (ITPs).

Incorporated in 1986, Power Finance Corporation Ltd. is a Schedule-A Maharatna Central Public Sector Enterprises (CPSE) and is a leading Non-Banking Financial Company (NBFC) in the country. Our portfolio includes financial products and services such as rupee term loans, short-term loans, equipment lease financing, transitional financing services, etc. for various power projects in the generation, transmission, and distribution sectors. Our clients mainly include central power utilities, state power utilities, private power sector utilities (including independent power producers), joint sector power utilities and power equipment manufacturers.



Vision

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

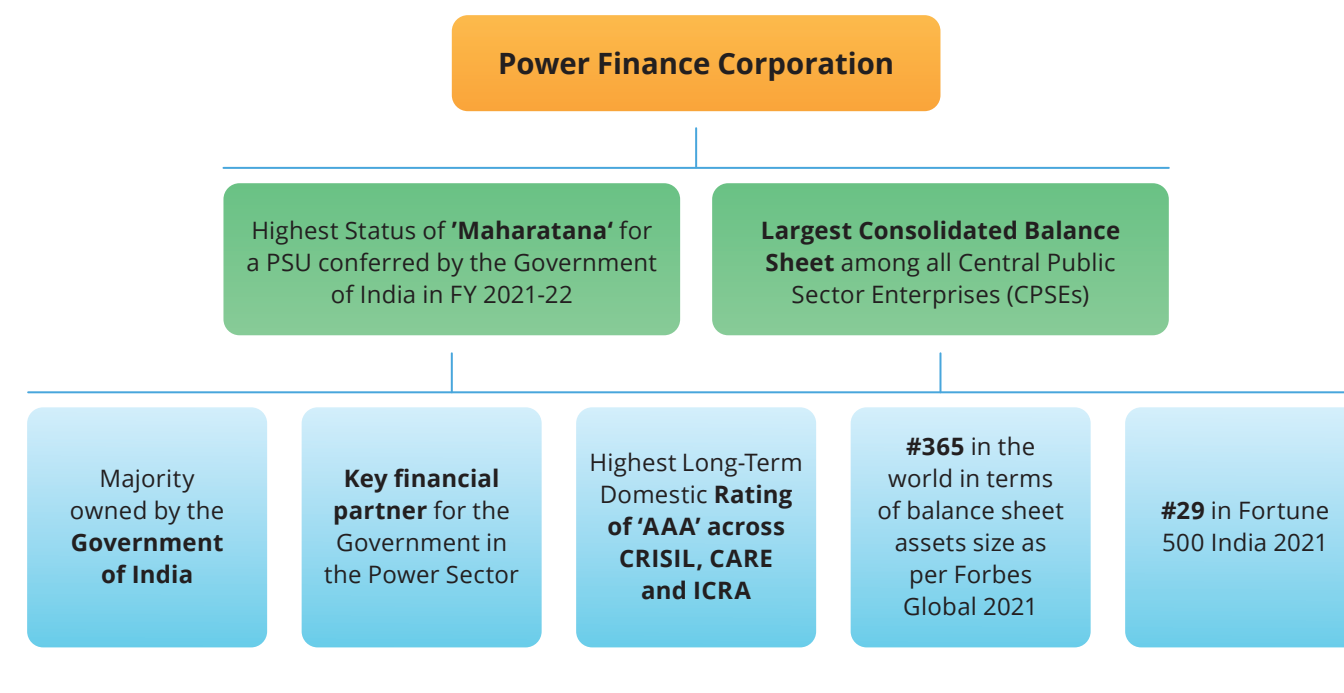


Mission

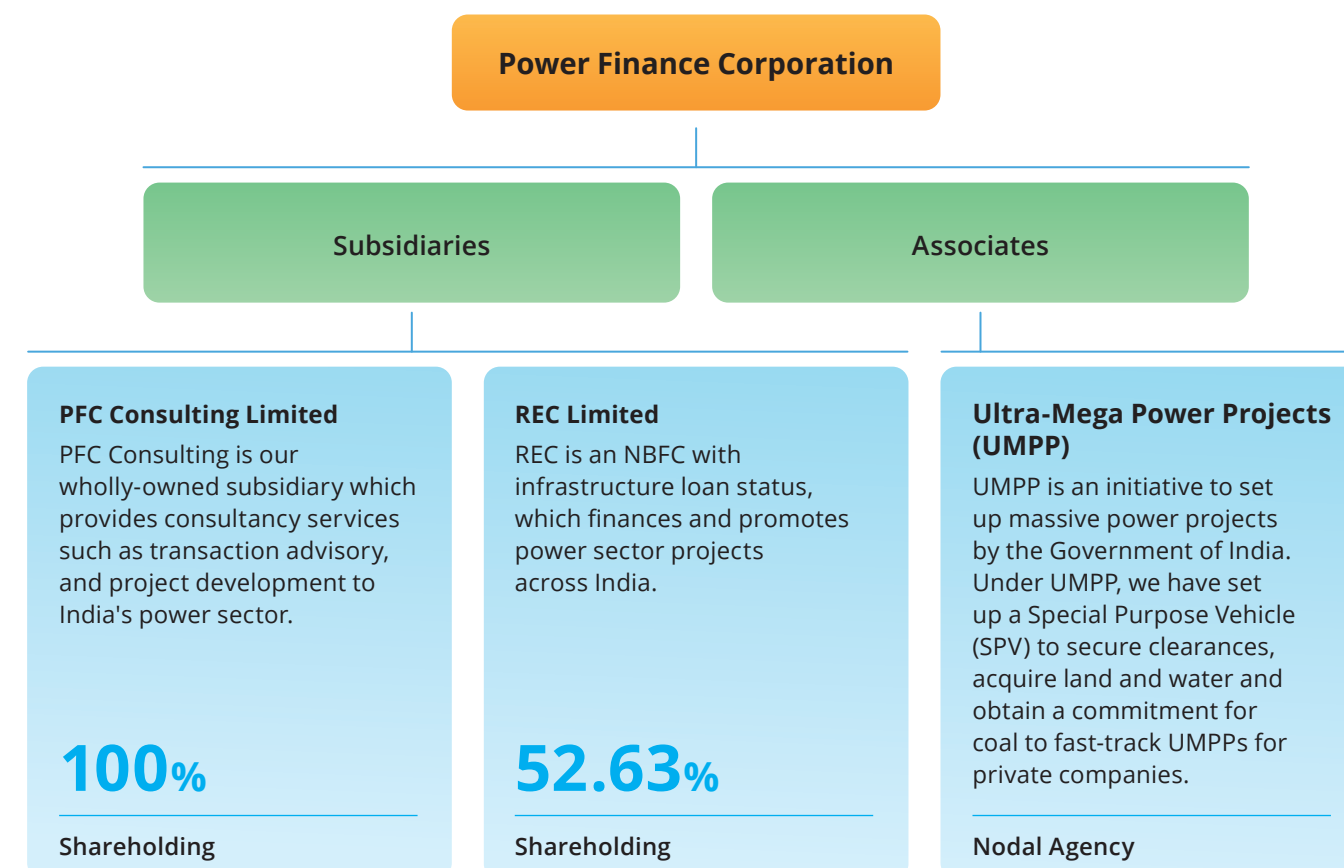
PFC would be the most preferred financial institution, providing affordable, and competitive products and services with efficient and internationally integrated sourcing and servicing, partnering the reforms in the Indian Power Sector, and enhancing value to its stakeholders; by promoting efficient investments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

We will achieve this by 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 Financer in Power Sector

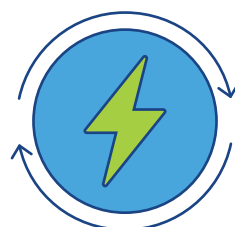


PFC Group Structure



PRODUCT PORTFOLIO

Responsible Finance for a Better World



Being a trusted partner of the government, we use our expertise and experience in delivering customised and expansive suite of products and services to support India's power infrastructure ambitions.

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



Lease financing for wind
power projects



Corporate loan



Debt refinancing



Short/Medium term
loan to equipment
manufacturers



Line of credit for import
of coal



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)

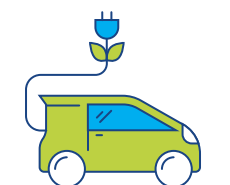


Policy for guarantee of
credit enhancement



MILESTONES

A Story of Growth

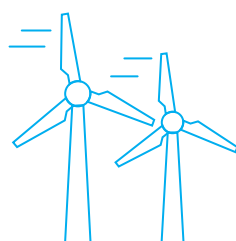


When we were incorporated, India was an energy-starved nation. Thirty-four years later, we have helped India in its journey towards achieving energy sufficiency and are now facilitating the nation's transition to a greener future.



2020

Ranked 33rd in Fortune India's 500 companies



2019

Acquired REC Limited became the largest financial player in the power sector

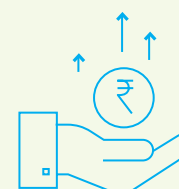


1988

Incorporated and commenced lending activity

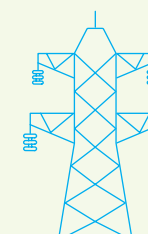
1998

Registered with RBI as NBFC



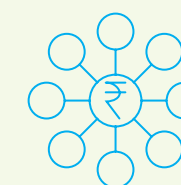
2014

Surpassed the mark of ₹ 2 trillion in loan assets



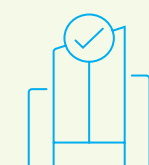
1999

PFC Consulting Limited is incorporated



2010

Registered with RBI as an IFC FPO of Equity shares



2007

Became a listed company



2021

Accorded 'Maharatna' status by the Government of India (The highest Recognition for a CPSE)



2022

Highest ever PAT of ₹ 10,022 Cr

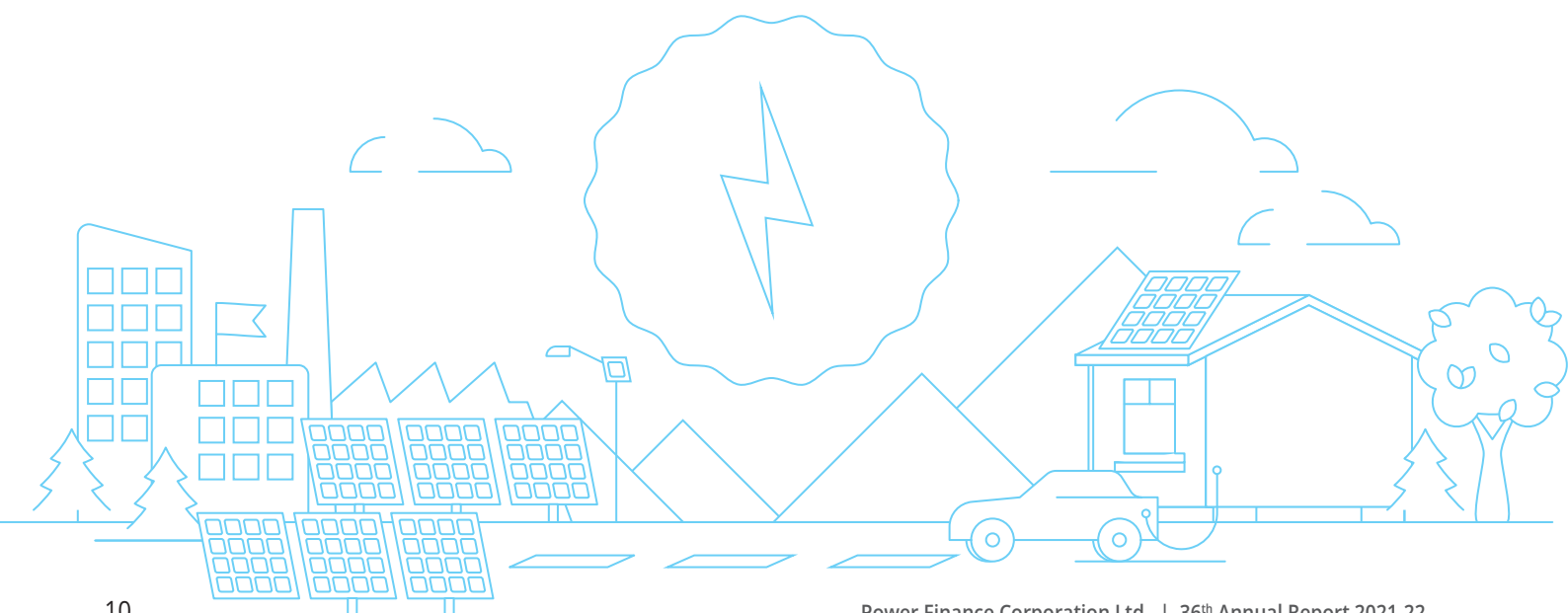
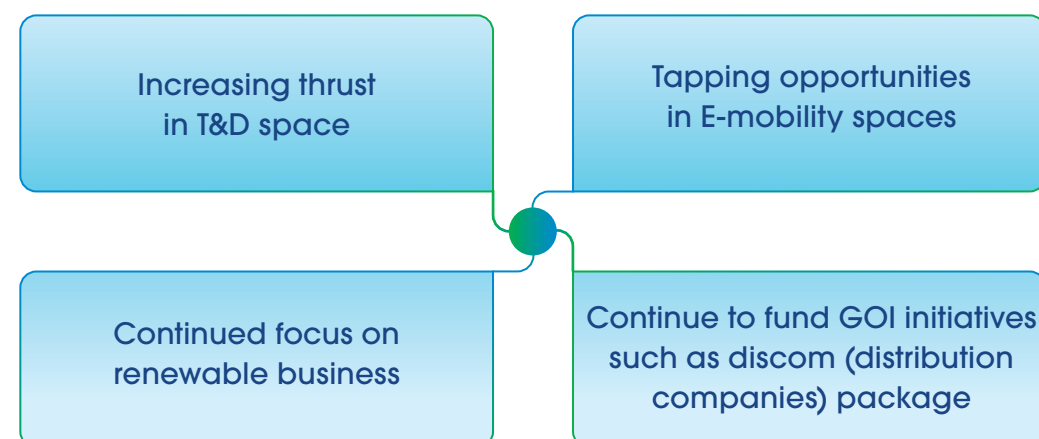
BUSINESS STRATEGY

Powering Forward



We are committed to becoming the most preferred financial institution in the country and enabling efficient investments in the power and infrastructure sectors in India and abroad.

Going forward, we aspire to contribute to the government's thrust toward renewable and clean energy sources. We have aligned our business operations to leverage emerging opportunities in E-mobility and increased thrust in the transmission and distribution (T&D) space. Being a strategic partner of the Government of India, we will contribute to being an instrumental financial partner in government reform schemes for the Power sector.



Partnering with the Government of India

Revamped Distribution Sector Scheme (RDSS)

Electricity is the fuel for India to prosper and emerge as an economic superpower. During the year, the Government of India introduced Revamped Distribution Sector Scheme (RDSS) in a bid to make the distribution sector more efficient and financially sustainable. We are proud to partner with the Government of India to improve the quality, reliability, and affordability of power supply to consumers.

The RDSS is a reform-based and results-linked scheme, which plans to reduce AT&C losses to 12-15% by FY 2024-25 and reduce ACS-ARR gap to zero through financial support to discoms for upgradation of the Distribution Infrastructure and Prepaid Smart Metering & System Metering. PFC (alongwith its subsidiary REC) are the designated nodal agencies for the operationalisation of this scheme.

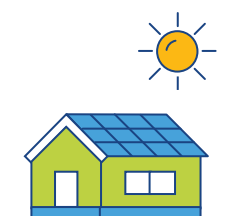
Status Update – RDSS

<h4>Objective</h4> <p>Reduce AT&C losses to 12-15% by FY 2024-25</p> <p>Reduce ACS-ARS gaps to zero by FY 2024-25</p>	<h4>Current Status</h4> <p>States actively participating in formulating a state-specific action plan</p> <p>Projects sanctioned for 28 discoms in 13 states by monitoring committee – 14 each of PFC* and REC</p>	<h4>Key Feature</h4> <p>An outlay of ₹ 3,03,758 Cr and Government grant of ₹ 97,631 Cr</p> <p>Action Plan customised for each state</p> <p>PFC & REC were appointed as the nodal agencies</p>	<h4>Business Opportunity</h4> <p>Potential counterparty lending opportunity for PFC in 14 Discoms sanctioned by the monitoring committee</p>
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* Fourteen discoms in the state of Andhra Pradesh, Gujarat, Himachal Pradesh, Kerala, Madhya Pradesh & Uttarakhand

BUSINESS HIGHLIGHTS

Powered by Efficiency



Growth and staying true to our vision and mission is fundamental to the company. During the year, we achieved and set benchmarks for our industry.

Accorded with the highest recognition of 'Maharatna' status

We were accorded the special distinction of 'maharatna' status by the Government of India on 12th October 2021. With this recognition, we become the 11th public sector enterprise to join the Maharatna CPSE club and joined the ranks of companies such as ONGC, Indian Oil Corporation, Steel Authority of India (SAIL), and BHEL among others.

The Maharatna status is a reflection of the confidence the Government of India has in our strategic role in the overall development of the Indian Power Sector and an endorsement of our stellar performance. The status of Maharatna gives our board enhanced powers to make financial decisions. Going forward, this recognition will empower us to diversify our operations, accelerate our growth, and leverage our position to help achieve the government's objectives for the overall development of the Power Sector.

Greater financial and operational efficiency

We can now invest up to ₹ 5,000 crore, or 15% of its net worth, in a single project apart from the enhanced powers granted by the government for undertaking mergers and acquisitions. In comparison, Navratna and Miniratna CPSEs can invest only up to ₹ 1,000 crore and ₹ 500 crore respectively. Our Board can now also structure and implement schemes relating to personnel and human resource management and training, giving us flexibility in our operations. Another benefit of the recognition is the ability to enter joint ventures or strategic alliances among others.

Becoming a stronger partner for the Government of India

The enhanced power that comes with the Maharatna recognition will help us in pushing the government's agenda of funding under the national infrastructure pipeline, a national commitment of 40% green energy by 2030, and effective monitoring and implementation of the New Revamped Distribution Sector (RDSS) scheme with an outlay of more than ₹ 3 lakh crore.

What is Maharatna Status?

The Maharatna status is conferred by the Government of India to mega Central Public Sector Enterprises (CPSE) if a CPSE records either of the following conditions.

An average annual net worth of

₹ 15,000 CR

for three consecutive years

More than

₹ 5,000 CR

of net profit for three consecutive years

An average annual turnover of

₹ 25,000 CR

for three consecutive years

The Maharatna distinction is bestowed on CPSEs for exceptional and sustainable financial and operational performance.

List of Maharatna CPSEs

Power Finance Corporation (PFC)	
National Thermal Power Corporation (NTPC)	Oil and Natural Gas Corporation (ONGC)
Steel Authority of India Limited (SAIL)	Bharat Heavy Electricals Limited (BHEL)
Indian Oil Corporation Limited (IOCL)	Hindustan Petroleum Corporation Limited (HPCL)
Coal India Limited (CIL)	Gas Authority of India Limited (GAIL)
Bharat Petroleum Corporation Limited (BPCL)	Power Grid Corporation of India (POWERGRID)

BUSINESS HIGHLIGHTS

Improved balance sheet position

We improved our balance sheet position this year. We improved our capital adequacy ratio (CRAR) to 23.48% compared to 18.83% in the previous year. In terms of tier I and tier II assets, our CRAR stood at 20% and 3.48% respectively. This was because of our active resolution efforts of tier III assets. During the year, we resolved ₹ 2,787 crore from Essar Power MP, RS India Wind Energy, GVK Ratle, Astonfield Solar & Krishna Godavari. As a result, Net NPA declined to 1.76% in FY2021-22 compared to 2.09% in FY2020-21. Going forward, we expect our balance sheet position to improve even further as two of our projects under NCLT are at advanced stages of resolution. Infrastructure and Prepaid Smart Metering & System Metering. PFC (alongwith its subsidiary REC) are the designated nodal agencies for the operationalisation of the said scheme.

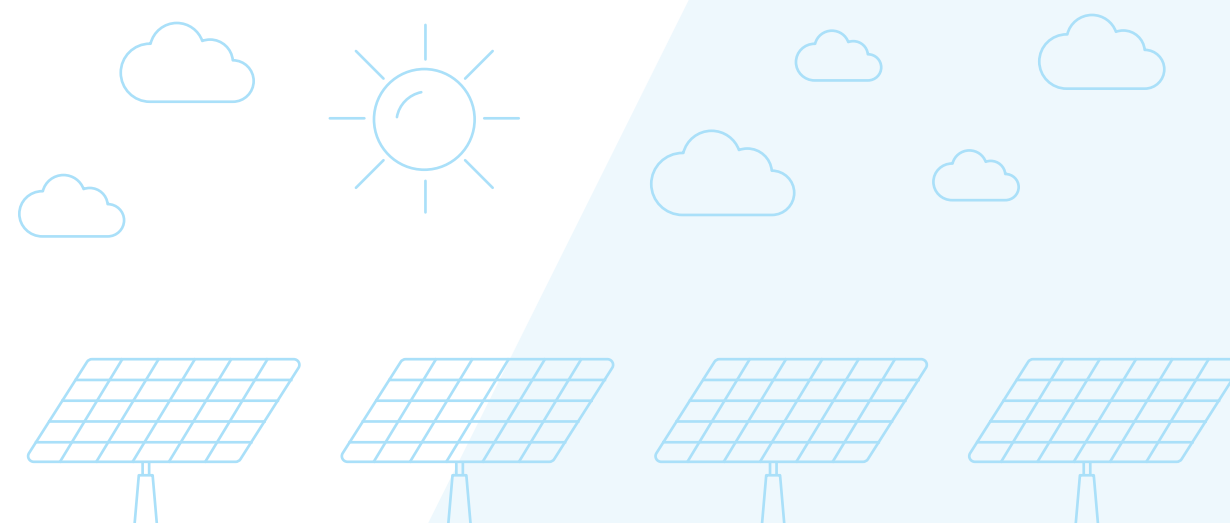
Highest-ever annual PAT registered

We registered the highest-ever annual PAT of ₹ 10,022 crore compared to ₹ 8,444 crore in the previous year.

PAT (in ₹ Cr)		
Particulars	FY2020-21	FY2020-21
Interest Income	36,701	36,146
Interest Expense	22,671	23,194
Net Interest Income	14,030	12,951
Profit after tax (PAT)	10,022	8,444

Improved our EC Bond Mobilisation

We are aligned with the push for clean energy sources by the Government of India and society. We have started to focus more and more on financing of renewable energy projects. In FY2021-22, 15% of our gross loan assets comprised renewable energy. We expect this figure to increase in the future. During the year, we saw 1.5 times increase in our EC bond portfolio, which stood at ₹ 3999 crore (as on 31.03.2022)



Performance at a Glance

Particulars	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22
RESOURCES (At the end of the Year) (₹ in Cr)					
Equity Capital	2,640	2,640	2,640	2,640	2,640
Reserves and Surplus	34,316	40,648	42,524	49,753	56,710
Borrowings (Principal Outstanding) (₹ in Cr)					
(i) Domestic Borrowings	2,11,278	2,59,601	2,55,751	2,75,259	2,63,840
(ii) Foreign Currency Borrowings	18,260	28,827	47,701	49,836	56,288
FINANCING OPERATIONS (During the Year) (₹ in Cr)					
Sanctions	1,16,233	95,230	1,11,089	1,66,370	51,616
Disbursements	64,414	67,678	67,997	88,302*	51,242
WORKING RESULTS (For the Year) (₹ in Cr)					
Total Income	25,980	28,766	33,371	37,767	38,591
Total Expenses	20,135	18,951	25,179	27,559	26,364
Profit Before Tax	5,845	9,816	8,193	10,207	12,228
Tax Expense	1,458	2,863	2,537	1,763	2,206
Profit After Tax	4,387	6,953	5,655	8,444	10,022
EMPLOYEES					
No. of Employees	498	498	484	483	501

* Includes ₹ 20,144 Cr towards moratorium loans during COVID Pandemic

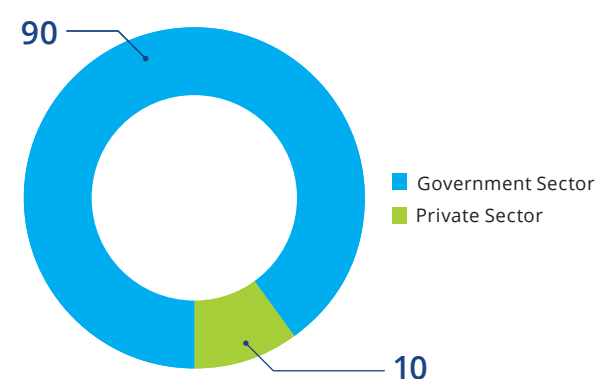
Note: Sanctions and Disbursements are excluding R-APDRP / IPDS

Delivering on Our Commitments

Disbursements

Sector-wise

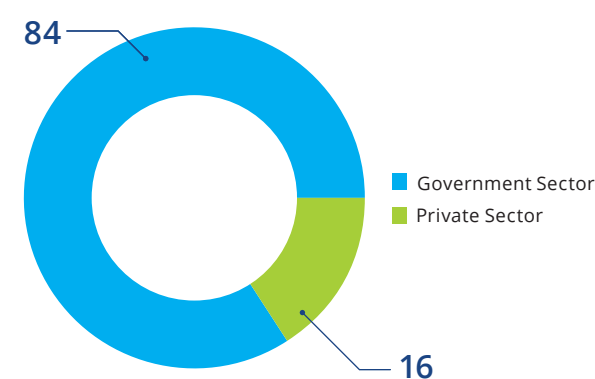
(%)



Loan Assets

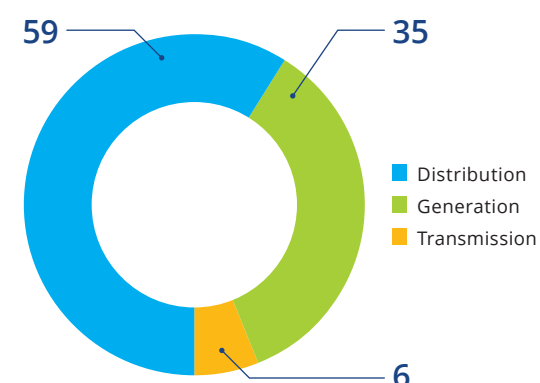
Sector-wise

(%)



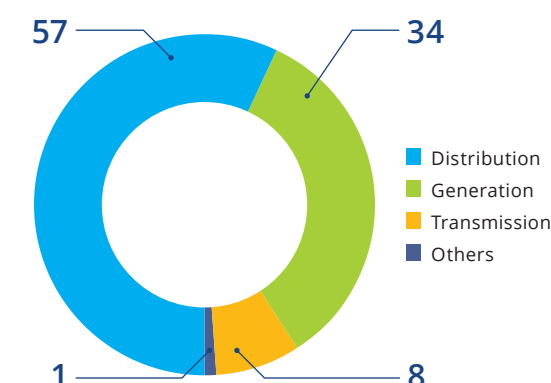
Scheme-wise

(%)



Scheme-wise

(%)



Ratings

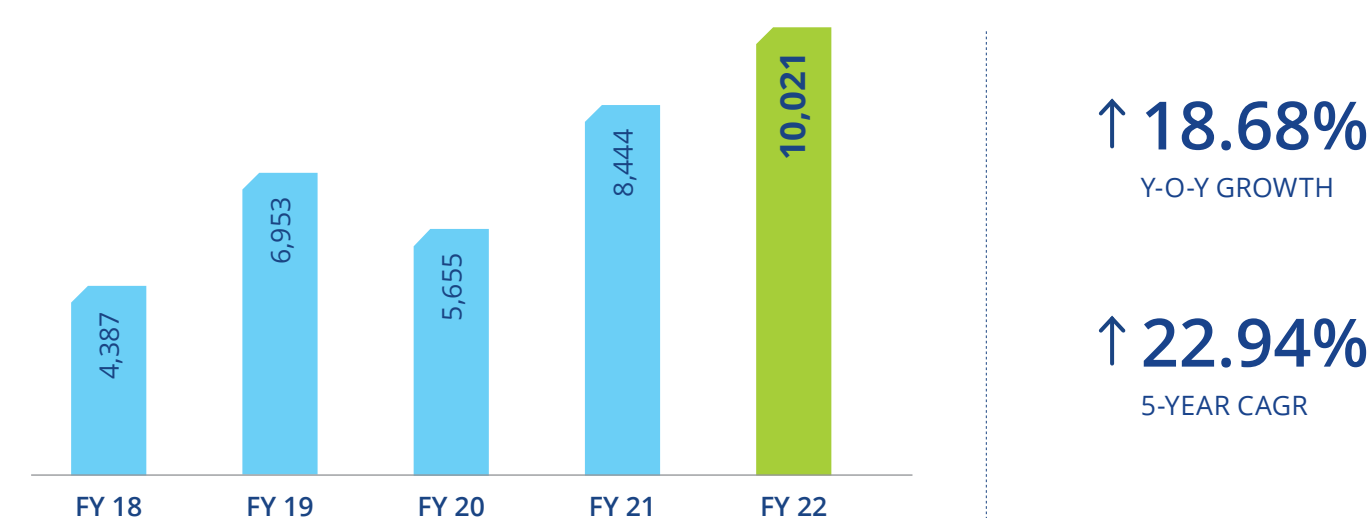
International Agency Rating		Domestic Agency Rating	
Agency	Rating	Agency	Rating
Moody's	Baa3	CRISIL	AAA
Fitch	BBB(-)	ICRA	AAA
		CARE	AAA

Key Performance Indicators

Financial Performance

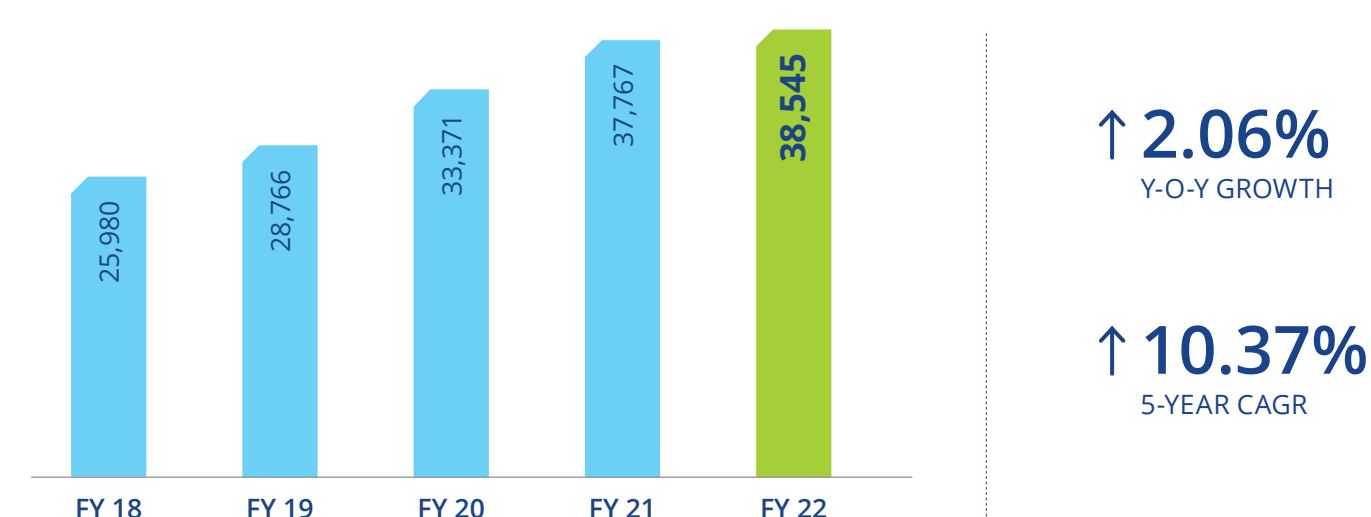
Profit After Tax

(₹ in Cr)



Total Income

(₹ in Cr)

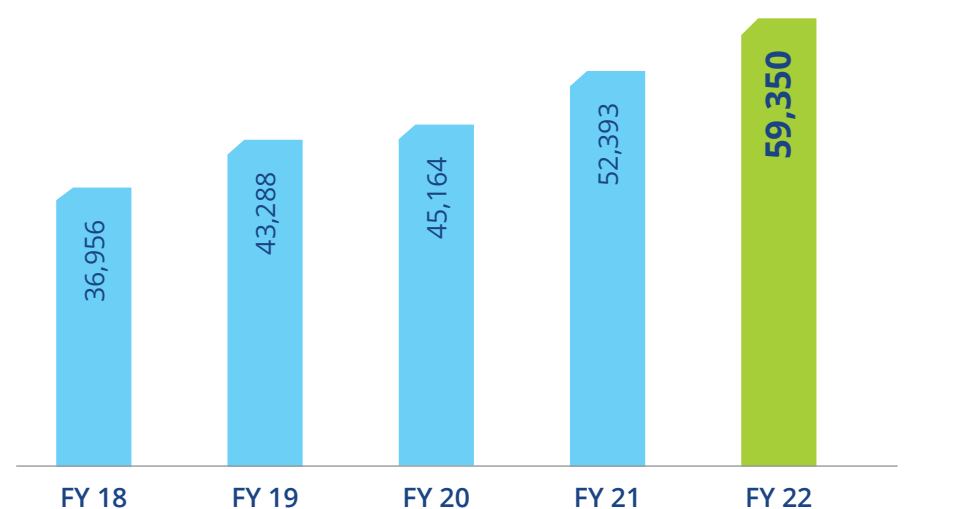


Key Performance Indicators

Operational Performance

Net Worth

(₹ in Cr)

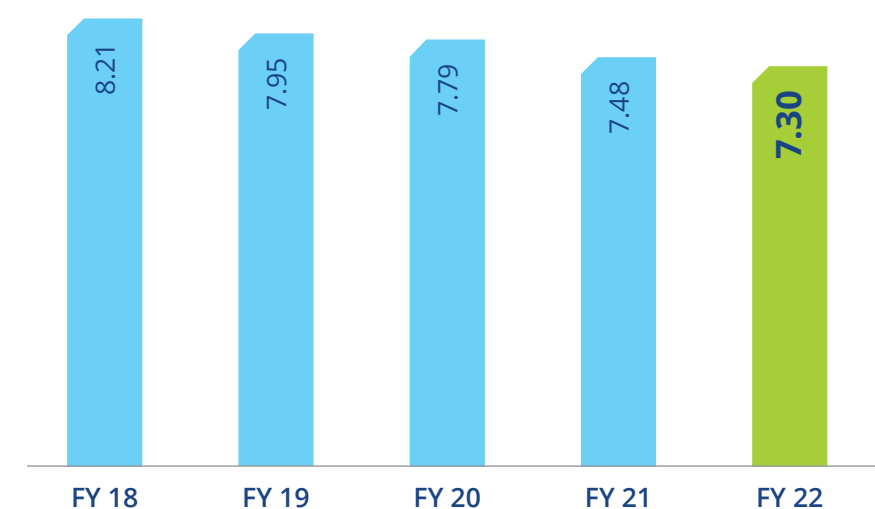


↑ **13.28%**
Y-O-Y GROWTH

Key Performance Indicators

Cost of Funds

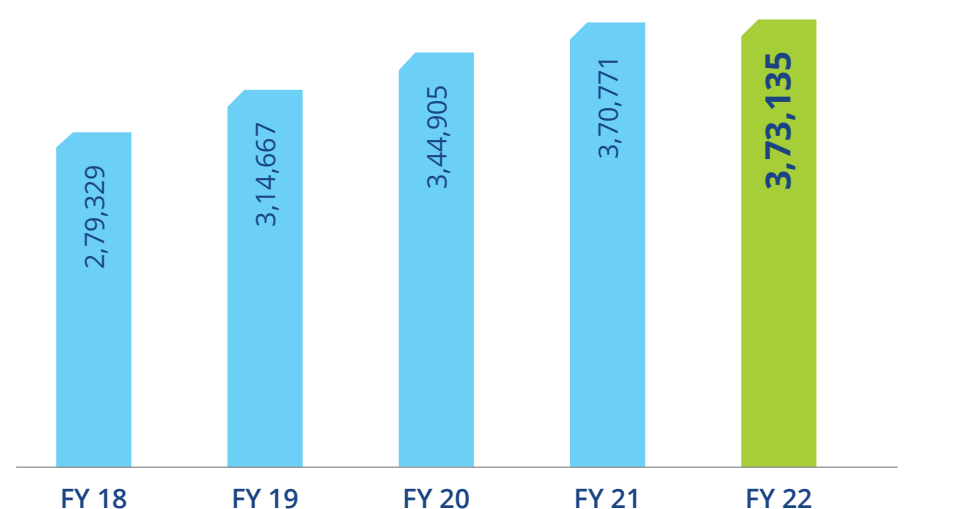
(%)



↓ **(15 BPS)**
Y-O-Y DECLINE

Loan Asset Book

(₹ in Cr)

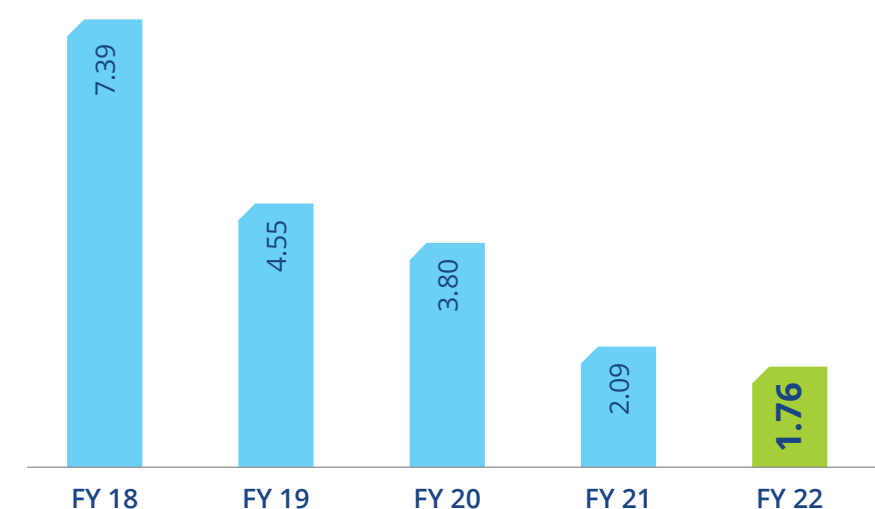


↑ **0.64%**
Y-O-Y GROWTH

↑ **4.35%**
5-YEAR CAGR

NET Non-Performing Assets

(%)



↓ **(15.75%)**
Y-O-Y DECLINE

Letter to Shareholders

Ladies and Gentlemen,

Welcome to the 36th Annual General Meeting of your company.

The pandemic had a significant impact on a wide range of businesses and industries in the last two years. Our economy is gradually emerging from its debilitating impact, with the revival of consumption demand and easing of supply chain constraints. Power demand has also surpassed the pre pandemic highs, with peak demand hitting new lifetime highs in 2022. However, the war in Ukraine and comeback of inflation after almost a decade have posed a new set of hurdles to the global economic recovery. With prices of fuel and other commodities, especially of food items remaining volatile, inflation is likely to remain elevated in the near term. Under these unusual circumstances, your company was able to measure up to the challenges and deliver excellent results.

PFC is now a Maharatna Company

During the year, your company was conferred 'Maharatna' status by Govt. of India, the highest recognition for a public sector company. This is an endorsement of PFC's enhanced stature and an acknowledgement of its sterling role in turning a power deficit country into a power surplus state with universal access to electricity. Maharatna status will give PFC greater operational and financial autonomy and enable diversification of its operations to further accelerate its business growth.

To reward our shareholders, PFC has declared a total dividend of 120% i.e. ₹ 12 per share during FY 2021-22, which is the highest pay out in the history of PFC.



Ravinder Singh Dhillon
Chairman & Managing Director



Shri R.S. Dhillon, CMD along with Ms. Peggy Frantzen, Ambassador of the grand Duchy of Luxembourg at the listing ceremony of PFC's Euro Green Bond on Luxembourg Stock Exchange. Her Excellency Ms. Peggy Frantzen, Ambassador of the grand Duchy of Luxembourg.

Operational & Financial Performance

I am pleased to announce that, during FY 2021-22, we have delivered the highest ever net profit of ₹ 10,022 crore, up 19% from the previous fiscal. On a consolidated basis, the company earned net profit of ₹ 18,768 crore, a 19% increase from FY 2020-21. At the end of the fiscal year, PFC's loan assets stood at ₹ 3.73 lakh crore on standalone basis and ₹ 7.59 lakh crore on consolidated basis. The Net Worth of your company was ₹ 59,350 crore as on 31.03.2022 and the Capital to Risk Weighted Assets Ratio was at a healthy level of 23.48%, with Tier I capital ratio of 20.00%. To reward our shareholders, PFC has declared a total dividend of 120% i.e. ₹ 12 per share during FY 2021-22, which is the highest pay out in the history of PFC.

On asset quality front, your company continued the steady improvement, with net NPAs at 1.76%, the lowest level in the past 6 years. Stressed assets worth ₹ 2,787 crore were resolved, including Essar Power MP, RS India Wind Energy & GVK Ratle. Two other projects, namely Sout East UP Transmission and Jhabua Power are in advanced stages of resolution in NCLT.

Your company took various measures to reduce the cost of borrowing and as a result, the cost of funds reduced by 18 bps in FY 2021-22 to 7.30%. In September 2021, PFC issued its first ever Euro Green Bonds amounting to EUR 300 million at a coupon of 1.841%. This was the first ever Euro denominated Green bond issuance from India and

the bonds are listed on the Singapore Stock Exchange, India INX and NSE IFSC. The funds raised under Green bonds have been utilized to finance renewable energy projects in line with PFC's Green Bond Framework. The company also increased its 54 EC Bond mobilisation by 1.5 times in FY 2021-22 compared to the previous fiscal. These bonds have a low coupon of 5% and are an important source of low cost funds. PFC continues to enjoy the highest domestic credit ratings for its long term and short term borrowing programmes. The company's international credit ratings continue to be Baa3 and BBB-, which is at par with the sovereign rating of India.

PFC continues to enjoy the highest domestic credit ratings for its long term and short term borrowing programmes. The Company's international credit ratings continue to be Baa3 and BBB, which is at par with the sovereign rating of India.



Shri R.K. Singh, Hon'ble Union Minister of Power, New & Renewable Energy releasing the "Ranking & 10th Integrated Rating of State Distribution Utilities" in New Delhi in presence of Shri Alok Kumar, Secretary (Power), Shri Indu Shekhar Chaturvedi, Secretary (MNRE), Shri R.S.Dhillon, CMD, PFC and other senior officers of Ministry of Power.

Power Sector Reforms

Your company plays a developmental role in the Indian power sector and is designated by the Government of India as the nodal agency for implementation of various schemes in the sector. The R-APDRP and IPDS schemes, which resulted in strengthening of power distribution systems in urban areas, were successfully closed during the year. The schemes involved execution of about 2,000 projects across India, involving total expenditure of about ₹ 60,000 crore.

Roll out of the Revamped Distribution Sector Scheme (RDSS) is progressing smoothly, with enthusiastic participation by the states. Till now more than 20 States and UTs have got their reform action plans approved under the scheme. When implemented by 2024-25, the scheme will restrict pan India level AT&C losses to 12-15% and reduce the ACS-ARR gap to zero, which would bring about a marked improvement in the viability of the power distribution sector.

In order to address the issue of mounting dues of power distribution companies to generators and transmission companies, Government of India has introduced the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022. PFC has extended financial assistance to various distribution companies under the rules, to clear their outstanding dues. PFC shall also act as the nodal agency to monitor implementation of these rules, which have provisions to prevent accumulation of dues in the future. This would ease the financial position of power generation and transmission companies and will improve investors' confidence in the sector.

Your company has been publishing performance report on state power utilities on an annual basis and is also the co-ordinating agency for Integrated Rating exercise carried out as per framework approved by Ministry of Power. The 10th Integrated Rating & Ranking of Power Distribution Utilities marked a new milestone with the inclusion of Private Distribution Utilities and Power Departments covering a total of 71 utilities across India. These reports are widely used by stakeholders including utilities, policy makers, developers, lenders, equity analysts and regulators, for decision making.

Leading the Fight on Climate Change

Shift in energy consumption to cleaner and green options will play a significant role in economic growth globally. During the COP 26 summit held in Glasgow in October 2021, India has substantially enhanced its climate change mitigation goals. Our country would follow a five-pronged strategy, named 'Panchamrita', for phased reduction in greenhouse gas emissions, culminating in net Zero emissions by the year 2070. As part of the strategy, intermediate targets have been set for achieving 500 GW non-fossil fuel generation capacity by 2030 and meeting 50% of our energy requirement from renewable energy sources. These targets, though quite steep, can be achieved through collaboration between domestic private, state-owned and foreign players.

The Ministries of Power and New & Renewable Energy have rolled out a slew of reforms to push mainstreaming of energy from green and sustainable sources and achieve the 500 GW target. Towards this end, thermal



Shri Manohar Lal, Hon'ble Chief Minister of Haryana inaugurating construction of Phase-II of Daulah Smartgram Secondary School in Gurugram, Haryana in the presence of Shri R.S. Dhillon, CMD. PFC has signed a MoA with Haryana State Corporate Social Responsibility Trust for construction of phase-II of Daulah Smartgram Secondary School in Gurugram as part of its CSR initiative.

power generators have been allowed to set up renewable energy capacities on their own or through dedicated developers and to supply it to the consumers under the existing PPAs. Bundling of thermal and renewable energy sources will also benefit the customers, with power getting cost effective while improving the profitability of energy companies.

Your company is already playing a significant role in India's energy transition effort. PFC has supported renewable energy capacity addition of 18 GW, which is 16% of the country's installed renewable capacity. During the last fiscal, 44% of the disbursement made by PFC to the generation sector was to non-fossil fuel projects. PFC's renewable energy assets grew at a CAGR of 32% in the last 5 years, compared to 9% growth in total loan assets.

The upward revision in green energy targets would fuel expansion of the green energy financing market, and would demand innovative financing models. According to various estimates, the fund requirement to meet India's net zero target is about US\$ 10 trillion, a large part of which is to be deployed in the energy sector. Your company being a major financier of the sector would play a key role in channelizing this investment.

Corporate Governance & Social Responsibility

Good corporate governance is essential to ensure transparency and to boost stakeholder trust and confidence. 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.



Shri R.K. Singh, Hon'ble Cabinet Minister of Power and New & Renewable Energy congratulating PFC on being accorded the 'Maharatna' Status by Govt. of India in the presence of Shri Alok Kumar, Secretary (Power), Shri R.S. Dhillon, CMD, Shri S.K.G. Rahate, Addl. Secretary (Power), Shri Ashish Upadhyaya, Addl. Secretary (Power), Shri Vishal Kapoor, Jt. Secretary (Power), Shri P.K. Singh, Director (Commercial) & Projects (Addl. Charge), Smt. Parminder Chopra, Director (Finance) and Shri Y. Venugopal, Chief GM, PFC.

Being a socially responsible entity, PFC has put its CSR and sustainability policy into practise with utmost sincerity. I am proud to state that PFC's cumulative CSR spending has surpassed ₹ 1,000 crore to date. PFC has a Board-level CSR & SD Committee of Directors, which is led by an Independent Director, in place to oversee the activities of CSR. PFC has taken a wide range of initiatives in the areas of healthcare, sanitation & drinking water, skill development and environmental sustainability. In addition, PFC has made contributions to the thematic areas of health and nutrition, with a special focus on COVID-related measures, including setting up makeshift hospitals and temporary COVID Care Facilities with a preference for aspirational districts. Your company shall remain a socially conscious entity committed to enhancing the standard of living of our society through projects for sustainable development, with a primary focus on meeting the society's need for power and energy.

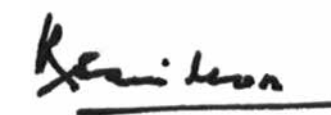
Diversification & Way Forward

In order to sustain the growth momentum, your company has diversified into funding infrastructure projects in irrigation, waste to energy and water treatment sectors and also into new and emerging sectors like e-mobility, utility scale energy storage etc. Taking the initiative forward, PFC has recently sanctioned financial assistance to projects in infrastructure sectors including metro rail, petroleum refining, bio ethanol manufacturing and nuclear energy. With your company's

growing balance sheet size, diversification into newer infrastructure areas is expected to gather steam in the coming years.

Acknowledgement

I convey my sincere gratitude to our shareholders who have reposed faith in us. I am grateful to the Hon'ble Union Minister of Power, New and Renewable Energy, Hon'ble Minister of State for Power and the officials of Ministry of Power for their support and guidance. I also thank the Board of Directors, our client utilities, employees, various ministries, government departments and other stakeholders of PFC for their continued support.



R. S. Dhillon

Chairman & Managing Director

Notice

Power Finance Corporation Limited

CIN : L65910DL1986GOI024862
Urjanidhi, 1, Barakhamba Lane, Connaught Place, New Delhi - 110 001, India
Tel: +91 11 23556000, **Fax:** +91 11 23512545,
E-mail ID: investorsgrievance@pfcindia.com
Website: www.pfcindia.com

Notice is hereby given that the Thirty Sixth Annual General Meeting of the members of Power Finance Corporation Limited will be held on **Wednesday, the September 21, 2022 at 11:30 a.m.** through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a) the Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2022 including the Audited Balance Sheet as on March 31, 2022 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors, Statutory Auditor and Comptroller and Auditor General of India thereon.
 - b) the Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2022 including the Audited Balance Sheet as on March 31, 2022 and the Statement of Profit & Loss for the year ended on that date and the Reports of Statutory Auditor and Comptroller and Auditor General of India thereon.
2. To confirm the payment of Interim Dividend and declare Final Dividend on Equity Shares for the financial year 2021-22.
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.

SPECIAL BUSINESS

5. To appoint Shri Rajiv Ranjan Jha (DIN:03523954), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Shri Rajiv Ranjan Jha (DIN: 03523954), who was appointed as Director (Projects), by the President of India through Ministry of Power vide letter no. 24-8/1/2020-PFC

(MoP) dated October 28, 2021 and subsequently on the recommendation of the Nomination and Remuneration Committee, appointed as an Additional Director by the Board of Directors with effect from October 28, 2021 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Director (Projects) of the Company, on terms & conditions determined by the Govt. of India from time to time."

6. To appoint Shri Bhaskar Bhattacharya (DIN: 09406292), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Shri Bhaskar Bhattacharya (DIN: 09406292), who was appointed as part-time Non-Official Director, by the President of India through Ministry of Power vide letter no. F.No.8/1/2012-PFC Desk (Vol II) dated November 15, 2021 and subsequently on the recommendation of the Nomination and Remuneration Committee, appointed as an Additional Director (part-time Non-Official Director) by the Board of Directors with effect from December 23, 2021 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as part-time Non-Official Director (Independent Director) of the Company, on terms & conditions determined by the Govt. of India from time to time."

7. To appoint Smt. Usha Sajeev Nair (DIN: 09408454), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Smt. Usha Sajeev Nair (DIN: 09408454), who was appointed as part-time Non-Official Director, by the President of India through Ministry of Power vide letter no. F.No.8/1/2012-PFC Desk (Vol. II) dated November 15, 2021 and subsequently on the recommendation of the Nomination and Remuneration Committee, appointed as an Additional Director (part-time

Non-Official Director) by the Board of Directors with effect from December 23, 2021 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as part-time Non-Official Director (Independent Director) of the Company, on terms & conditions determined by the Govt. of India from time to time."

8. To appoint Shri Prasanna Tantri (DIN: 06471864), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Shri Prasanna Tantri (DIN: 06471864), who was appointed as part-time Non-Official Director, by the President of India through Ministry of Power vide letter no. F. No. 8/1/2012-PFC Desk (Vol. II) dated November 15, 2021 and subsequently on the recommendation of the Nomination and Remuneration Committee, appointed as an Additional Director (part-time Non-Official Director) by the Board of Directors with effect from December 23, 2021 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as part-time Non-Official Director (Independent Director) of the Company, on terms & conditions determined by the Govt. of India from time to time."

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

"RESOLVED THAT pursuant to approval of Ministry of Power vide letter no. F.No.24-3/2/2019-PFC (MoP) dtd. 25th August, 2022, Section 13 & other applicable provisions, if any, of the Companies Act, 2013 including Rules made thereunder as well as any other applicable laws for the time being in force & such other approvals, permissions and sanctions, as may be necessary, the consent of the Company be and is hereby accorded to alter the Memorandum of Association of the Company by insertion of following new sub-clause 7 in Clause III(A) titled 'Objects for which the Company is established'-

7. To lend to Logistics and Infrastructure sectors to the extent permitted by the Government of India."

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: 29.08.2022

NOTES:-

1. In view of the outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs has, vide its circular dated May 5, 2022 read with Circulars dated May 5, 2020, January 13, 2021, December 8, 2021 and December 14, 2021 (collectively referred to as "MCA Circulars") and SEBI vide circular dated May 13, 2022, 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 36th AGM through the VC facility provided by KFin Technologies 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 36th 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 18, 2022 and will end at 5.00 p.m. on September 20, 2022. The e-voting module shall be disabled by KFintech at 5.00 p.m. on September 20, 2022. 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 36th 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 Thursday, September 15, 2022 as the Cut-off date for determining the eligibility to vote in respect of items of business to be transacted at the 36th 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 36th 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 36th 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 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 Sunday, September 4, 2022 to Wednesday, September 21, 2022 (both days inclusive).
12. In line with the MCA Circulars, the notice of the 36th AGM along with the Annual Report 2021-22 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 2021-22 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. Members who have not registered their e-mail address with the Company/Depository Participants, as the case may be, are requested to visit the website of KFintech <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx> for temporary registration of e-mail ID of shareholders for 36th 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 Directors retiring by rotation and seeking re-appointment/ appointment under item nos. 3, 5, 6, 7 & 8 of the notice in accordance with applicable provisions of the Companies Act, 2013 is forming part of the notice.
15. The final dividend @12.5% (₹ 1.25 per share) (subject to deduction of TDS) on the face value of the paid-up equity shares of ₹ 10/- per share for the FY 2021-22 as recommended by the Board of Directors in its meeting held on May 25, 2022, if approved by the members at the Annual General Meeting, will be paid on or before October 20, 2022 to the Members or their mandates whose names appear on the Company's Register of Members on June 10, 2022 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on June 10, 2022.
16. In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Acts, 2020 and 2021 dividend declared and paid by the Company after April 1, 2020, is taxable in the hands of shareholders. The Company is required to deduct the tax at source on the distribution of dividend income to its shareholders at the applicable rates. The rate for deducting TDS may vary depending on the residential status of the shareholder and the documents submitted to the Company in accordance with the provisions of the Income Tax Act, 1961. Certain category of shareholders such as Mutual Funds and Insurance Companies are exempted while for other category like Foreign Portfolio Investor tax has to be deducted at 20% (plus surcharge and cess) or at a beneficial tax rate applicable under Double Taxation Avoidance Agreement (DTAA).

Companies require certain categories of shareholders to submit few details and required documents in order to determine the applicable rate for TDS. Say for example in respect of shareholders in category of Mutual Funds, Insurance companies, etc. companies seek certain set of documents like PAN, registration certificate, self-declaration, etc. in order to determine TDS rates. These details and documents are required to be provided by shareholders to every such company who declare dividends. Generally in respect of shareholders like Mutual Funds, Insurance companies, Foreign Portfolio Investors, etc. these details and documents are provided by their custodian on behalf of shareholders to every such company which is declaring dividend.

The Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms/ declarations/ documents through their respective

custodian who is registered on NSDL platform, on or before the aforesaid timelines.

This will provide an alternative to custodians to upload documents of their mutual fund/ insurance companies/ FPI clients if already not done on NSDL platform, which will be auto downloaded to RTAs as per the beneficiary positions as of a record date without a need for Issuer/RTAs to track several e-mails received from custodians. Further, reports containing details of demat accounts for which investor documents are downloaded will be available to issuers/ RTAs, thereby facilitating reconciliation.

17. 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 2022-23 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 2022-23 as may be deemed fit by the Board.
18. 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.
19. Pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021, the furnishing of PAN, Address with PIN, e-mail address, mobile number, bank account details and nomination by holders of physical securities is mandated. Folios, wherein any one of the cited document/details are not available on or after April 1, 2023, shall be frozen by the Registrars and Transfer Agent of the Company (RTA).
20. 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.

21. Members are advised to submit/update 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.
22. 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.
23. 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 letter of confirmation will be issued in lieu of consolidated share certificate to such Members after making requisite changes.
24. 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 in prescribed format and in case of shares held in electronic mode, to their respective Depository Participants
25. 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.
26. 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 agm2022@pfcindia.com at least fifteen days prior to the date of the meeting. The same will be replied by the Company suitably.
27. All documents referred to in the accompanying Notice and the Explanatory Statement and Statutory Registers shall be available electronically on Company's website at www.pfcindia.com from the date of circulation of this Notice, up to the date of AGM i.e. September 21, 2022.
28. 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 18, 2022 and will end at 5.00 p.m. on September 20, 2022. 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	<p>1. User already registered for IDeAS facility:</p> <p>I. Visit URL: https://eservices.nsdl.com</p> <p>II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</p> <p>III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</p> <p>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.</p> <p>2. User not registered for IDeAS e-Services</p> <p>I. To register click on link : https://eservices.nsdl.com</p> <p>II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>III. Proceed with completing the required fields.</p> <p>IV. Follow steps given in points 1</p> <p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <p>I. Open URL: https://www.evoting.nsdl.com/</p> <p>II. Click on the icon "Login" which is available under 'Shareholder/Member' section.</p> <p>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.</p> <p>IV. Post successful authentication, you will requested to select the name of the Company and the e-Voting Service Provider name, i.e. KFinTech.</p> <p>V. On successful selection, you will be redirected to KFinTech e-Voting page for casting your vote during the remote e-Voting period.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing user who have opted for Easi/Easiest</p> <p>I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com</p> <p>II. Click on New System Myeasi</p> <p>III. Login with your registered user id and password.</p> <p>IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFinTech e-Voting portal.</p> <p>V. Click on e-Voting service provider name to cast your vote.</p> <p>2. User not registered for Easi/Easiest</p> <p>I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>II. Proceed with completing the required fields.</p> <p>III. Follow the steps given in point 1</p> <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <p>I. Visit URL: www.cdslindia.com</p> <p>II. Provide your demat Account Number and PAN No.</p> <p>III. System will authenticate user by sending OTP on registered Mobile & E-mail as recorded in the demat Account.</p> <p>IV. After successful authentication, user will be provided links for the respective ESP, i.e. KFinTech where the e-Voting is in progress.</p>
Individual Shareholder login through their demat accounts/Website of Depository Participant	<p>I. You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility.</p> <p>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.</p> <p>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.</p>

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 Depository Participants on their helpline/contact details.

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 no.: 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)]:**

- Launch an internet browser and open <https://emeetings.kfintech.com/>
- Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 6904, 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.
- After entering the above details Click on - Login.
- 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.
- On successful login, the system will prompt you to select the EVEN of Power Finance Corporation Limited and click on 'Submit'.
- 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, 2022 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.

- Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- 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.
- You may then cast your vote by selecting an appropriate option and click on "Submit".
- 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).
- 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: 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.

- 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/mobileereg/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.

- 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 and Notice of AGM.
- 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 Ms. Swati Reddy (Unit: POWER FINANCE CORPORATION LIMITED), at einward.ris@kfintech.com and evoting@kfintech.com or call KFinTech's toll free No. 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, 2022, may obtain the User ID and Password for exercising their right to vote by electronic means as follows:

- 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> POW1234567

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.

- 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:

- 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.
- The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.
- Members are encouraged to join the Meeting using Google Chrome (preferred browser) for better experience.
- Members will be required to grant access to the webcam to enable two-way video conferencing.
- Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC in a smooth manner. Participants may experience audio/video loss due to fluctuation in their respective networks.
- Members who may want to express their views or ask questions may visit <https://emeetings.kfintech.com/> and click on the tab "Post Your 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 18, 2022 and September 19, 2022.
- 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' during the period from September 18, 2022 and September 19, 2022. Members shall be provided a 'queue number' before the AGM. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform. Members may click on the voting icon ("Thumb sign") on the left side of the screen to cast their votes.
- Members who may require any technical assistance or support before or during the AGM are requested to contact KFinTech Limited at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.

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

Item No. 5

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

Shri Rajiv Ranjan Jha (DIN: 03523954) was appointed as Director (Projects) of the Company by the President of India through Ministry of Power vide communication no. 24-8/1/2020-PFC (MoP) dated October 28, 2021 and subsequently on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director by the Board of Directors with effect from October 28, 2021 until the date of this Annual General Meeting. The terms and conditions regulating the appointment of Shri Rajiv Ranjan Jha would be as determined by the Government of India from time to time.

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

Shri Rajiv Ranjan Jha, is concerned and interested, in the resolution.

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

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

Item No. 6

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

Shri Bhaskar Bhattacharya (DIN: 09406292) was appointed as part-time Non-Official Director of the Company by the President of India through Ministry of Power vide communication no. F.No. 8/1/2012-PFC Desk (Vol. II) dated November 15, 2021 and subsequently on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director (part-time Non-Official Director) (Independent Director) by the Board of Directors with effect from December 23, 2021 until the date of this Annual General Meeting. The terms and conditions regulating the appointment of Shri Bhaskar Bhattacharya would be as determined by the Government of India from time to time.

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

Shri Bhaskar Bhattacharya, is concerned and interested, in the resolution.

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

The Board recommends the resolution given at Sr. No. 6 of this notice for your approval as an Ordinary Resolution.

Item No. 7

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

Smt. Usha Sajeev Nair (DIN: 09408454) was appointed as part-time Non-Official Director of the Company by the President of India through Ministry of Power vide communication no. F.No. 8/1/2012-PFC Desk (Vol. II) dated November 15, 2021 and subsequently on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director (part-time Non-Official Director) (Independent Director) by the Board of Directors with effect from December 23, 2021 until the date of this Annual General Meeting. The terms and conditions regulating the appointment of Smt. Usha Sajeev Nair would be as determined by the Government of India from time to time.

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

Smt. Usha Sajeev Nair is concerned and interested, in the resolution.

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

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

Item No. 8

The following statement sets out the material facts relating to the special business mentioned in item No.8 of the accompanying Notice:

Shri Prasanna Tantri (DIN: 06471864) was appointed as part-time Non-Official Director of the Company by the President of India through Ministry of Power vide communication no. F.No.8/1/2012-PFC Desk (Vol. II) dated November 15, 2021 and subsequently on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director (part-time Non-Official-Director) (Independent Director) by the Board of Directors with effect from December 23, 2021 until the date of this Annual General Meeting. The terms and conditions regulating the appointment of Shri Prasanna Tantri would be as determined by the Government of India from time to time.

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

Shri Prasanna Tantri is concerned and interested, in the resolution.

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

The Board recommends the resolution given at Sr. No. 8 of this notice for your approval as an Ordinary Resolution.

Item No. 9

The following statement sets out the material facts relating to the special business mentioned in item No.9 of the accompanying Notice:

The Company is a “MAHARATNA” CPSE under the administrative control of Ministry of Power, Govt. of India and a notified public financial institution under the provisions of the Companies Act, 2013 as also a systemically important non-deposit taking Non-Banking Financial Company (NBFC) classified as an Infrastructure Finance Company by the Reserve Bank of India. The Company is presently engaged in providing financial assistance to Power Utilities for meeting financing and development requirements of the Power Sector. In order to leverage potential synergies of emerging opportunities in the changed business environment and to facilitate providing financial assistance to Infrastructure Sector for meeting its financing and development requirements, it is proposed to expand the objects of the company by insertion of following new sub-clause 7 in Clause III(A) of Memorandum of Association titled ‘Objects for which the Company is established’-

7. To lend to Logistics and Infrastructure sectors to the extent permitted by the Government of India.

The Board of Directors approved alteration of the Memorandum of Association of the Company subject to approval of Ministry of Power and such other approvals, permissions and sanctions, as may be necessary and subject to approval of shareholders. Ministry of Power, Govt. of India vide letter no. F.No.24-3/2/2019-PFC (MoP) dtd. 25th August, 2022, has accorded its approval to the amendment in Memorandum of Association and the approval of the members of the Company is being sought for the same. The proposed change of object clause requires the approval of shareholders through Special Resolution pursuant to the provisions of Section 13 of the Companies Act, 2013.

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

The Board recommends the resolution given at Sr. No. 9 of this notice for your approval as a Special Resolution.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT 36th AGM UNDER ITEM NOS. 3, 5, 6, 7 and 8



Name	Smt. Parminder Chopra	Shri Rajiv Ranjan Jha	Shri Bhaskar Bhattacharya	Smt. Usha Sajeev Nair	Shri Prasanna Tantri
Date of Birth and Age	30.04.1967/55 years	26.04.1966/56 years	15.07.1958/64 years	02.07.1976/46 years	14.10.1981/40 years
Qualification	Bachelor's degree in Commerce and is a qualified Cost Accountant and MBA	Bachelor Degree in Science (Mechanical Engg.) from NIT Jamshedpur of Ranchi University and Diploma in Management from IGNOU	B.Com (Hons.) LLB, Post Graduate Diploma in Business Management	B.A. (Graduation)	Ph.D, Deakin University FPM, Indian School of Business PGP, Indian School of Business ICWA, Institute of Cost Accountants of India B.Com, Mangalore University
Date of Appointment	01.07.2020	28.10.2021	23.12.2021	23.12.2021	23.12.2021
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. 1.07.2020 or till the date of her superannuation or until further orders, whichever is the earlier.	Appointed as Director (Projects) by President of India through Ministry of Power for a period from the date of his assumption of charge of the post till the date of his superannuation or until further orders, whichever is the earlier.	Appointed as Part-time official (Independent) Director by President of India through Ministry of Power for a period of three years from the date of his appointment or until further orders.	Appointed as Part-time official (Independent) Director by President of India through Ministry of Power for a period of three years from the date of her appointment or until further orders.	Appointed as Part-time Non-official (Independent) Director by President of India through Ministry of Power for a period of three years from the date of his appointment or until further orders.
Remuneration	As per standard terms of appointment issued by President of India through Ministry of Power.	As per standard terms of appointment issued by President of India through Ministry of Power.	NIL	NIL	NIL

Expertise in Functional Areas	She has around 35 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.	He has been working with Power Finance Corporation Limited (PFC) since March 1997. He holds a Bachelor Degree in Science (Mechanical Engg.) from NIT Jamshedpur of Ranchi University and a Diploma in Management from IGNOU. He has overall 34 years of experience and had been holding the position as Executive Director (Projects), PFC since May 27, 2019. Previously, he has been handling the PFC's loan portfolio in Western Region including State Sector Coordination Work in the States of Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh and Goa. He has earlier handled the entire loan portfolio in Consortium Lending with PFC as lead FI. He has also handled the entire Renewable Energy loan portfolio of PFC. He has also worked on Project Appraisal (especially for Independent Private Power Projects) & Ultra Mega Power Projects in PFC. Before joining PFC,	He is a Graduate in Commerce (Hons.) and has a Bachelor degree in Law. He also holds a Post Graduate Diploma in Business Management. He has been acting as an Advocate for more than 25 years. He is the Chairman of Hooghly Tax Advocates Bar Association and Member of West Bengal Taxation Tribunal. He has also worked as a Gen-Secretary in a NGO named Nibedan.	She is a female entrepreneur engaged in her own business in Dadra and Nagar Haveli and Daman and Diu providing employment and support to a number of families for quite some time now. Besides this, she is actively engaged in social work for upliftment of needy people. In the period of COVID pandemic, She together with her support team provided food, medical supplies, masks, sanitisers, gloves etc. to people in distress. She is also engaged in raising women issues, support to old and homeless people and orphans.	Shri Prasanna Tantri, holds a B.Com degree from Mangalore University and is a qualified Cost Accountant. He has also done Fellow Programme Management and Post Graduate Programme in Management from Indian School of Business and also holds a Ph.D from Deakin University. At present, he is an Associate Professor in the Finance area at the Indian School of Business and Executive Director of the Centre for Analytical Finance at ISB. His research areas include banking, financial inclusion, financial contagion, regulation, and the relationship between politics and finance.
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Name	Smt. Parminder Chopra	Shri Rajiv Ranjan Jha	Shri Bhaskar Bhattacharya	Smt. Usha Sajeev Nair	Shri Prasanna Tantri
	he has worked with Visakhapatnam Steel Plant from November 1988 to February 1997 and dealt with Operation and Maintenance of their coal based Captive Power Plant and also in Material Planning	he has worked with Visakhapatnam Steel Plant from November 1988 to February 1997 and dealt with Operation and Maintenance of their coal based Captive Power Plant and also in Material Planning			
Number of Meetings of the Board held during the tenure and number of Board Meetings attended	10/10	7/7	5/5	5/5	5/5
Relationship with any other Director, Manager and other KMP of the Company	NIL	NIL	NIL	NIL	NIL
Number of shares held in the Company	2000	16004	NIL	NIL	NIL
Directorship in other companies	<ul style="list-style-type: none">Coastal Tamil Nadu Power LimitedCheyur Infra LimitedPFC Consulting LimitedBihar Mega Power LimitedDeoghar Mega Power LimitedChhattisgarh Surguja Power LimitedPTC India LimitedREC Limited	<ul style="list-style-type: none">PFC Consulting LimitedOrissa Integrated Power Limited	NIL	NIL	NIL

Chairman/Membership of committees* across all public companies (as on the date of Notice)	Power Finance Corporation Limited <ul style="list-style-type: none">Member, Stakeholders Relationship and Shareholder/Investor' Grievance Committee	Power Finance Corporation Ltd. <ul style="list-style-type: none">Member, Stakeholders Relationship and Shareholder/Investor' Grievance Committee	Power Finance Corporation Ltd. <ul style="list-style-type: none">Member, Audit Committee	Power Finance Corporation Ltd. <ul style="list-style-type: none">Chairman, Stakeholders Relationship and Shareholder/Investor' Grievance Committee	Power Finance Corporation Ltd. <ul style="list-style-type: none">Chairman, Audit Committee
Details of listed entities from which resigned in the past three years	REC Limited <ul style="list-style-type: none">Member, Audit Committee NIL	NIL	NIL	NIL	NIL

* Does not include Chairmanship/Membership in Board Committees other than Audit Committee and Stakeholders Relationship and Shareholder/Investor' Grievance Committee.

Directors' Profile



Shri Ravinder Singh Dhillon

Chairman and Managing Director
DIN: 00278074

Shri Ravinder Singh Dhillon, 59 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 Government of India, namely Revamped Distribution Sector Scheme, Late Payment Surcharge Rules, 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 37 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 28 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, Mr. Dhillon held the post of Director (Projects), where he was responsible for business growth & asset quality. Under his leadership, PFC increased its focus on Renewable Energy business and refinancing of 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 27,050 equity shares in the Company as on March 31, 2022.



Smt. Parminder Chopra

Director (Finance)
DIN: 08530587

Smt. Parminder Chopra, 55 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 is also PFC nominated Director on the Board of REC Ltd. She has around 35 years of experience in power sector, serving in key power sector organizations like National Hydroelectric Power Corporation of India (NHPC) and Power Grid Corporation of India (PGCIL). She joined PFC in 2005 and was working as an Executive Director (Finance) before assuming charge as Director (Finance), PFC. She has handled a gamut of finance portfolios such as resource mobilization from domestic as well as international markets, banking & treasury, asset liability management, stressed assets resolution etc.

Smt. Parminder Chopra, was holding 2000 equity shares in the Company as on March 31, 2022.



Shri Rajiv Ranjan Jha

Director (Projects)
DIN: 03523954

Shri Rajiv Ranjan Jha, aged 56 years has been working with Power Finance Corporation Limited (PFC) since March 1997.

He holds a Bachelor Degree in Science (Mechanical Engg.) from NIT Jamshedpur of Ranchi University and a Diploma in Management from IGNOU. He has overall 34 years of experience and had been holding the position as Executive Director (Projects), PFC since May 27, 2019. Previously, he has been handling the PFC's loan portfolio in Western Region including State Sector Coordination Work in the States of Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh and Goa. He has earlier handled the entire loan portfolio in Consortium Lending with PFC as lead FI. He has also handled the entire Renewable Energy loan portfolio of PFC. He has also worked on Project Appraisal (especially for Independent Private Power Projects) & Ultra Mega Power Projects in PFC.

Before joining PFC, he has worked with Visakhapatnam Steel Plant from November 1988 to February 1997 and dealt with Operation and Maintenance of their coal based Captive Power Plant and also in Material Planning.

Shri Rajiv Ranjan Jha was holding 16,004 equity shares in the Company as on March 31, 2022.



Shri Manoj Sharma

Director (Commercial)
DIN: 06822395

Shri Manoj Sharma, 56 years, is a chartered accountant with a degree in law (LLB). He joined PFC in 1990 and was working as Executive Director (In charge) of Commercial Division before assuming charge as Director (Commercial), PFC. He has more than 30 years of experience in power sector. In PFC, he has handled multiple areas & domains including institutional appraisal & development, entity appraisal, legal & documentation, taxation, budget, audit, preparation of financial statements & audit reports, financial analysis, resource mobilization, debt syndication and consultancy assignments on financial/commercial aspects in power sector.

During the last 3 decades, he has been associated with entire spectrum of PFC's loan assets, covering formulation of lending policies, putting in place a policy framework to guide appraisal with a structured format for financial analysis, compliance with applicable regulatory and statutory frameworks, monitoring conditions, facilitating disbursement, resolution mechanism for stressed accounts, etc.

He is also Chairman of PFC Projects Limited and Jharkhand Infrapower Limited.

Shri Manoj Sharma, was holding Nil equity shares in the Company as on August 29, 2022.



Shri Ajay Tewari

Government Nominee
Director
DIN: 09633300

Shri Ajay Tewari, 52 years, is an Indian Administrative Service Officer of 1993 Batch. He is presently Additional Secretary, Ministry of Power looking after Energy Conservation, Energy Transition, International Co-operation, Training & Research and Perspective Planning of Ministry of Power. Mr. Ajay Tewari is B. Tech (Electrical Engineer) from Indian Institute of Technology and holds PG Diploma in Financial Management. Before joining Central deputation in the Ministry of Labour & Employment as Joint Secretary & Director General of Labour Welfare in the year 2018, he had worked in different capacities in the State of Assam and Meghalaya. Shri Ajay Tewari has wide range of experience of working in Finance, Education, Housing & Urban Affairs, Sports, Youth Welfare, General Administration, Revenue Administration, Disaster Management & Labour Welfare sectors.

Shri Ajay Tewari was born on August 5, 1970 and before joining Indian Administrative Service in the year 1993, he had also worked in Gas Authority of India Ltd. (GAIL) and Ordnance Factory, Nagpur for brief periods.

Shri Ajay Tewari was holding Nil equity shares in the Company as on March 31, 2022.



Shri Bhaskar Bhattacharya

Independent Director
DIN: 09406292

Shri Bhaskar Bhattacharya, 64 years, is an Honours Graduate in Commerce and Bachelor degree in Law. He also holds a Post Graduate Diploma in Business Management. He has been acting as an Advocate for more than 25 years. He is the Chairman of Hooghly Tax Advocates Bar Association and Member of West Bengal Taxation Tribunal. He has also worked as a Gen-Secretary in a NGO named Nibedan.

Shri Bhaskar Bhattacharya was holding Nil equity shares in the Company as on March 31, 2022.



Smt. Usha Sajeev Nair

Independent Director
DIN: 09408454

Smt. Usha Sajeev Nair, 46 years, holds a graduation degree in Bachelors of Arts. She is a female entrepreneur engaged in her own business in Dadra and Nagar Haveli and Daman and Diu providing employment and support to a number of families for quite some time now. Besides this, she is actively engaged in social work for upliftment of needy people. In the period of COVID pandemic, She together with her support team provided food, medical supplies, masks, sanitizers, gloves etc to people in distress. She is also engaged in raising women issues, support to old and homeless people and orphans.

Smt. Usha Sajeev Nair was holding Nil equity shares in the Company as on March 31, 2022.



Shri Prasanna Tantri

Independent Director
DIN: 06471864

Shri Prasanna Tantri, 40 years, holds a B.Com degree from Mangalore University and is a qualified Cost Accountant. He has also done Fellow Programme Management and Post Graduate Programme in Management from Indian School of Business and also holds a Ph.D from Deakin University. At present, he is an Associate Professor in the Finance area at the Indian School of Business and Executive Director of the Centre for Analytical Finance at ISB. His research areas include- banking, financial inclusion, financial contagion, regulation, and the relationship between politics and finance.

Shri Prasanna Tantri was holding Nil equity shares in the Company as on March 31, 2022.

Report of the Board of Directors

FY 2021-22

To,
The Members,
Power Finance Corporation Limited

Your Directors are pleased to present their 36th Annual Report on the performance of your Company for the financial year ended March 31, 2022 along with Audited Financial Statements, Auditor's Report, Secretarial Auditor's Report & report by the Comptroller and Auditor General of India.

Your Directors, at the outset take pride in informing you that during the year, your company has been accorded 'Maharatna' Status – the highest recognition by Government of India to Central Public Sector Enterprises (CPSE's).

1.0 Financial and Operational Highlights

- Total income achieved during the FY 2021-22 was up by 2% to ₹38,591 crore.
- Net Interest Income during the FY 2021-22 increased by 8% to ₹14,030 crore.
- Delivered highest ever Net profit of ₹10,022 crore up by 19% during FY 2021-22.
- Board recommended a final dividend of ₹1.25 per equity share in addition to an interim dividend of ₹10.75 per equity share, which was paid during FY 2021-22. The total dividend for the FY 2021-22 thus aggregates to ₹12 per equity share as against ₹10 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 2021-22 will thus amount to ₹3,168.1 crore (inclusive of TDS) representing 32% of the profit after tax.

- Total expenditure for the FY 2021-22 amounted to ₹26,364 crore. Out of it, finance cost amounted to ₹22,671 crore. This constituted 86% of total expenses in FY 2021-22. During FY 2021-22, employee benefit expenses and other expenses, which includes administrative and office expenses were ₹336 crore (1.27% of total expenses) against ₹265 crore (0.96% of total expenses) in the previous year.
- Loans Sanctioned amounted to ₹51,616 crore during the FY 2021-22 to State, Central, Private and Joint Sector entities. Disbursements amounted to ₹51,242 crore during the same period.
- Gross Loan Asset book as on FY 2021-22 stood at ₹3,73,135 crore. The outstanding borrowing as on FY 2021-22 stood at ₹3,20,128 crore.
- Total provision of ₹14,344 crore towards Stage- III Loan Assets as at the end of FY 2021-22. The Net Stage-III Assets stands at ₹6,571 crore as on March 31, 2022, which is 1.76% to the Total Gross Loan Assets. In addition to above, provision of ₹2,059 crore and ₹945 crore on Stage-I Loan Assets and Stage-II Loan Assets respectively is available as on March 31, 2022.
- As on March 31, 2022, 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	
	2021-22	2020-21	2021-22	2020-21
Total Income	38,591.17	37,766.57	76,344.92	71,700.67
Profit Before Tax	12,227.65	10,207.31	23,382.22	19,890.73
Tax expenses	2,205.75	1,763.30	4,614.01	4,174.53
Profit After Tax	10,021.90	8,444.01	18,768.21	15,716.20
Owners of the Company	-	-	14,014.79	11,747.83
Non-Controlling Interests	-	-	4,753.42	3,968.37
Total Comprehensive Income	10,202.73	8,534.21	18,889.78	16,264.09
Owners of the Company	-	-	14,163.78	12,078.90
Non-Controlling Interests	-	-	4,726.00	4,185.19

1.1.2 Reserve & Surplus

(₹ in crore)

Particulars	Standalone		Consolidated*	
	2021-22	2020-21	2021-22	2020-21
Opening Balance of Surplus	7,203.86	6,042.40	9,760.52	8,080.18
Profit after tax for the year	10,021.90	8,444.01	14,014.79	11,747.83
Re-Measurement of Defined Benefit Plans	(3.70)	(3.13)	(6.98)	(8.75)
Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	(576.44)	(609.83)	(576.44)	(761.49)
Transfer to Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	(2,423.45)	(2,534.77)	(4,044.97)	(3,883.87)
Transfer to Special Reserve created u/s 45-IC(1) of Reserve Bank of India Act, 1934	(2,004.38)	(1,688.80)	(3,062.34)	(2,569.38)
Transfer to Debenture Redemption Reserve	-	-	-	-
Transfer to General Reserve	-	-	-	(516.40)
Transfer to Interest Differential Reserve – KFW Loan (net)	(1.42)	(1.25)	(1.42)	(1.25)
Dividends	(3,366.10)	(2,112.07)	(3,366.10)	(2,112.07)
Dividend Distribution Tax	-	-	-	-
Transfer from Debenture Redemption Reserve on account of utilisation	-	-	-	-
Transfer from OCI – Equity Instruments	-	-	-	-
Other Comprehensive Income/(Expense)	-	-	-	-
Reclassification of gain/loss on sale of equity instrument measured at OCI	13.22	6.98	58.90	134.73
Pooling of interest accounting for common control business combination	-	-	-	-
Impairment Reserve	-	-	-	-
Adjustments	-	(339.68)	(18.86)	(349.01)
Closing Balance of Surplus	8,863.49	7,203.86	12,757.10	9,760.52

*Attributable to owners of the Company (PFC)

1.2 OPERATIONAL PERFORMANCE OVERVIEW

1.2.1 ASSET QUALITY

(₹ in crore)

Particulars	2021-22	2020-21
Gross Loan Assets	3,73,135	3,70,771
Stage III Assets	20,915	21,150
Provision on Stage III Assets	14,344	13,416
Gross Stage III as % of Gross Loan Assets	5.61%	5.70%
Net Stage III as % of Gross Loan Assets	1.76%	2.09%

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

(₹ in crore)

SECTOR Category	FY 2021-22		FY 2020-21	
	Sanctions	Disbursements	Sanctions	Disbursements
State Sector	36,197	41,512	1,15,170	73,016
Central Sector	63	10	9,172	3,912
Joint Sector	6,743	773	8,907	2,123
Private Sector	8,613	8,947	33,121	9,251
Total	51,616	51,242	1,66,370	88,302*

* Includes ₹ 20,144 Crore towards moratorium loans during Covid pandemic.

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 2021-22. Further, no Perpetual Debt Instruments (PDI) was issued by your Company during FY 2021-22.

1.2.3.2 Borrowings from Domestic Market

The details of borrowings made from domestic market during FY 2021-22 are as under:

(₹ in crore)

Source	Amount
Bonds (including S4EC)	14,666.84
Rupee Term Loans	14,005.00
Total	28,671.84

Further, for maintaining adequate liquidity, credit lines to the tune of ₹9,030 crore were sanctioned as on March 31, 2022 by various scheduled commercial banks to the Company for short-term funding generally without any commitment charges.

RBI has prescribed Liquidity Coverage Ratio (LCR) framework for NBFCs. These guidelines aims for maintenance of a liquidity buffer in terms of LCR by ensuring that NBFCs have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for next 30 days. PFC maintains sufficient liquidity buffer in the form of HQLA as prescribed.

1.2.3.3 External Borrowings

The foreign currency denominated borrowings during FY 2021-22 are as follows:

(₹ in crore)	
Source	Amount
Bonds under GMTN programme	2,597.41
Syndicated Loans	4,674.28
Total	7,271.69

Green Bonds

PFC established its Green Bond Framework in October, 2017 as approved by Climate Bonds Initiative (CBI), London, UK. The Green Bond framework for funding renewable projects (viz. Solar and Wind) has been updated in August, 21 to align with the latest set of guidelines namely Climate Bonds Standard version 3.0, the Green Bond Principles (GBP), 2021 issued by the International Capital Markets Association (ICMA). In this context, an agreement was executed between PFC & Climate Bonds Initiative.

PFC has issued its first USD Green bond in December, 2017 and raised US \$400 million (₹2,575 crore) 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. Further, in September, 2021 PFC issued its first ever Euro Green Bonds amounting to EUR 300 million (₹2,597 crore) at a coupon of 1.841% and these bonds are listed on the Singapore Stock Exchange, India INX and NSE IFSC. Annual update to the holders of the bonds, as required under the PFC's Green bond framework 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, 2022, outstanding loan balances of Solar & Wind energy projects funded by PFC are ₹11,794 crore & ₹6,573 crore respectively. The total capacity (MW) of outstanding Solar & Wind energy projects funded by PFC as on March 31, 2022 is 6,225MW. Accordingly, PFC green bond portfolio is more than the amount raised through issue of green bonds.

1.3 CREDIT RATING

During the FY 2021-22, 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 GOVT. OF INDIA

Your Company has been consistently accorded 'Excellent' Rating by Government of India since FY 1993-94 except for two financial years. For the FY 2020-21, your Company was accorded 'Excellent rating'. The rating for FY 2021-22 is still awaited.

In FY 2021-22, the achievement of your Company on some key MoU parameters has been as under:

MoU Parameter	Achievement
Revenue from Operations	₹ 38,545.40 Cr.
Loans Disbursed to Total Funds Available	98.59%
Overdue loans to Total Loans	0.29%
NPA to Total Loans	1.82%
Cost of raising funds through Bonds as compared to similarly rated CPSEs/entities (Margin over Reuters)	(-) 17.24 bps

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, 2022 are also subsidiaries of PFC:

- REC Power Development and Consultancy Limited
- Chandil Transmission Limited
- Dumka Transmission Limited
- Koderma Transmission Limited
- Mandar Transmission Limited
- Bidar Transmission Limited
- Rajgarh Transmission Limited
- MP Power Transmission Package-I Limited
- ER-NER Transmission Limited

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

During the FY 2021-22, the total income of REC was ₹39,231 crore and the net profit was ₹10,046 crore, on standalone basis.

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)
- Owner's Engineer, Lender's Independent Engineer, Lender's Insurance Advisor
- Setting up of Manufacturing Zone for power and renewable energy equipment

PMA / PMC/ Other GoI Schemes

- Revamped Distribution Sector Scheme (RDSS)
- Procurement of Power: DEEP Portal
- Coal Linkage Auction under SHAKTI Scheme
- Pilot Scheme I & II
- PRAAPTI Portal
- Integrated Power Development Scheme (IPDS)
- Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)
- National Smart Grid Mission (NSGM)
- Restructured Accelerated Power Development and Reforms Programme (R-APDRP)

Smart Solutions

- Smart Metering
- Energy Portfolio Management

Other Services

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

Till date, consultancy services have been rendered to 77 clients spread across 27 States/UTs in India by PFCCL. The total number of assignments undertaken as on date are more than 160.

Further, during the FY 2021-22, the total income of PFCCL on consolidated basis was ₹91.09 crore and the net profit earned was ₹37.67 crore. The net worth of PFCCL as on March 31, 2022 was ₹111.35 crore.

- 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, 2022, for the said purpose, the following Special Purpose Vehicles (SPVs) have been incorporated as subsidiaries/deemed subsidiaries of the Company:

- 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
- Cheyur 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^{*^}
- Ananthapuram Kurnool Transmission Limited^{*}
- Bhadla Sikar Transmission Limited^{*}
- Khetri Narela Transmission Limited^{*}
- Kishtwar Transmission Limited^{*}
- Mohanlalganj Transmission Limited^{*}
- Chhatarpur Transmission Limited^{*}

[^] SPV under the process of striking-off.

^{*} wholly-owned subsidiaries of PFC Consulting Limited.

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 “Policy for Management of Risks on Foreign Currency Borrowings” 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.

As on March 31, 2022, the total o/s foreign currency liabilities are USD 6,783 million, JPY 36,336 million & EUR 308 million; out of which USD 4,075 million is hedged. Further, 92% 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 (TBCB) 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, 2022, 40 Special Purpose Vehicles (SPVs), 2 by PFC and other 38 by PFC Consulting Limited (wholly-owned subsidiary) have been established for ITPs.

Further, during the FY 2021-22, following SPVs established for development of transmission projects has been transferred to the successful bidders selected through TBCB:

- Khavda-Bhuj Transmission Limited
- Nangalbibra-Bongaigaon Transmission Limited
- Sikar-II Aligarh Transmission Limited
- Koppal-Narendra Transmission Limited
- Karur Transmission Limited

Further in the month of April & May, 2022, PFCCL has incorporated 5 new SPVs for development of transmission schemes.

- Fatehgarh III Beawar Transmission Limited
- Beawar Dausa Transmission Limited
- Siot Transmission Limited
- Khandukhal Rampura Transmission Limited
- Fatehgarh III Transmission Limited

As on date, out of 45 SPVs, 31 SPVs were transferred to the successful bidders and bidding process for 8 SPVs are under progress. Further, due to de-notification of schemes by MoP, 2 SPVs were closed, other 3 SPVs are under process of closure and 1 scheme is under abeyance.

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) along 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 catalyst of 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 14 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.

PFC initiated the process of closure of SPVs namely Tatiya Andhra Mega Power Limited (TAMPL), Coastal Maharashtra Mega Power Ltd (CMMPL) and Chhattisgarh Surguja Power Ltd (CSPL). Requisite documents for closure are filed in RoC. Further, PFC is intending to utilise the SPV namely Coastal Karnataka Power Ltd (CKPL) for bidding regarding stressed projects.

MoP has decided to defer any action on formulation of UMPPs Bidding framework as of now as the country is making energy transition from fossil fuel to non-fossil fuel. Further, in QPRM held on 16.12.2021, PFC was advised to review the status of UMPPs and take necessary action for closure wherever required, in consultation with stakeholders. Matter is under consideration.

3.3 Revamped Distribution Sector Scheme (RDSS) & Integrated Power Development Scheme (With Restructured Accelerated Power Development and Reform Programme (R-APDRP) Subsumed in IT)

Your Company is involved in various GoI programmes for the power sector, including acting as a nodal agency for the IPDS (R-APDRP subsumed) and Revamped Distribution Sector Scheme (RDSS) launched by Govt. of India in July, 2021.

3.3.1 Revamped Distribution Sector Scheme (RDSS)

MoP/GoI vide OM dated July 20, 2021 has conveyed sanction of President of India for implementation of “Revamped Distribution Sector Scheme (RDSS) – A Reforms-based and Results-linked, Distribution Sector Scheme” to improve the operational efficiencies and financial sustainability of DISCOMs, by providing financial assistance to DISCOMs for upgradation of the distribution infrastructure and prepaid smart metering & system metering based on meeting pre-qualifying criteria and achieving basic minimum benchmarks in reforms. PFC and REC (PFC's subsidiary) are the designated nodal agencies for operationalization of the Scheme, as per RDSS guidelines and directions of inter-ministerial Monitoring Committee/MoP from time to time. Nodal agencies are eligible for 0.50% of the sum total of the Gross Budgetary Support (GBS) component of the various projects approved by Monitoring Committee as its fee. PFC is the nodal agency for 17 States/UTs under the Scheme. The ongoing approved projects under IPDS/R-APDRP have been subsumed in RDSS. All State-owned distribution companies and State/UT Power Dept. excluding private sector companies are eligible for financial assistance under the Scheme. The implementation period of the Scheme is 5 Years (FY 2021-22 to FY 2025-26).

Scheme Objectives

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

The Scheme has two parts:

- Part A covers metering works (prepaid smart metering for consumers and system metering) and distribution infrastructure works (loss reduction; modernization & system augmentation components).
- Part B covers training & capacity building and other enabling & supporting activities.

Outlay and Budgetary Support

The Scheme has an outlay of ₹3,03,758 crore with an estimated gross budgetary support of ₹97,631 crore from the GoI.

Progress of implementation

Based on the recommendations of PFC, upto March 2022, GoI has approved projects worth ₹65,018 crore (GoI Grant component of ₹25,613 crore) to DISCOMs of Andhra Pradesh (AP), Gujarat, Himachal Pradesh (HP), Kerala, Madhya Pradesh (MP) and Uttarakhand under RDSS. Further, PFC has disbursed an amount of ₹537 crore to Discoms of AP, Gujarat and HP towards Phase - I advance of 5% of GoI Grant for implementation of Loss Reduction Projects, as per RDSS guidelines. Your Company is also supporting the States by preparing Model Bidding Documents for Automation and ERP projects under RDSS.

Part-B component of RDSS focuses on the human resources and skill development *inter alia* including capacity building initiatives on corporate governance, technical matters, advance technology intervention areas, new business processes etc. MoP has mandated PFC for taking-up skill development for Smart Metering works as well as training programme for DISCOMs' employees. Upto March 2022, total 31 training programmes were conducted through NPTI covering 1,168 DISCOM personnel. Your Company is also handholding the Discoms in incorporating better corporate governance practices.

3.3.2 Integrated Power Development Scheme (IPDS)

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. Restructured Accelerated Power Development & Reforms Programme (R-APDRP) Scheme notified vide MoP order dated September 19, 2008 was subsumed into IPDS. PFC is the Nodal Agency for operationalisation of the IPDS/ R-APDRP Scheme. IPDS (including R-APDRP subsumed) Scheme had Sunset date of March 31, 2022 (excluding identified Projects).

Components of IPDS

The major components envisaged under the Scheme and additional components included by Ministry of Power from time-to-time are as under:

- Strengthening of sub-transmission and distribution networks in the urban areas;
- Metering of distribution transformers/ feeders/ consumers in the urban areas;
- Schemes for Enterprise Resource Planning (ERP) and IT enablement of balance urban towns are also included under IPDS. Scope of IT enablement has been extended to all urban towns as per Census 2011.
- Smart metering solution for performing UDAY States and Solar panels on Govt. buildings with net-metering are also permissible under the Scheme.
- Gas Insulated Sub-stations (GIS) at locations where space constraint exists are also permissible
- Real Time-Data Acquisition System (RT-DAS) Projects for accurate measurement of power interruption parameters like SAIDI/ SAIFI at 11KV feeder level are also covered under the Scheme.
- IT enablement of distribution sector and strengthening of distribution network under R-APDRP for 12th and 13th Plans by carrying forward the approved outlay for R-APDRP to IPDS.

Outlay & Budgetary Support

- 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.

Financial Assistance under IPDS / R-APDRP

(₹ in crore)

Scheme	FY 2021-22		Cumulative up to March, 2022	
	Approved Cost	Gol Fund Disb.	Approved Cost	Gol Fund Disb.
R-APDRP	(1,987)*	385	29,978	13,580
IPDS	(2,428)*	1,977	28,886	17,638

*Negative figure is due to cancellation/ reduction in cost of Projects upon financial closure

In addition to above disbursement to Discoms for Projects, during FY 2021-22, MoP has also released Gol Grant of ₹67 crore (cumulative ₹284 crore) for IPDS other than Project head (e.g. nodal agency fee, re-imbursement of expenditure, Un-interrupted Direct Current (UDC), National Power Portal (NPP) etc.) and ₹29 crore (cumulative ₹563 crore) under Part-C of R-APDRP to PFC.

Moreover, MoP has also released Gol Grant of ₹350 crore during FY 2021-22 (cumulative ₹1,350 crore) for implementation of PMDP-2015 in J&K through your Company.

Progress of Implementation

IPDS

Under IPDS, inspite of a tough pandemic hit last 2 years, work in 546 out of 547 sanctioned Circles/Projects has been declared complete with overall physical progress achieved of 99% (timeline for completion of Ayodhya Circle is up to March, 2023). The Scheme is helping in making a difference in the lives of around 10 crore urban electricity consumers living in 3600 towns across the country where the Power Distribution infrastructure has been upgraded. IT enablement has been undertaken even in smaller towns of 34 Discoms. ERP system has been set up / upgraded in 32 Discoms.

Further, during the year, your Company also disbursed an amount of ₹440 crore (cumulative disbursement ₹3,755 crore) as counterpart loans to State Power Discoms under IPDS.

R-APDRP

With the measures taken so far, IT backbone has been established in the State Power Discoms which has aided the Discoms continue their operations during COVID-19 and consequent lockdown. All sanctioned 1,233 towns have been declared completed under Part A IT with all business process software modules are functional and energy audit reports being derived. SCADA Automation has been completed in 57 large towns to improve power reliability. Implementation work of distribution system strengthening has been completed in all sanctioned 1,227 towns.

Further, your Company has also disbursed an amount of ₹3,616 crore (cumulative) as counterpart loans to State Power Discoms under Part B of R-APDRP.

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.
- Real Time Data Acquisition System has been set up covering around 15,000 feeders for capturing data w.r.t. reliability indices at feeder level.
- 92 Gas Insulated Substations (GIS) & Hybrid PSS have been commissioned/upgraded. Such substations have been set up for the first time in Bihar, Karnataka, UP and NER States.
- Around 10 lakh Smart/Prepaid Meters have been installed in the country under IPDS.
- '1912' – Short-code for 'Complaints on Electricity' is now operational in all Discoms.
- Capacity building/training of Utility personnel has 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.

Thus, your Company is contributing towards improving operational efficiency and financial health of Distribution Utilities.

4.0 Other Major Investments (As on March 31, 2022)

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. The shareholding of your Company (along with its subsidiary REC) as on March 31, 2022 is 33.33%.

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.

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, availability 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 Report of Power Utilities

PFC publishes the Report on Performance of State Power Utilities on an annual basis. The Report covers a range of key financial and operational parameters such as profitability, gap between average cost of supply and average revenue, net worth, receivables, payables, generation capacity (MW), energy generation (MU), AT&C losses (%) etc. and consumption pattern of the sector at utility, state and national level.

The Report for the period 2017-18 to 2019-20 was published in August 2021. The coverage of the utilities in the Report from this edition onwards has been increased to include distribution utilities in all UTs and major Private Distribution Companies. Accordingly, the report covers distribution utilities in all States and UTs of India and all State Gencos/ Transcos/ Trading utilities, offering a comprehensive insight into the Indian Power Sector.

The report for the years 2018-19 to 2020-21 is under finalisation.

5.3 Annual Integrated Rating of State Distribution Utilities

Ministry of Power has taken various reform initiatives, to bring about improvements in the Distribution Sector and has put in place an Integrated Rating Methodology for an objective evaluation of performance of Distribution Utilities. The objective of the integrated rating is to rate all utilities in the power distribution sector based on their financial performance and their ability to sustain the performance level. Private Distribution Utilities and Power Departments are also being included to provide complete sectoral coverage.

The methodology adopted attempts to objectively adjudge the performance of distribution utilities against various parameters broadly classified under i) Financial Sustainability parameters ii) Performance Excellence parameters and iii) External Environment parameters. For the introduction of Power Departments in the rating exercise, a subset of metrics with modified weightages from the overall methodology will be utilised for rating.

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 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. From the Tenth Integrated Rating exercise onwards, for the rating year FY 2020-21 covering 71 utilities/departments is under finalisation.

6.0 Presidential Directives

During last 3 years, there has been no Presidential Directive.

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 fulfilment 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 has implemented wide range of activities in the field of Environment Sustainability, Healthcare, Sanitation & Drinking water and Skill development etc. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. 'Health & Nutrition, with special focus on COVID related measures including setting up makeshift hospitals and temporary COVID Care Facilities' 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 year, 12 Nos. of in-house programmes was maintained in order to ensure specific skill development in line with the corporate goals. Customised virtual in-house programmes viz. Risk Management, General Management Programmes, Leadership Programme, KYC policy/Anti Money Laundering, Corporate Credit & Risk Management, Stressed Asset Management & IBC 2016, Induction Programme, Awareness Programme on Gender Sensitisation, Government e-Marketplace (GeM), Communication Skills – Writing, Documentation & Presentation, etc. were organised along with other need-based programmes.

As on March 31, 2022, 12 Nos. of In-house training programmes were organised by your Company for its employees. A total of 1396 man-days were achieved through conducting various in-house programmes and by sponsoring PFC employees to programmes organised by external training agencies.

Recreational Activities

PFC 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, viz. Badminton, Carrom, Table Tennis, Kabbadi, Cricket and Chess Tournament. PFC organised the Inter CPSU Chess Tournament under the aegis of PSCB. PFC also participated in Power Cup Cricket Tournament which was organised in collaboration with all power sector CPSEs based in Delhi-NCR. Apart from these, PFC also organised a Sports Meet for its employees & their family members to encourage team spirit in the Company.

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 employees of the Company have access to the Top Management officials thereby contributing effectively in the management and growth of the Company.

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, 2021 to March 31, 2022 was 1.42%.

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 Death Relief Scheme, Economic Rehabilitation Scheme, Medical Attendance Rules, Monthly Conveyance Reimbursement Rules etc.

Reservation of posts for SC/ ST/ OBC/ EX- Servicemen and Physically Handicapped Persons:

Group	Total Employees as on March 31, 2022	SC	SC%	ST	ST%	OBC	OBC%	EWS	EWS%
A	479	86	17.95%	30	6.26%	93	19.41%	2	0.41%
B	7	1	14.28%	1	14.28%	0	0.00%	0	0.00%
C	15	2	13.33%	1	6.66%	3	20.00%	0	0.00%
D	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	501	89	17.76%	32	6.38%	96	19.16%	2	0.39%

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 Govt. of India philosophy on the subject. The women are well represented, with 19.96% of the total work force.

Group	Total Employees as on March 31, 2022	Number of Women Employees	Percentage of overall staff strength
A	479	97	20.25%
B	7	2	28.57%
C	15	1	6.66%
D	0	0	0.00%
Total	501	100	19.96%

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.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- Number of complaints pending as on April 1, 2021: Nil
- Number of complaints filed during FY 2021-22: Nil
- Number of complaints disposed of during FY 2021-22: Nil
- Number of complaints pending as on March 31, 2022: Nil

HEALTH AND SAFETY

PFC has acquired certification in ISO 45001:2018 which stands for Occupational Health and Safety (OH&S) Management System. OH&S is the first and only International Standard for occupational health and safety management, containing agreed good practice from around the world. Due to COVID-19 pandemic we had to face various challenges and in line with

guidelines set in OH&S, we strive to provide a healthy and safe working environment for employees.

9.0 AWARDS & RECOGNITIONS

- PFC bagged Dun & Bradstreet's India's Best PSU Award in the category of "Best Navratna" in a virtual format.
- PFC received Dalal Street Investment Journal PSU AWARD OF THE YEAR 2020 in the Category – Navratna of the Year and the Most Efficient and Profitable Navratna of the Year – Non-Manufacturing.
- PFC has been awarded the First prize in Public Sector Category in Region 'A' of 'Rajbhasha Kirti puruskar' for the year 2020-21.
- PFC's House Journal 'Urja Deepti' was awarded First prize in the 'Best House Journal Category'.
- PFC won the prestigious ICAI (Institute of Chartered Accountants of India) Silver award for excellence in financial reporting for the financial year 2020-21 in 'Public Sector Entities' category. PFC was bestowed with this coveted award for its highest degree of compliance with accounting standards, commendable accounting practices adopted while preparing financial statements, the policies adopted for disclosure & presentation of financial statements amongst other information contained in the annual report.
- The Company Secretary of your Company, Shri Manohar Balwani has been included amongst top 10 Chief Compliance Officers of India - 2022 by 'CEO Insights' in its July 2022 publication. This is an annual recognition that showcases exceptional leaders and professionals in Compliance Assurance Department in an Organisation.

10.0 Brief on COVID-19 Related Activities

PFC adopted SOPs in Corporate office building to prevent spread of COVID-19, which included Temperature checking at entrance, Mask and gloves at entrance, Chemical sanitisation foot mats, Face capturing and infra-red temperature reading devices, Quick Response Team to tackle COVID cases.

For regular operations, PFC adopted digital technologies including E-Office solutions for internal approvals, meetings on virtual mode, facilitating Work from Home (WFH), secure VPN & Remote Desktop access (RDA) for seamless secured connectivity. PFC shifted to virtual reskilling amidst restrictions on physical training. Onboarding programme for new employees was also organised virtually during the financial year.

PFC emphasised the importance of health and safety for employees' well-being. Multiple health talks and awareness programmes on COVID-19 were organised. Vaccination camps, RT-PCR testing camps were organised for employees and dependent family members. Entry into the Office campus was strictly regulated. Use of Aarogya Setu application is highly emphasised for both employees and visitors. An online wellness status report was developed for daily updates. Food and critical medical supplies including oxygen cylinders, concentrators, medicines, etc. were provided to Covid-affected employees and families. Periodic sanitisation of office premises was

conducted. Online consultation facility with physicians and pulmonologists for employees and dependent family members was also provided.

11.0 VIGILANCE

The Vigilance Unit proactively perform as an effective tool of Organisation. During the Financial Year 2021-22, the Vigilance Unit has done preventive vigilance, by constantly emphasising on 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 eradicate gaps and confirming transparency in day to day operations. As a new initiative a "Vigilance Corner" has been introduced on the websites of PFC and PFCL for creating mass awareness and sensitisation among the stakeholders. The Vigilance Unit carried out detailed investigation in respect of complaints registered during this period.

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

12.0 OFFICIAL LANGUAGE

It is a matter of great pride that once again PFC has been awarded the First Prize in Public Sector Category in Region 'A' of 'Rajbhasha Kirti Puraskar' for the year 2020-21 by Rajbhasha Vibhag, Ministry of Home Affairs for its concerted efforts made in implementation of Official Language Policy.

Hindi Day on September 14, 2021 and Hindi Month from September 14, 2021 to October 13, 2021 were celebrated to create a Hindi oriented environment.

Four Issues including 'Bhartiya Sanskriti Visheshank' of House Journal 'Urja Deepti' were also published and made available on website of Department of Official Language, Ministry of Home Affairs. It is a matter of pride that 'Urja Deepti' was awarded First Prize in the 'Best House Journal category' for the year 2021 by the Town Official Language Implementation Committee (Undertaking -I), Delhi.

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

13.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14.0 Auditors Statutory Auditors

Dass Gupta & Associates, Chartered Accountants and Prem Gupta & Company, Chartered Accountants were appointed as Joint Statutory Auditors of the Company for FY 2021-22 by the Office of the Comptroller & Auditor General of India.

The Statutory Auditors have not issued any qualification, reservation or adverse remark or disclaimer on the financial statements for FY 2021-22.

The Joint Statutory Auditors have audited the accounts of the Company for the FY 2021-22 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 2021-22 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 2021-22 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.

15.0 Statutory Disclosures

15.1 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.

15.2 Foreign Exchange Earnings and Outgo

The Foreign exchange outgo for the FY 2021-22 aggregated to ₹31,477.69 crore. The Foreign exchange earnings for the FY 2020-21 were nil.

15.3 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.

15.4 Details of Adequacy of Internal Financial Controls with reference to the Financial Statements

M/s. ASA & Associates LLP, Chartered Accountants, appointed for the said purpose, 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. Dass Gupta & Associates, Chartered Accountants and Prem Gupta & Company, 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, 2022 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.

15.5 Compliance of Secretarial Standards

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

15.6 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.

15.7 Annual Return Link

The Annual Return of PFC for FY 2020-21 is available on the link https://www.pfcindia.com/DocumentRepository/ckfinder/files/Investors/Annual_Return/Annual_Return_23112021.pdf and for FY2021-22 it shall be made available on your Company's website www.pfcindia.com.

15.8 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.

15.9 Debenture Trustees

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

15.10 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 2021-22.

15.11 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.

15.12 Details of procurement from MSEs

The details of the procurements made from Micro, Small and Medium Enterprises (MSEs) during the FY 2021-22 and the targets for FY 2022-23 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:

(₹ in crore)		
Sr. No.	Particulars	Target for FY 2022-23
I.	Total annual procurement (in value)	267.99*
II.	Total value of goods and services procured from MSEs (including MSEs owned by SC / ST entrepreneurs)	69.75
III.	Total value of goods and services procured from only MSEs owned by SC / ST entrepreneurs.	15.34
IV.	% age of procurement from MSE (including MSEs owned by SC / ST entrepreneurs) out of total procurement.	25.98
V.	% age of procurement from only MSEs owned by SC / ST entrepreneurs) out of total procurement	5.72
VI.	Total Number of vender development programmes for MSEs	2
VII.	Confirmation of uploading annual MSE procurement profile on your website by hyperlink of same.	https://www.pfcindia.com/DocumentRepository/ckfinder/files/Statutory_Requirements/Codes_and_Policies/Public_Procurement_Policy_for_MSME/Procurement_target_and_profile_20_202223.pdf

*Including ₹ 208 crore as one time requirement of MS unit in PFC (related to IT infrastructure refresh – planned for FY 2022-23).

16.0 Information Technology

PFC has taken up various Information Technology initiatives to improve overall productivity. PFC has implemented state-of-the-art Data center housing various IT services and ERP application system to integrate all the Business functions. Further, PFC is in the process of implementing latest & advanced IT systems including a single-platform ERP systems to consolidate the technology landscape.

Compliance to guidelines issued by statutory bodies:

As per the guidelines issued by RBI vide Master Directions to NBFCs, the IT Strategy Committee has been constituted, IT policy has been implemented and IT audits are being carried out. Guidelines and regulations with respect to Information Technology issued by various statutory & regulatory bodies such as Meity, RBI, MoP, NCCC, NCIPC etc have been complied by PFC.

Revamped PFC Website:

The bi-lingual PFC website has been revamped and maintained with up-to-date information. The face uplifted website has been made more informative to address the information requirements of external stakeholders.

17.0 Right to information Act

Right to Information is derived from our fundamental right of freedom of speech and expression under Article 19 of the Constitution. Democracy revolves around the basic idea of Citizens being at the centre of governance. The right to information has been recognised as a fundamental human right, which upholds the inherent dignity of all human beings. The right to information forms the crucial underpinning of participatory democracy - it is essential to ensure accountability and good governance. The greater the access of the citizen to information, the greater the responsiveness of government to community needs. 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, 2021 to March 31, 2022, all 152 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 certain guidelines on Suo moto disclosure of more items. In compliance of the aforesaid Guidelines, PFC has placed the requisite information on the website of the Company.

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.

18.0 Establishment of Vigil Mechanism

Your Company has established stringent vigil mechanism by way of implementing various codes and policies like Fair Practices Code, Code of Conduct, Code for Prevention of Insider Training, Fraud Prevention Policy, Policy on Related Party Transactions, Public Procurement Policy, Whistle Blower Policy, etc. The details are also posted on the Company's website.

19.0 Grievance Redressal

PFC 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. PFC 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.

20.0 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

21.0 ACKNOWLEDGEMENT

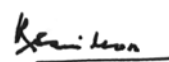
The Board of Directors place on record their appreciation for the co-operation, guidance and encouragement extended to the Company by the Government of India particularly Ministry of Power, Ministry of Finance, Ministry of Corporate Affairs, Reserve Bank of India, Department of Public Enterprises, NITI Aayog, DIPAM, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Ministry of Micro, Small and Medium Enterprises, 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 RBI 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)

Chairman & Managing Director
DIN: 00278074

Place: New Delhi

Dated: August 29, 2022

Management Discussion & Analysis Report

The Management of the Company (PFC) is pleased to present its Report on Industry scenario including Company's performance during the FY 2021-22.

(A) Industry Structure and Development

The last two years have been difficult for the world economy on account of the COVID-19 pandemic. Repeated waves of infection, supply-chain disruptions and, more recently, inflation have created particularly challenging times. Faced with these challenges, the Government of India's immediate response was a bouquet of safety-nets to cushion the impact on vulnerable sections of society and the business sector. It next pushed through a significant increase in capital expenditure on infrastructure to build back medium-term demand as well as aggressively implemented supply-side measures to prepare the economy for a sustained long-term expansion. Gradual unlocking of the economy, record vaccinations, improvement in consumer demand, continued policy support towards industries by the government in the form of Atmanirbhar Bharat Abhiyan and further reinforcements in FY 2021-22 have led to an upturn in the performance of the industrial sector.

Power sector is the back bone for any economy. The extent and quality of the sector determines the ability of the country to utilise its comparative advantage and enables cost competitiveness. Given the strong backward and forward linkages and the positive externalities that it generates, it can be a vehicle for social and economic transformation.

India has witnessed a significant transformation from being an acutely power deficit country to a situation of demand being fully met. India has also made remarkable strides to ensure universal access to electricity for every household.

Generation

Installed Capacity

As on March 31, 2022, India's total installed capacity was 3,89,179 MW. The installed capacity stood at around 27% (1,04,264 MW) in state sector, around 48% (1,87,024 MW) in private sector and around 25% (97,891 MW) in central sector. Thermal sources continued to have a dominant share at around 60%, Hydro around 12%, Renewable around 26% and Nuclear around 2%.

The Overall generation (Including generation from grid connected renewable sources) in the country has been increased from 1110.458 BU during 2014-15 to 1173.603 BU during the year 2015-16, 1241.689 BU during 2016-17, 1308.146 BU during 2017-18, 1376.095 BU during 2018-19, 1389.121 BU during 2019-20, 1381.855 BU during 2020-21 and 1491.859 BU during 2021-22. The performance of Category wise generation during the year 2021-22 was as follows:-

Thermal Increased by:	7.96 %
Nuclear Increased by:	9.49 %
Hydro Increased by:	0.88 %
Bhutan Import Reduced by:	14.51 %
Solar Wind & Other RES Increased by:	16.07 %
Overall Generation Increased by:	7.96 %

Transmission

Transmission system establishes the link between source of generation on one side and distribution system, which is connected to load/ultimate consumer, on the other side. The transmission systems are planned and implemented for evacuation of power from Generating stations, strengthening of existing transmission network for meeting projected growth in load / demand and Optimum utilisation of distributed generation resources in different regions.

The transmission systems that are in place in the country consist of Inter-State Transmission System (ISTS) and Intra State Transmission System (Intra-STs). Transmission planning is a continuous process of identification of transmission system addition requirements, their timing and need. The transmission requirements could arise from a) new generation additions in the system b) increase in demand c) System strengthening that may become necessary to achieve reliability as per the planning criteria under change load generation scenario.

During FY 2021-22, against a target of adding 19,255 Ckms of transmission lines, 14,895 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. Under the Indian Constitution, power is a Concurrent subject and the responsibility for distribution and supply of power to rural and urban consumers rests with the states. Government of India provides assistance to states through various Central Sector / centrally sponsored schemes for improving the distribution sector.

Government of India is supporting states for strengthening distribution system necessary for providing 24x7 power supply to all households through various schemes like Integrated Power Development Scheme (IPDS) for development of urban distribution sector, Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) an integrated scheme for covering all aspects of rural power distribution, Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme which aims to achieve universal household electrification covering every village and every district in the country, Ujwal DISCOM Assurance Yojana (UDAY) for financial turnaround of Power Distribution Companies. Also, Government of India has launched Revamped Distribution Sector Scheme (RDSS) to improve the operational efficiencies and financial sustainability of DISCOMs.

Revamped Distribution Sector Scheme (RDSS)

A Reforms-based and Results-linked, Distribution Sector Scheme has been formulated by Ministry of Power to improve the operational efficiencies and financial sustainability of DISCOMs, by providing financial assistance to DISCOMs for upgradation of the Distribution Infrastructure and Prepaid Smart Metering & System Metering based on meeting pre-qualifying criteria and achieving basic minimum benchmarks in reforms.

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 AT&C losses to pan-India levels of 12-15% by 2024-25 and Reduce ACS-ARR gap to zero by 2024-25. PFC and REC Limited (PFC's subsidiary) are the designated nodal agencies for operationalization of the said scheme. The implementation period of the Scheme is 5 Years (FY 2021-22 to FY 2025-26).

RDSS has an outlay of ₹3,03,758 crore with an estimated gross budgetary support from Central Government of ₹97,631 crore.

(B) Opportunities & Threats

Opportunities

Govt. of India accorded the prestigious 'Maharatna' status to PFC on October 12, 2021, thus giving PFC greater operational and financial autonomy. The grant of 'Maharatna' status to PFC has imparted enhanced power to the PFC Board for taking various financial decisions like to make equity investments to undertake financial joint ventures and wholly-owned subsidiaries, undertake mergers and acquisitions in India and abroad etc. The Board can also structure and implement schemes relating to personnel and Human Resource Management and Training. They can also enter into technology Joint Ventures or other strategic alliances among others.

The conferment of 'Maharatna' status is a reflection of the confidence of the Govt. of India on PFC's strategic role in the overall development of Indian Power Sector and an endorsement of its sterling performance. This new recognition will enable PFC to offer competitive financing for the power sector, which will go a long way in making available affordable & reliable 'Power For All 24x7'.

PFC played a significant role amid Covid by funding DISCOMs under the Liquidity Infusion Scheme ('Aatmanirbhar Bharat Scheme') to avert liquidity crisis in Power Sector. With the enhanced powers of Maharatna, PFC will diversify its operations to further accelerate its business growth going forward and leverage its position for achieving the Government's objectives for the overall development of Power Sector.

Threats, Risks & Concerns

Inspite of the fact that PFC is a very sound financial player in 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:



(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

Your Company is a leading financial institution in India focused on the power sector. It plays a strategic role in the Govt's initiatives for the development of the power sector in India.

PFC works closely with Govt, 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 Govt programmes for the power sector, including acting as the nodal agency for the UMPP programme and the RDSS/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.

(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. Dass Gupta & Associates, Chartered Accountants and Prem Gupta & Company, 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, 2022 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 FY2021-22. The total income stood at ₹38,591 crore and the net profit earned was ₹10,022 crore.

Further, Net Worth (share capital plus all reserves) of the Company grew by 13% in FY2021-22 to ₹59,350 crore as compared to ₹52,393 crore in FY2020-21 and the gross loan assets as at March 31, 2022 grew to ₹3,73,135 crore from ₹3,70,771 crore as at March 31, 2021.

The Interest Spread on Earning Assets was 2.92% and the net Debt Equity Ratio was 5.38 times in FY2021-22. The Net Interest Margin on Earning Assets has increased from 3.54% in FY2020-21 to 3.62% in FY2021-22.

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

(G) Material Developments in Human Resources/Industrial Relations front

Your Company has put in place 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. PFC 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.

Further, towards ensuring safety of employees and promoting their better health during COVID-19 pandemic, multiple health talks and awareness programmes on COVID-19 were organised. Vaccination camps, RT-PCR testing camps were organised for employees and dependent family members. Entry into the office campus was strictly regulated. Food and critical medical supplies including oxygen cylinders, concentrators, medicines, etc. were provided to Covid-affected employees and families. Periodic sanitisation of office premises was conducted. Online consultation facility with physicians and pulmonologists for employees and dependent family members was also provided.

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, 2022 was 501.

(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 improving the quality of life of the society at large by undertaking projects for Sustainable Development, mainly focusing on fulfilment of Power and Energy needs of the society.

PFC has implemented its CSR and Sustainability Policy with all its earnest and zeal. The Company has implemented wide range of activities in the field of Environment Sustainability, Healthcare, Sanitation & Drinking water and Skill development etc. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. 'Health & Nutrition, with special focus on COVID related measures including setting up makeshift hospitals and temporary COVID Care Facilities' with preference given to Aspirational Districts.

(I) Renewable and Clean Development Mechanism

All societies require energy services to meet basic human needs (e.g. lighting, cooking, space comfort, mobility, communication) and to serve productive processes. For development to be sustainable, delivery of energy services need to be secure and have low environmental impacts. Renewable Energy offers opportunity to contribute to social and economic development, energy access, secure energy supply, climate change mitigation, and the reduction of negative environmental and health impacts.

Keeping in view the Government thrust in clean energy sources, PFC is also focusing more and more on finance to clean/ renewable energy projects. As on March 31, 2022, PFC's Gross Loan assets comprised of ₹36,777 crore in Renewable energy comprising ₹16,610 crore of large hydro projects (>25MW) and ₹20,167 crore other than large hydro projects.

PFC established its Green Bond Framework in October, 2017 as approved by Climate Bonds Initiative (CBI), London, UK. The Green Bond framework for funding renewable projects (viz. Solar and Wind) has been updated in August, 21 to align with the latest set of guidelines namely Climate Bonds Standard version 3.0, the Green Bond Principles (GBP), 2021 issued by the International Capital Markets Association (ICMA).

PFC had issued its first USD Green bond in December, 2017 and raised US \$400 million (₹2,575 crore). Further, in September, 2021 PFC issued its first ever Euro Green Bonds amounting to EUR 300 million (₹2,597 crore).

In April 2022, PFC was conferred with "Green Urja Energy Efficiency Award" under the Elet's Innovation Award for being the Best Renewable Energy Financing Institution this year at the Atma Nirbhar Bharat Summit organised by Elet's.

Cautionary Note

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

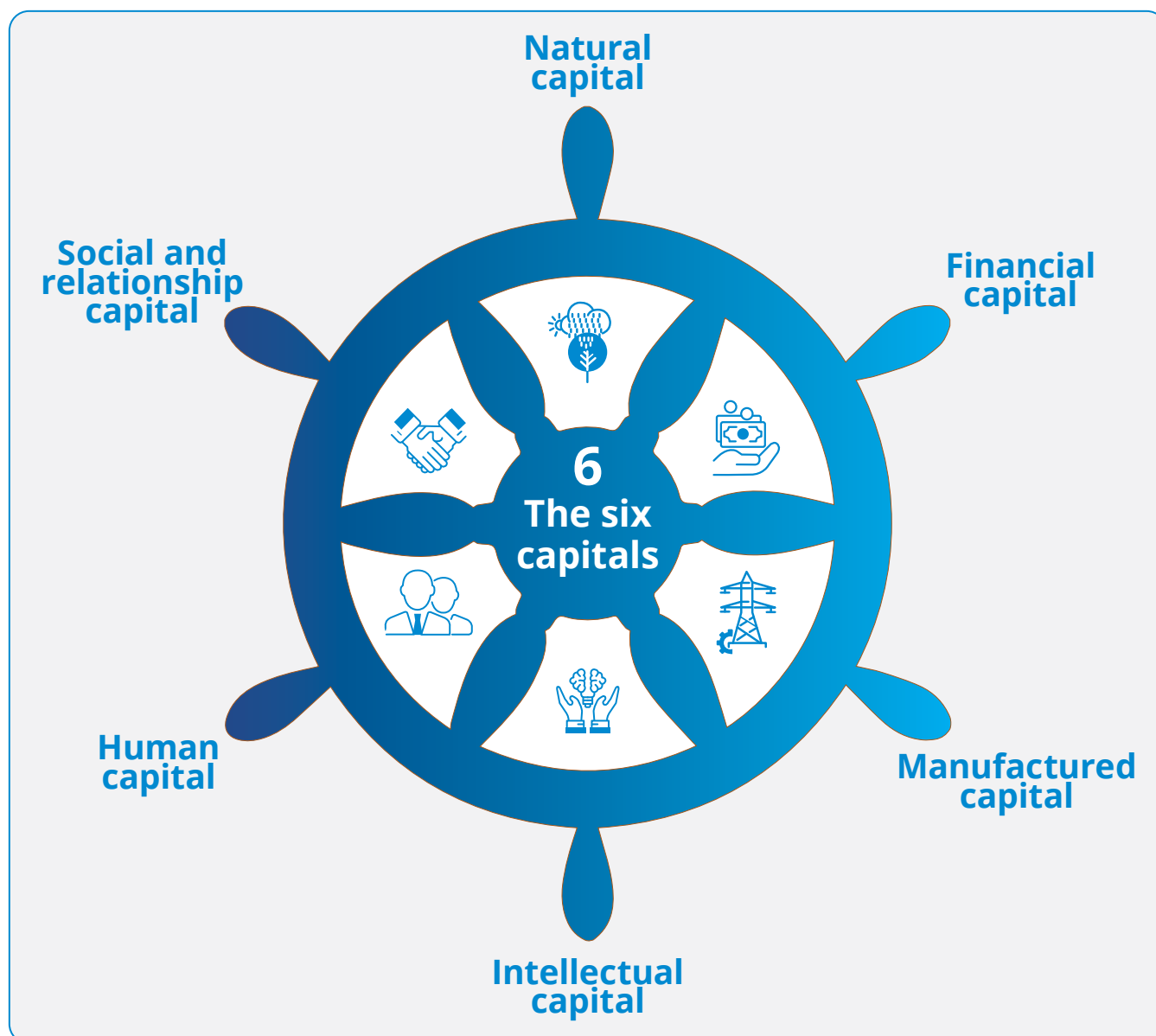
ANNEXURE B OF BOARD'S REPORT

Integrated Reporting

Integrated Reporting is an ideal tool to explore value creation. 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 highlight comprehensive and meaningful information about all aspects of its performance both financial and non-financial. 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.

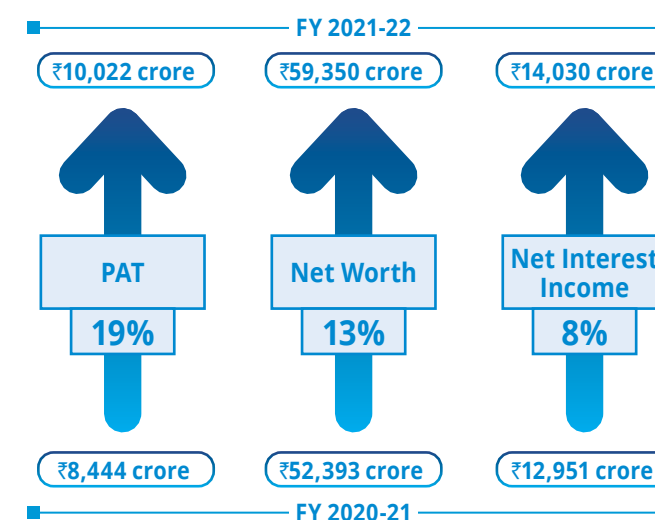
The capitals are categorised in the above said framework as financial, manufactured, intellectual, human, social & relationship and natural.



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 country. By using the financial capital, PFC is also creating other capitals like Human capital and Social and relationship capital.



Manufactured capital

Manufactured Capital means physical objects that an organisation uses in the production of goods or the provision of services, including buildings, equipment, infrastructure etc. PFC is not a Manufacturing Company and offers financial assistance mainly to Power Sector projects only. However, PFC contributes to manufactured capital by way of its tangible and intangible infrastructure.

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

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

Existing manufactured capital enables PFC to be able to be responsive to market 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.



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 Gol programmes for the power sector, including acting as the nodal agency for the UMPP programme and the IPDS/R-APDRP/RDSS and as a bid process coordinator through our wholly-owned subsidiary PFC Consulting Limited for the ITP scheme. As nodal agency for various programmes of the Government, your Company is contributing towards development of power sector and improving financial health of Distribution Utilities.

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

Since Intellectual capital mainly relates to human resource, PFC has put in place effective 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.



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.

Further, towards ensuring safety of employees and promoting their better health during COVID-19 pandemic, multiple health talks and awareness programmes on COVID-19 were organised. Vaccination camps, RT-PCR testing camps were organised for employees and dependent family members. Entry into the office campus was strictly regulated. Food and critical medical supplies including oxygen cylinders, concentrators, medicines, etc. were provided to Covid-affected employees and families. Periodic sanitisation of office premises was conducted. Online consultation facility with physicians and pulmonologists for employees and dependent family members was also provided.

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



Social and relationship capital

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

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

PFC has a CSR and Sustainability policy in place. The aim of the policy is to ensure that the Company becomes socially responsible corporate entity committed to improving the quality of life of the society at large. PFC implemented wide range of CSR & SD activities in the field of Environment Sustainability, Healthcare, Sanitation & Drinking water and Skill development etc. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. Health & Nutrition with special focus on COVID related measures including setting up makeshift hospitals and temporary COVID Care Facilities with preference given to Aspirational Districts.

As part of preventive initiatives against COVID-19, PFC contributed to PM CARES fund set up by the Central Government, procured & distributed medical facilities/equipment's and provided packed Lunch facility to Doctors and Health staff of dedicated COVID-19 Hospital, procured & distributed Cold chain equipment (CCE) as part of COVID-19 vaccination programme etc.

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



Natural capital

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

PFC always endeavours to protect 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 etc.

PFC has gone paperless, wherever possible, thereby empowering its employees to work with lesser carbon footprint.

The Company, under its CSR initiatives, undertakes various projects ensuring environmental sustainability through Supply, installation and commissioning of Solar based LED Street Lighting Systems in various regions across the country.

PFC established its Green Bond Framework in October, 2017 as approved by Climate Bonds Initiative (CBI), London, UK. The Green Bond framework for funding renewable projects (viz. Solar and Wind) has been updated in August, 21 to align with the latest set of guidelines namely Climate Bonds Standard version 3.0, the Green Bond Principles (GBP), 2021 issued by the International Capital Markets Association (ICMA).

PFC had issued its first USD Green bond in December, 2017 and raised US \$400 million (₹2,575 crore). Further, in September, 2021 PFC issued its first ever Euro Green Bonds amounting to EUR 300 million (₹2,597 crore).

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.

ANNEXURE C OF BOARD'S REPORT

Report on Corporate Governance

Corporate governance is the framework that defines the business relationships that exist between company, shareholders, management teams, the Board of Directors, and all other key stakeholders. The fundamental objective of corporate governance is to boost and maximise shareholder value and protect the interest of other stake holders. The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. It encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

Your Company has always endeavoured to practice good Corporate Governance norms to attain company's objectives while maximising stakeholders value.

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. Corporate Governance philosophy of PFC:

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

- Management must have the executive freedom to drive the enterprise forward for sustainable growth without undue restraints; and
- 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 Company 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. The Company has ensured compliance with the objectives of 'the principles of Corporate Governance' stated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, 2022 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.

During part of the year i.e. till January 31, 2022, 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 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.

During the FY 2021-22, the following changes took place in the composition of the Board of Directors of the Company:-

- Shri Vishal Kapoor, Joint Secretary, Ministry of Power was nominated by Ministry of Power, Government of India as Government Nominee Director on the board w.e.f. September 7, 2021 vice Shri Tanmay Kumar, Joint Secretary, who was earlier nominated on the Board of PFC.
- Consequent upon appointment by Ministry of Power, Government of India, Shri Rajiv Ranjan Jha assumed the charge of Director (Projects) w.e.f. October 28, 2021.

- Consequent upon appointment by Ministry of Power, Government of India, three Independent Directors viz. Shri Bhaskar Bhattacharya, Smt. Usha Sajeev Nair and Shri Prasanna Tantri joined the Board of PFC w.e.f. December 23, 2021.
- Consequent upon reaching the age of superannuation, Shri P. K. Singh, Director (Commercial), ceased to be a Member of the Board w.e.f. February 1, 2022.
- Shri Ravinder Singh Dhillon, Chairman & Managing Director was given the additional charge of Director (Commercial) by Ministry of Power, Government of India w.e.f. February 1, 2022.

As on March 31, 2022 the Company's Board comprised of eight Directors which includes three Whole Time Functional Directors, one Part Time Government Nominee Director and four Non-Official Part Time (Independent) Directors, including one Independent Women Director and thus is in compliance with the composition required pursuant to 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. A brief profile of all the Directors is provided in this Annual report.

The composition of Board of Directors as on March 31, 2022 was as follows:

Whole Time Directors		
(i)	Shri Ravinder Singh Dhillon	Chairman and Managing Director, Chief Executive Officer and Key Managerial Personnel
(ii)	Smt. Parminder Chopra	Director (Finance), Chief Finance Officer and Key Managerial Personnel
(iii)	Shri Rajiv Ranjan Jha	Director (Projects) and Key Managerial Personnel
Government Nominee Director		
(iv)	Shri Vishal Kapoor*	Director (Government Nominee)
Non-Official Part Time (Independent) Director		
(v)	Shri R. C. Mishra**	Independent Director
(vi)	Shri Bhaskar Bhattacharya	Independent Director
(vii)	Smt. Usha Sajeev Nair	Independent Director
(viii)	Shri Prasanna Tantri	Independent Director

* ceased to be Director (Government Nominee) on the Board of PFC w.e.f. June 9, 2022.

** ceased to be an Independent Director on the Board of PFC w.e.f. July 11, 2022.

Subsequently, Shri Ajay Tewari, Additional Secretary, Ministry of Power joined as Government Nominee Director on the Board of Power Finance Corporation Limited w.e.f. June 9, 2022 vice Shri Vishal Kapoor, Joint Secretary, Ministry of Power. Further, consequent upon completion of tenure Shri R. C. Mishra, Independent Director, ceased to be a Member of the Board w.e.f. July 11, 2022.

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 2021-22.

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

Since, PFC is a Government Company, the Directors on the Board of the Company are appointed by the Government of India through Ministry of Power. Further, PFC being an NBFC engaged in the business of Financing Power Sector, the Ministry of Power ensures that the Directors appointed on the Board of the Company have the requisite skills and expertise in the areas required to conduct affairs of the Company i.e. finance and technical etc. The details of qualifications and experience illustrating the 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:

- May 21, 2021
- June 15, 2021
- August 12, 2021
- August 30, 2021
- September 17, 2021
- October 22, 2021
- November 11, 2021
- December 23, 2021
- January 18, 2022
- January 31, 2022
- February 11, 2022
- February 28, 2022
- March 15, 2022.

Annual General Meeting

The last Annual General Meeting of the Company was held on September 21, 2021.

Directors' attendance (physical presence/through video conferencing) at the Board Meetings held during the FY 2021-22 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, 2022*	Chairmanship/ Membership in the committees of other companies as on March 31, 2022**		Attendance at the last AGM held on September 21, 2021	Core skills, expertise, and competencies
	Held during the tenure	Attended		Member	Chairman		
Shri R. S. Dhillon Chairman & Managing Director	13	13	1	Nil	Nil	Present	<ul style="list-style-type: none"> B.E (Electrical)- Thapar Institute of Engineering & Technology, Patiala M. Tech (Power Systems) - Indian Institute of Technology (IIT), Delhi More than 37 years of experience in Power Sector
Shri Praveen Kumar Singh Director (Commercial)	10	10	Term of office expired w.e.f. February 1, 2022			Present	-
Smt. Parminder Chopra Director (Finance)	13	13	8#a	1	Nil	Present	<ul style="list-style-type: none"> Bachelor's degree in Commerce and is a qualified Cost Accountant and MBA Around 35 years of experience in power sector.
Shri Rajiv Ranjan Jha Director (Projects) (w.e.f. October 28, 2021)	7	7	2	Nil	Nil	NA	<ul style="list-style-type: none"> He holds a Bachelor Degree in Science (Mechanical Engg.) from NIT Jamshedpur of Ranchi University Diploma in Management from IGNOU Around 34 years of experience in power sector.
Shri Tanmay Kumar Director (Government Nominee)	4	4	Term of office expired on September 7, 2021				
Shri Vishal Kapoor Director (Government Nominee) (w.e.f. September 7, 2021)	9	9	1#b	Nil	Nil	Present	-
Shri R. C. Mishra Independent Director	13	13	Nil	Nil	Nil	Present	<ul style="list-style-type: none"> 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. More than 40 years of experience in power sector.
Shri Bhaskar Bhattacharya Independent Director (w.e.f. December 23, 2021)	5	5	Nil	Nil	Nil	NA	<ul style="list-style-type: none"> B.Com (Hons.) L.L.B, Post Graduate Diploma in Business Management Work experience of more than 25 Years
Smt. Usha Sajeev Nair Independent Director (w.e.f. December 23, 2021)	5	5	Nil	Nil	Nil	NA	<ul style="list-style-type: none"> B.A (GRADUATION) Social Worker
Shri Prasanna Tantri Independent Director (w.e.f. December 23, 2021)	5	5	Nil	Nil	Nil	NA	<ul style="list-style-type: none"> B. Com, Mangalore University ICWA, Institute of Cost Accountants of India FPM, Indian School of Business PGP, Indian School of Business Ph.D, Deakin University

* 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 and PTC India Limited

#b Government Nominee Director in REC Limited

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

Separate Meeting of Independent Directors

The Separate Meeting of Independent Directors was held on March 25, 2022 in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Schedule IV of Companies Act, 2013 and as per the Guidelines issued by DPE on Role & Responsibilities of Non-Official Directors (Independent Directors) of CPSEs. All the Independent Directors attended the said Meeting.

Declaration by Independent Director

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.

Further, all the Independent Directors in the first meeting of the Board of the FY 2022-23 held on April 9, 2022 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 2021-22.

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:

https://www.pfcindia.com/DocumentRepository/ckfinder/files/Investors/Equities/Disclosure/Details_of_Familiarisation_Programs07022022.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:

- Audit Committee of Directors
- Nomination and Remuneration Committee
- Stakeholder Relationship and Shareholders'/ Investors' Grievance Committee
- Board Level Risk Management Committee
- CSR & Sustainable Development Committee of Directors
- Investment Committee of Directors
- HR Committee
- ALM Committee of Functional Directors

The Board of Directors dissolved the Loans Committee of Functional Directors w.e.f. August 12, 2021, and delegated its powers to the Chairman and Managing Director on the recommendation of all 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.

Due to absence of requisite number of Independent Directors on the Board, the Audit Committee was not in conformity with the applicable statutory provision and it comprised of one Independent Director, one Government Nominee Director and two Functional Directors for part of the year i.e. till December 22, 2021. However, consequent upon joining of three Independent Directors on the Board of PFC, the Audit Committee was reconstituted on December 23, 2021 comprising of two Independent Directors and one Functional Director as members of the Committee.

As on March 31, 2022, the Audit Committee comprised of the following:

Name of Member	Designation
Shri R. C. Mishra	Chairman
Shri Prasanna Tantri	Member
Shri R. R. Jha	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 2021-22, five meetings of the Audit Committee were held i.e. (i) June 15, 2021 (ii) August 12, 2021 (iii) November 11, 2021 (iv) February 11, 2022 and (v) February 14, 2022.

The details of the meetings attended by members during the FY 2021-22 are as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. C. Mishra	Independent Director	5	5
Shri Prasanna Tantri (w.e.f. December 23, 2021)	Independent Director	2	2
Shri Rajiv Ranjan Jha (w.e.f. October 28, 2021)	Director (Projects)	3	3
Shri Tanmay Kumar (up to September 6, 2021)	Government Nominee Director	2	2
Shri Vishal Kapoor (from September 7, 2021 to December 22, 2021)	Government Nominee Director	1	1
Shri P. K. Singh (up to December 22, 2021)	Director (Commercial)	3	3

Director (Finance) and Director (Commercial - w.e.f. December 23, 2021) are the permanent invitees to the meetings of the said committee.

Further, the head of Internal Audit, Independent Internal Auditors and representative of the Statutory Auditor(s) were invited to the Audit Committee Meetings for interacting with the Members of the Committee as and when required.

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.

Due to absence of requisite number of Independent Directors on the Board, the Nomination and Remuneration Committee was not in conformity with the applicable statutory provisions and it comprised of one Independent Director, one Government Nominee Director and one Functional Director for part of the year i.e. till December 22, 2021. However, consequent upon joining of three Independent Directors on the Board of PFC, the Nomination and Remuneration Committee was reconstituted on December 23, 2021 comprising of three Independent Directors as members of the Committee.

As on March 31, 2022 the Nomination and Remuneration Committee comprised of the following:

Name of Member	Designation
Shri Prasanna Tantri	Chairman
Shri Bhaskar Bhattacharya	Member
Smt. Usha Sajeev Nair	Member

Director (Finance), Director (Projects) and Director (Commercial - w.e.f. December 23, 2021) 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 2021-22, five meetings of the Nomination and Remuneration Committee were held i.e. (i) August 12, 2021 (ii) September 10, 2021 (iii) November 11, 2021 (iv) December 23, 2021 and (v) January 18, 2022.

The detail of the meeting attended by members during the FY 2021-22 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. C. Mishra (up to December 23, 2021)	Independent Director	4	4
Shri Prasanna Tantri (w.e.f. December 23, 2021)	Independent Director	1	1
Shri Bhaskar Bhattacharya (w.e.f. December 23, 2021)	Independent Director	1	1
Smt. Usha Sajeev Nair (w.e.f. December 23, 2021)	Independent Director	1	1
Shri Tanmay Kumar (up to September 6, 2021)	Government Nominee Director	1	1
Shri Vishal Kapoor (from September 7, 2021 to December 23, 2021)	Government Nominee Director	3	2
Shri P. K. Singh (up to December 23, 2021)	Director (Commercial)	4	4

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 2021-22 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, 2022
Shri R. S. Dhillon	49,22,553	13,29,070	0	20,82,186	0	83,33,809	27,050
Shri P. K. Singh (up to January 31, 2022)	68,55,916	16,56,732	0	20,79,681	0	1,05,92,329	NA
Smt. Parminder Chopra	39,71,241	14,85,501	0	19,26,628	0	73,83,370	2,000
Shri Rajiv Ranjan Jha (w.e.f. October 28, 2021)	18,70,736	7,86,613	0	12,96,641	0	12,96,641	16,004

Notes:

- Salary & Allowances have been considered on paid basis for the period working in capacity of Director.
- 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.
- The performance linked incentives are paid as per the Performance Related Pay (PRP) System of the Company.
- 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, 2022, Shri R. C. Mishra, Independent Director, Shri Prasanna Tantri, Independent Director, Shri Bhaskar Bhattacharya, Independent Director, Smt. Usha Sajeev Nair, Independent Director and Shri Vishal Kapoor, Government Nominee Director held nil shares in the Company.

3.3 Stakeholder Relationship and Shareholders' Investors' Grievance Committee

The Company has set up a Stakeholder 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, 2022 the Stakeholder Relationship and Shareholders'/Investors' Grievance Committee comprised of the following:

Name of Member	Designation
Smt. Usha Sajeev Nair	Chairman
Shri Prasanna Tantri	Member
Smt. Parminder Chopra	Member
Shri Rajiv Ranjan Jha	Member

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

During the FY 2021-22, four meetings of the Stakeholder Relationship and Shareholders'/Investors' Grievance Committee were held i.e. (i) June 15, 2021 (ii) August 12, 2021 (iii) November 11, 2021 and (iv) February 10, 2022.

The detail of the meeting attended by members during the FY 2021-22 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Smt. Usha Sajeev Nair (w.e.f. December 23, 2021)	Independent Director	1	1
Shri Prasanna Tantri (w.e.f. December 23, 2021)	Independent Director	1	1
Smt. Parminder Chopra	Director (Finance)	4	4
Shri Rajiv Ranjan Jha (w.e.f. December 23, 2021)	Director (Projects)	1	1
Shri R. C. Mishra (up to December 22, 2021)	Independent Director	3	3
Shri P. K. Singh (up to December 22, 2021)	Director (Commercial)	3	3

Information on investor complaints for the year ended March 31, 2022 is as follows:

Particulars	Equity	Bonds
Pending at the beginning of the year	16	0
Received during the year	1,886	8,666
Disposed off during the year	1,902	8,666
Lying unresolved at the end of the year	0	0

3.4 Board Level Risk Management Committee

A Board level Risk Management Committee was constituted by the Board of Directors in its meeting held on August 12, 2021 vice the then existing Risk Management Committee. The Board Level 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, 2022, the Board Level Risk Management Committee comprised of the following:

Name of Member	Designation
Shri Bhaskar Bhattacharya	Chairman
Shri R. S. Dhillon*	Member
Smt Parminder Chopra	Member
Shri Rajiv Ranjan Jha	Member

* By virtue of holding additional charge of Director (Commercial)

During the FY 2021-22, two meetings of the Board Level Risk Management Committee were held on (i) September 10, 2021 and (ii) February 28, 2022.

The detail of the meetings attended by members during the FY 2021-22 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri Bhaskar Bhattacharya (w.e.f. December 23, 2021)	Independent Director	1	1
Shri R. S. Dhillon* (w.e.f. February 1, 2022)	CMD & Additional charge of Director (Commercial)	1	Not Present
Smt. Parminder Chopra	Director (Finance)	2	2
Shri Rajiv Ranjan Jha (w.e.f. October 28, 2021)	Director (Projects)	1	1
Shri R. C. Mishra (up to December, 22, 2021)	Independent Director	1	1
Shri P. K. Singh (up to January 31, 2022)	Director (Commercial)	1	1

* By virtue of holding additional charge of Director (Commercial)

Chief Risk Officer is a Permanent Invitee to all the meetings of Board Level Risk Management Committee.

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, 2022, the CSR & Sustainable Development Committee comprised of the following:

Name of Member	Designation
Shri R. C. Mishra	Chairman
Smt. Usha Sajeev Nair	Member
Shri R. S. Dhillon*	Member
Smt. Parminder Chopra	Member

* By virtue of holding additional charge of Director (Commercial)

During the FY 2021-22, eight meetings of the CSR & Sustainable Development Committee of Directors were held on (i) May 17, 2021 (ii) August 6, 2021 (iii) December 6, 2021 (iv) January 18, 2022 (v) January 27, 2022 (vi) March 14, 2022 (vii) March 16, 2022 and (viii) March 29, 2022.

The detail of the meetings attended by members during the FY 2021-22 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. C. Mishra	Independent Director	8	8
Shri R. S. Dhillon* (w.e.f. February 1, 2022)	CMD & Additional charge of Director (Commercial)	3	Not Present
Smt. Usha Sajeev Nair (w.e.f. December 23, 2022)	Independent Director	5	5
Smt Parminder Chopra	Director (Finance)	8	8
Shri P. K. Singh (up to January 31, 2022)	Director (Commercial)	5	5

* By virtue of holding additional charge of Director (Commercial)

3.6 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, 2022 the Investment Committee of Directors comprised of the following:

Name of Member	Designation
Shri R. S. Dhillon	Chairman
Shri Bhaskar Bhattacharya	Member
Smt. Parminder Chopra	Member
Shri Rajiv Ranjan Jha	Member

During the FY 2021-22, three meetings of the Investment Committee of Directors was held on (i) April 13, 2021 (ii) August 12, 2021 and (iii) November 11, 2021.

The detail of the meetings attended by members during the FY 2021-22 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R. S. Dhillon	Chairman and Managing Director	3	3
Shri Bhaskar Bhattacharya (w.e.f. December 23, 2021)	Independent Director	-	-
Smt. Parminder Chopra	Director (Finance)	3	3
Shri R. C. Mishra (up to December 22, 2021)	Independent Director	3	3
Shri P. K. Singh (up to January 31, 2022)	Director (Commercial)	3	3
Shri Rajiv Ranjan Jha (w.e.f. October 28, 2021)	Director (Projects)	1	1

3.7 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, 2022, the HR Committee comprised of the following:

Name of Member	Designation
Shri R. S. Dhillon*	Chairman
Smt. Parminder Chopra	Member
Shri Rajiv Ranjan Jha	Member

* By virtue of holding additional charge of Director (Commercial)

During the FY 2021-22, no meeting of the HR Committee was held.

3.8 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, 2022, the ALM Committee of Functional Directors comprised of the following:

Name of Member	Designation
Smt. Parminder Chopra	Chairperson
Shri Rajiv Ranjan Jha	Member

During the FY 2021-22, one meeting of the ALM Committee of Functional Directors was held on March 30, 2022 respectively.

The detail of the meeting attended by members during the FY 2021-22 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Smt. Parminder Chopra	Chairperson	1	1
Shri Rajiv Ranjan Jha	Member	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. As on March 31, 2022, the committee comprised 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
33 rd	August 27, 2019	Tuesday	11.00 a.m.	Talkatora Indoor Stadium, Talkatora Garden, New Delhi – 04.	<ul style="list-style-type: none"> 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.
34 th	September 29, 2020	Tuesday	12:30 p.m.	At the Registered Office of the Corporation through Video Conferencing	<ul style="list-style-type: none"> 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
35 th	September 21, 2021	Tuesday	12:30 p.m.	At the Registered Office of the Corporation through Video Conferencing	Nil

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.

During August 2022, a resolution seeking consent of members through Postal Ballot for appointment of Shri Ajay Tewari (DIN 09633300), Additional Secretary, Ministry of Power as Govt. Nominee Director on the Board of Directors of PFC is open for voting.

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 2021-22, 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. As the said compliances are beyond the ambit of PFC, the Company is following up with the stock exchanges for waiver of the said fine(s). As on March 31, 2022, PFC is compliant w.r.t. composition of the Board and its Committees.

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 2021-22, 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 account which was not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.

The Company has not issued any Stock Options/ESOPs during the financial year 2021-22.

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 for part of the year. The status of adoption of non-mandatory requirements is as under:

- The Board:** The Company is headed by an executive Chairman.
- 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.
- Modified opinion(s) in audit report:** It is always Company's endeavour to move towards a regime of financial statements with unmodified audit opinion. The Company has received unmodified report from its Statutory Auditors in FY 2021-22.
- 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 ₹1.45 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 May 25, 2022 (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, 2022	11.30 A.M.	Through Video Conferencing (VC)

The 36th 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 36th AGM of the Company.

b) Financial calendar for FY 2022-23 (Tentative)

Particulars	Date
Financial year	April 1, 2022 to March 31, 2023
Un-audited financial results for the first three quarters	Will be announced within 45 days from the end of each quarter.
Audited Financial Results	Audited Financial Results will be announced on or before 60 days from the end of financial year.
AGM (Next year)	August/September 2023

c) Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Sunday, September 4, 2022 to Wednesday, September 21, 2022 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 2021-22

The Board of Directors of the Company, has recommended payment of final dividend of ₹1.25 per equity share (subject to deduction of TDS) for the financial year ended March 31, 2022 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 ₹10.75 per equity share (subject to deduction of TDS) already declared and paid during the year in three tranches on the paid up equity share capital of the Company. Thus, the total dividend for the FY 2021-22 amounts to ₹12 per equity share (subject to deduction of TDS).

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 June 10, 2022 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 June 10, 2022. 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)
2016-17	2,640.08 (Interim)	1,320.04	50	April 7, 2017
	Total	1,320.04	50	-
2017-18	2,640.08 (1 st Interim)	1,584.05	60	November 23, 2017
	2,640.08 (2 nd Interim)	475.21	18	March 19, 2018
	Total	2,059.26	78	-
2018-19	2,640.08	-	-	-
2019-20	2,640.08 (Interim)	2,508.07	95	March 12, 2020
	Total	2,508.07	95	-
2020-21	2,640.08 (Interim)	2,112.06	80	March 31, 2021
	2,640.08 (Final)	528.02	20	October 12, 2021
	Total	2,640.08	100	

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

The total unclaimed and unpaid amount as on March 31, 2022 was ₹91.17 crore (principal plus interest). The unpaid/unclaimed amount of bonds transferred to IEPF during FY 2021-22 is Nil.

Unclaimed Dividend-Equity

The unclaimed balance amount of dividend (equity) as on March 31, 2022 was ₹5.46 crore. The unclaimed dividend of ₹0.289 crore became due for transfer during the year ended March 31, 2022 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 15,357 Equity shares (of ₹10/- each) in June, 2021 and 10,886 Equity shares (of ₹10/- each) in January, 2022. As on March 31, 2022, the number of equity shares held in Demat account to IEPF Authority were 89,597. Subsequently, 7,394 Equity shares (of ₹10/- each) were also transferred to the Demat Account of IEPF Authority in June, 2022.

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	Sh. 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, PJ Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 532810
Stock Code (ISIN) : INE134E01011	

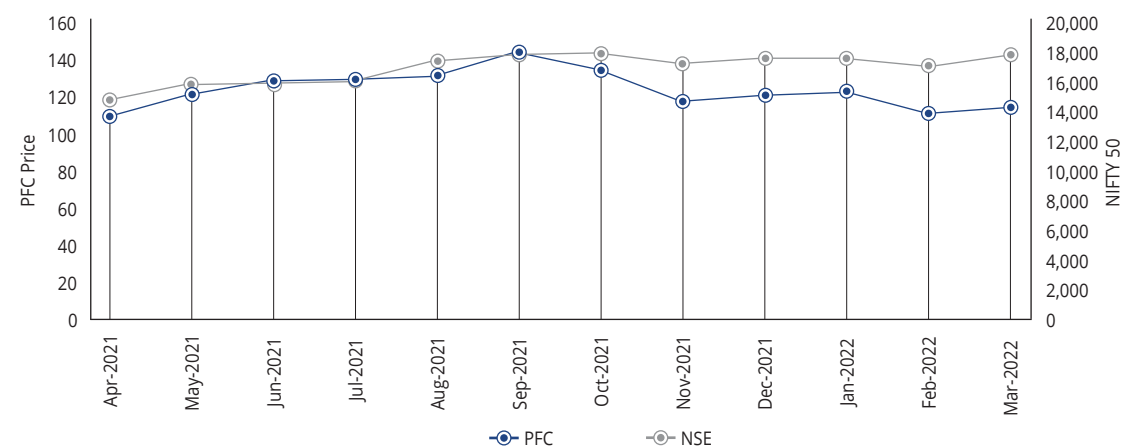
The annual listing fees for the FY 2021-22 have been paid to NSE and BSE.

f) Market Price Data

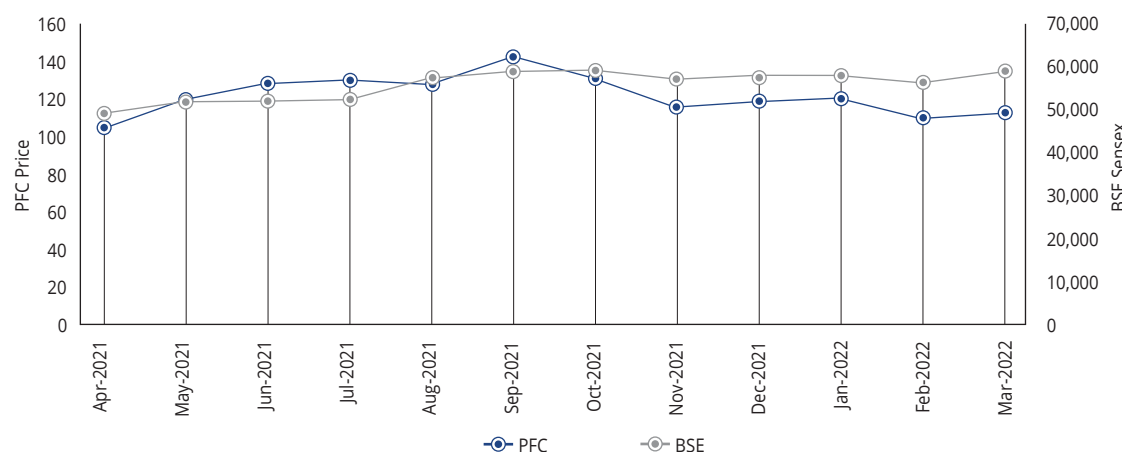
Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April'21	118.95	118.95	104.1	104.45	108.40	108.4
May'21	121.85	121.8	106.1	106.25	120.30	120.3
June'21	132.9	132.95	118.2	118.2	128.80	128.75
July'21	131.9	131.8	120.5	120.4	129.95	129.9
August'21	135.7	135.7	122.3	122.25	129.05	128.95
September'21	148.15	148.1	125.8	125.8	142.10	142.2
October'21	153.75	153.75	131	131.05	133.10	133.05
November'21	142.3	142.1	115.3	115.25	116.30	116.25
December'21	125.8	125.75	113.05	113.1	119.75	119.75
January'22	128.2	128.15	116.25	116.3	121.70	121.2
February'22	124.35	124.35	106.9	106.75	109.85	109.85
March'22	117.1	117.15	104.4	104.3	112.60	112.45

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

i) Share Transfer System

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

SEBI, effective April 1, 2019, barred physical transfer of shares of listed companies and mandated transfers only

through demat mode. 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, 2022 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, 2021.	3	1,432
Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2021-22.	0	0
Less: Number of shareholders to whom shares were transferred from suspense account during the year 2021-22.	0	0
Less: Number of shares which were transferred to IEPF Account during the year 2021-22.	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, 2022.	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, 2022

Sr. No.	Amount	No. of shareholders	% of shareholders	Amount (₹)	% of shares
1	1-5,000	3,90,443	87.61	4,48,46,9630	1.70
2	5,001-10,000	29,994	6.73	24,06,10,450	0.91
3	10,001-20,000	13,133	2.94	19,74,92,510	0.74
4	20,001-30,000	3,981	0.90	10,20,89,310	0.40
5	30,001-40,000	1,893	0.42	6,83,74,910	0.26
6	40,001-50,000	1,414	0.31	6,69,54,420	0.25
7	50,001-100,000	2,648	0.60	19,09,46,760	0.73
8	100,001 & Above	2,133	0.50	25,08,58,76,090	95.01
Total		4,45,639	100	26,40,08,14,080	100

Shareholding pattern as on March 31, 2022

Category	Total No. of shares	% to Equity
President of India	1,47,82,91,778	55.99
Foreign Portfolio – CORP	44,25,41,559	16.77
Mutual Funds	34,50,72,201	13.07
Resident Individuals	18,19,14,150	6.90
Qualified Institutional Buyers	13,60,72,729	5.15
Bodies Corporate	2,17,62,718	0.82
Insurance Companies	93,22,973	0.35
HUF	91,43,393	0.34
Banks	40,64,733	0.15
Non-Resident Indians	40,04,780	0.15
Non-Resident Indian non-repatriable	34,48,084	0.13
Clearing Members	12,56,092	0.05
NBFC's	11,23,656	0.04
Trusts	9,95,951	0.04
Employees	9,39,514	0.04
IEPF	89,597	0.00
Overseas Corporate Bodies	36,000	0.00
Foreign Nationals	1,500	0.00
Total	2,64,00,81,408	100

ANNEXURE I OF REPORT ON CORPORATE GOVERNANCE

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

We hereby certify to the Board of Directors that:

We have reviewed financial statements and the statement of cash flows for the year ended March 31, 2022 and that to the best of our knowledge and belief:

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

- Significant changes in internal control over financial reporting during the year;
- Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial: and
- 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

ANNEXURE II OF REPORT ON CORPORATE GOVERNANCE

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

"All the members of the Board and Senior Management Personnel have affirmed compliance of the 'Code of Business Conduct & Ethics for Board Members and Senior Management' for the financial year ended on March 31, 2022."

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

l) Dematerialisation of shares

Number of shares held in dematerialised form with NSDL, CDSL and physical mode as on March 31, 2022.

Description	No. of Shares	% to total Capital Issued
NSDL	2,52,80,34,074	95.76
CDSL	11,20,17,778	4.24
Physical	29,556	0.00
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 2021-22, 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 on Corporate Governance

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

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, 2022 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 upto January 31, 2022 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 (1) up to January 31, 2022, 17 (10), 18 (1) (B) up to December 22, 2021 and 19 (1)(b & c) up to December 22, 2021 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)

Place: Delhi
Date: August 29, 2022

M. No. F5311, C.P. No. : 3647
UDIN: F005311D000869768

Business Responsibility Report

ANNEXURE D OF BOARD'S REPORT

Section A: General Information about the Company

Corporate Identification 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	2021-22
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 Gol programmes for the power sector, including acting as the nodal agency for the UMPP programme and the RDSS/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	The registered office of PFC is located at New Delhi. Further, PFC has 2 Regional Offices in India i.e. Mumbai and Chennai.
i. Number of International Locations	
ii. Number of National Locations	The Company does not have any international office, at present.
Markets served by the Company - Local/State/National/International	PFC serves the Indian markets and its business extends throughout the country. For resource mobilisation purpose, the Company also taps international capital markets besides domestic markets.

Section B: Financial Details of the Company (as on March 31, 2022)

Paid up Capital (INR)	₹2,640.08 crore
Total Turnover (INR) (Revenue from Operations)	₹38,545.40 crore
Total profit after taxes (INR)	₹10,021.90 crore
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.14% (₹214.72 crore) of Profit After Tax (PAT) during FY 2021-22. It is submitted that ₹214.72 crores includes (i) ₹54.87 crores transferred to Unspent CSR Account during FY 2021-22 and (ii) ₹39.39 crores being excess amount spent during FY 2020-21 and adjusted in FY 2021-22.
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, disaster management including relief rehabilitation & reconstruction activities 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	08530587
Name	Parminder Chopra
Designation	Director (Finance)

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 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 confirm 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

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
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	-	-	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	#	-	Policy being an internal document is accessible to employees only	#	-	-	-	#	#
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	-	-	-	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	-	Y	Y	-	-	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	Y	-	-	-	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	-	Y	Y	-	-	-	Y	Y

#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									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason									

NOT APPLICABLE

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. The BR activities of the Company are overseen by a Functional Director and the Board also reviews the Business Responsibility Report as part of Directors' Report on annual Basis.

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

The Business Responsibility Report is published as a part of Annual Report from FY 2012-13 onwards. The current Report shall form a part of Annual Report for FY 2021-22 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.

An Anti-Fraud Policy is in place in PFC to enforce controls and to aid in prevention & detection of fraud in the Company. It covers employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and any other parties having a business relationship with PFC.

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 2021-22.

The Company had received a total of 10,568 complaints (including 16 complaints lying pending as on April 1, 2021) from the shareholders and bondholders of the Company during the FY 2021-22, out of which all 10,568 (100%) complaints were resolved by March 31, 2022.

Under PFC's Citizen Charter, total 51 complaints were received from customers/consumers during the FY 2021-22 in addition to 2 complaints pending at the beginning of the year. Out of which 52 (98.11%) were resolved by March 31, 2022 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 a Composter

Machine in PFC premises of 50Kg 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.

PFC has been ranked 3rd in "Swachhata Ranking" by NDMC in the category of offices in NDMC area in December, 2021.

Principle 3

1. Please indicate the total number of employees.

As on March 31, 2022 there were 501 employees in PFC.

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

There were 67 employees hired on contractual basis in PFC as on March 31, 2022.

3. Please indicate the number of permanent women employees.

As on March 31, 2022, there were 100 permanent women employees in the Company.

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

There were 17 permanent employees with disabilities as on March 31, 2022.

5. Do you have an employee association that is recognised by management?

PFC has PFC Employees Union, PFC SC/ ST/ OBC Employees 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.

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 2021-22	No. of complaints pending as on March 31, 2022
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	51.49%
• Permanent Women Employees	47.00%
• Casual/Temporary/Contractual Employees	54.23%
• Employees with Disabilities	64.70%

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) and 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 this category. It is ensured that a person of reserved category of appropriate level is nominated as member in various selection and promotion committees to look into the interest of the employees of reserved categories.

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

PFC does not have any specific policy on human rights. However, it is embedded in company's various HR policies and practices.

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 2021-22 are given herein below:

Particulars	No. of Complaints			
	Equity Shareholders	Bondholders	Under Anti-Fraud Policy	Under Citizen Charter
Pending at the beginning	16	0	0	2
Received during the year	1,886	8,666	0	51
Disposed off during the year	1,902	8,666	0	52
Lying unresolved at the end of the year	0	0	0	1
% of Complaints resolved	100%	100%	0	98.11%

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.

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/Latestupdate06062022.pdf>.

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, 2022.

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:-

- SCOPE
- FICCI
- Central Board of Irrigation and Power
- ASSOCHAM
- Confederation of Indian Industry (CII)
- 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 2021-22, PFC undertook various CSR projects in Health sector as part of Preventive Measures of COVID-19 Pandemic, Skill Development, Education 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	9.12	4.04
Skill Development and Education	17.19	19.97
Solar Application/Energy Efficiency	9.02	4.87
Environment	-	1.03
Health Sector	95.11	78.12
Rural Development including Relief and Rehabilitation	4.70	14.68
Others (Impact Studies, Admin. Overheads, etc.)	4.41	4.41
Total	139.55	127.12

Spread across various CSR initiatives (inclusive of Health care projects), PFC disbursed ₹127.12 crore (including administrative overheads) and received ₹0.09 crore as refund during the FY 2021-22.

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 51 complaints were received from customers/consumers during the FY2021-22 in addition to 2 complaints pending at the beginning of the year. Out of which 52 (98.11%) were resolved by March 31, 2022 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, 2022.

PFC is committed to the highest standards of ethical practices and moral business conduct within the frameworks of law. As on March 31, 2022, no case was pending against PFC regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior.

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

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

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

ANNEXURE TO BUSINESS RESPONSIBILITY REPORT

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

Name of the Policy	Web links	
	English	Hindi
CSR and Sustainability Policy	https://www.pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSRpolicy_07032019.pdf	https://pfcindia.com/hnsite/DocumentRepository/ckfinder/files/CSR/HINDI_PFCs_CSR_and_Sustainability_Policy.pdf
Fair Practice Code	https://www.pfcindia.com/DocumentRepository/ckfinder/files/Statutory_Requirements/Codes_and_Policies/Fair_Practices_Code/2020-09-02%20Fair%20Practice%20Code%20of%20PFC%20updated%20.pdf	http://pfcindia.com/hnsite/Home/VS/62
Code of Business Conduct and Ethics	https://www.pfcindia.com/Default/ViewFile/?id=1472556128687_Code%20of%20Conduct%2017042015.pdf&path=Page&Name=Code%20of%20Conduct%20for%20Board%20of%20Directors%20and%20Senior%20Management%20Personnel	http://pfcindia.com/hnsite/Home/VS/63
Anti-Fraud Policy	https://www.pfcindia.com/Default/ViewFile/?id=1471520577857_ANTI%20FRAUD%20POLICY%2005_11_2011.pdf&path=Page&Name=Anti%20Fraud%20Policy	http://pfcindia.com/hnsite/Home/VS/65
Whistle-Blower Policy	https://www.pfcindia.com/Default/ViewFile/?id=1490188785276_WBP.pdf&path=Page	https://pfcindia.com/hnsite/Default/ViewFile/?id=1490268719103_wbpHND.pdf&path=Page
Policy on Related Party Transactions	https://www.pfcindia.com/Default/ViewFile/?id=1561552784406_Final%20Policy%20on%20RPT%2017052019.pdf&path=Page	https://pfcindia.com/hnsite/Default/ViewFile/?id=1562840382760_policy%20of%20related%20party%20transactions.pdf&path=Page
Policy on Material Subsidiary	https://www.pfcindia.com/Default/ViewFile/?id=1561552854274_Final%20Policy%20for%20Material%20Subsidiary17052019.pdf&path=Page	https://pfcindia.com/hnsite/Default/ViewFile/?id=1563962455491_Policy_on_Material_Subsubsidiary.pdf&path=Page
Dividend Distribution Policy	https://www.pfcindia.com/Default/ViewFile/?id=1546009180778_DividendDistribution.pdf&path=Page	https://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://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	https://www.pfcindia.com/DocumentRepository/ckfinder/files/Statutory_Requirements/Codes_and_Policies/Policy_for_Determination_of_Materiality_of_Events/Final%20Policy%20for%20Determination%20of%20Materiality%20of%20Events17052019.pdf	https://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.

Form No. MR-3

Secretarial Audit Report

For The Financial Year Ended March 31, 2022

[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, 2022**, 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, 2022 according to the applicable provisions of:

- The Companies Act, 2013 (the Act) and the rules made there under;
- The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

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

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

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

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

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

- 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];

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

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

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

- Other laws applicable specifically to the Company namely

- The DPE Guidelines;
- The Competition Act, 2002;
- The Right to Information Act, 2005;
- E-Waste (Management & Handling) Rules, 2011;
- Labour and Social Security Laws as possible.
- The Reserve bank of India Act, 1934 and NBFC rules and
- Regulations and Prevention of Money Laundering Act, 2002

ANNEXURE A OF SECRETARIAL AUDIT REPORT

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

- Secretarial Standards issued by The Institute of Company Secretaries of India with respect to conducting board and general meetings.
- 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 observations:

- 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 upto January 31, 2022 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.*
- The company has not complied with the provision of regulation 17 (1) up to January 31, 2022, 17 (10), 18 (I) (B) up to December 22, 2021 and 19 (I) (b & c) up to December 22, 2021 as required under the SEBI (LODR) Regulations, 2015.*

I further report that:

Under Regulation 19(4) read with schedule II part D (A) of the Securities Exchange Board of India (Listing Obligation and Disclosure requirements) Regulations, 2015 the Nomination and Remuneration Committee shall inter alia:

- Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;

Under Regulation 25(4) of the Securities and Exchange Board of India (Listing Obligation and Disclosure requirements) Regulations, 2015 the Independent Directors shall in their meeting inter alia:

- Review the performance of non-independent directors and the Board of Directors as a whole;

- Review the performance of the chairperson of the listed entity, taking into account the views of Executive Directors and Non-Executive Directors.

Adequate notice of schedule of the meetings of Board and its Committees was given to all Directors. Most of the agenda and detailed notes on agenda were circulated within the period specified in the applicable Secretarial Standards issued by The Institute of Company Secretaries of India under section 118 (10) of Companies Act, 2013 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 decisions at the meetings of Board and its Committees were taken through unanimous vote and the same are reflected in the minutes of such meetings.

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)

Sd/-
CS Amit Agarwal
Proprietor

Date: July 18, 2022
Place: New Delhi

C.P. No.: 3647
M. No. : 5311
UDIN: F005311D000642310

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

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

My Secretarial Audit Report of even date is to be read along with this letter:

- Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
- I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I have followed, provide a reasonable basis for my opinion.
- I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Where ever required, I have obtained the management representations about the compliance of laws, rules and regulations and happening of events etc.
- The Compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability nor of the efficacy of the effectiveness with which the management has conducted the affairs of the Company.

For **Amit Agarwal & Associates**
(Company Secretaries)

Sd/-
CS Amit Agarwal
Proprietor

Date: July 18, 2022
Place: New Delhi

C.P. No.: 3647
M. No. : 5311
UDIN: F005311D000642310

ANNEXURE-II OF SECRETARIAL AUDIT REPORT

Observations of the Secretarial Auditor alongwith explanations to the same required to be included in the Directors Report to the shareholders for the FY 2021-22

Sl. 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 upto January 31, 2022 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. The Board of Directors in its 419 th meeting held on December 23, 2021 appointed Advocate Bhaskar Bhattacharya, Smt. Usha Sajeev Nair and Shri Prasanna Tantri as Part-time Non-Official Director on the Board of Power Finance Corporation Limited (PFC) vide Ministry of Power order No. 8/1/2012-PFC Desk (Vol-II) dated November 15, 2021.
2.	The company has not complied with the provision of regulation 17 (1) up to January 31, 2022, 17 (10), 18 (1) (b) up to December 22, 2021 and 19 (I)(b & c) up to December 22, 2021 as required under the SEBI (LODR) Regulations, 2015.	During the year 2021-22, after January 31, 2022, the composition of Board of Directors was in compliance with the provisions of regulation 17 (1). Regulation 17 (10) was not complied for the year 2021-22. In terms of Clause 86 of Articles of Association (AoA) of the Company, the appointment of Functional Directors, Government Nominee Directors and Independent Directors of PFC are made by Government of India. The terms & conditions of such appointment including remuneration and evaluation vests with the Government of India. All the members of the Board are appointed by Government of India after thorough evaluation and are subjected to periodic performance review and that, the Company's performance is also periodically reviewed with reference to annual MoU signed between PFC and Government. After December 22, 2021, the composition of Audit committee of Directors and Nomination & Remuneration Committee was in compliance with the provisions of regulation 18 (1) (b) and 19 (I) (b & c).
3.	I. Under Regulation 19(4) read with schedule II part D (A) of the Securities and Exchange Board of India (LODR) Regulations, 2015 the Nomination and Remuneration Committee shall inter alia:- (a) Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors; II. Under Regulation 25(4) of the Securities Exchange Board of India (LODR) Regulations, 2015 the Independent Directors shall in their meeting inter alia:- (a) Review the performance of Non-Independent Directors and the Board of Directors as a whole; (b) Review the performance of the chairperson of the listed entity, taking into account the views of Executive Directors and Non-Executive Directors.	In terms of Clause 86 of Articles of Association (AoA) of the Company, the appointment of Functional Directors, Government Nominee Directors and Independent Directors of PFC are made by Government of India. The terms & conditions of such appointment including remuneration and evaluation vests with the Government of India. All the members of the Board are appointed by Government of India after thorough evaluation and are subjected to periodic performance review and that, the Company's performance is also periodically reviewed with reference to annual MoU signed between PFC and Government.

ANNEXURE F OF THE BOARD'S REPORT

Annual Report on CSR Activities for the FY 2021-22

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 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 has been implementing wide range of activities in the field of Environment Sustainability, Healthcare, Sanitation & Drinking water and Skill development etc. Further, as per DPE's mandate, PFC has also been contributed to thematic areas i.e. <i>'Health & Nutrition, with special focus on COVID related measures including setting up makeshift hospitals and temporary COVID Care Facilities'</i> with preference given to Aspirational Districts.

2. Composition of CSR Committee as on March 31, 2022

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	8	8
2.	Shri R. S. Dhillon*	Member/CMD	3	Not Present
3.	Smt. Usha Sajeev Nair	Member/Independent Director	5	5
4.	Smt. Parminder Chopra	Member/Director (Finance)	8	8

*By virtue of holding additional charge of Director (Commercial)

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://www.pfcindia.com/DocumentRepository/ckfinder/files/CSR/Latestupdate06062022.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).

NIL

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

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1	2020-21	Nil	Nil
2	2021-22	39.39	39.39
	Total	39.39	39.39

6. Average net profit of the company as per section 135(5).

₹8,521.50 crore

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

₹170.43 crore

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

₹0.01 crore

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

₹39.39 crore

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

₹131.05 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
76.18	54.87	April 29, 2022	NA	NA	NA

(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 Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Project for Training, Research and Entrepreneurship development in Smart Grid through IIT	Item (iv) - Ensuring environmental sustainability	No	Pan India	NA	36	0.99	0.04	0.94	No	Indian Institute of Technology, Kanpur	CSR00004774
2	Supply, installation and commissioning of various solar interventions in various villages of Sawai Madhopur, Rajasthan	Item (iv) - Ensuring environmental sustainability	No	Rajasthan	Sawai Madhopur	36	0.55	0.49	0.05	Yes	-	-
3	Supply, installation and commissioning of 500 nos. of Solar based LED Street Lighting System (SLS) in various villages of Mohanlalganj, Lucknow, UP	Item (iv) - Ensuring environmental sustainability	No	Uttar Pradesh	Lucknow	36	0.97	0.68	0.29	Yes	-	-
4	Construction of Phase II of Daullah Smartgram Secondary School at village Daullah Gurugram, Haryana	Item (i) - Sanitation, Item (ii) - Promoting education, Item (iv) - Ensuring environmental sustainability	No	Haryana	Gurugram	9	0.59	0.12	0.47	No	Haryana State CSR Trust	CSR00002371
5	Project for Relief and Rehabilitation activities in Uttarakhand	Item (i) - Healthcare Item (ii) - Promoting education Item (xii) - Disaster management, including relief, rehabilitation and reconstruction activities	No	Uttarakhand	Multiple Districts	17	4.00	4.00	-	No	Uttarakhand State Disaster Management Authority	CSR00017007
6	Project for undertaking rectification of toilets constructed by PFC in FY 2014-15 under CSR Swachh Bharat Swachh Vidyalaya Abhiyan (SBSV) in the States of Rajasthan, after survey of toilets	Item (i) - Sanitation Item (ii) - Promoting education	No	Rajasthan	Multiple Districts	4	3.23	0.49	2.74	No	Rajasthan Council of School Education, Jaipur	CSR00023877
7	Providing skill development training to 1,000 nos. of unemployed youth belonging to SC/ ST/ OBC/ PwD/ Women/ EWS sections of society in various locations in India	Item (ii) - Promoting education	No	Pan India	NA	12	10.03	3.01	7.02	No	Central Institute of Plastics Engineering and Technology	CSR00008481

(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 Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
8	Providing health related skill development training to 900 nos. of unemployed youth belonging to SC/ ST/ OBC/ PwD/ Women/ EWS sections of society in various locations in India	Item (i) - Healthcare Item (ii) - Promoting education	No	Multiple States	Multiple Districts	12	2.61	-	2.61	No	National Institute for Micro, Small and Medium Enterprises	CSR00014671
9	Providing Medical Infrastructure in Community Health Care Centre (CHC) at Bandgaon Block, West Singhbhum, Jharkhand	Item (i) - Healthcare	No	Jharkhand	West Singhbhum	3	1.23	0.12	1.11	No	District CSR Fund, Chaibasa	CSR00006981
10	Construction of Community Centre in Brundhan and Talera Villages in Bundi District, Rajasthan	Item (x) - Rural development projects	No	Rajasthan	Bundi	12	0.70	0.42	0.28	No	Rajasthan Medicare Relief Society, Bundi	CSR00019253
11	Procurement of Medical Equipment's in Tata Memorial Hospital, Mumbai & Advanced Centre for Treatment, Research and Education in Cancer, Navi Mumbai.	Item (i) - Healthcare	No	Maharashtra	Mumbai	24	9.97	1.00	8.97	No	Tata Memorial Centre	CSR00001287
12	Supply, installation and commissioning of Grid Connected SPV Power Plant with a cumulative capacity of 240 kWp at Chattarpur Temple, Delhi	Item (iv) - Ensuring environmental sustainability	Yes	Delhi	South West Delhi	5	0.99	0.70	0.29	Yes	-	-
13	Project for upgrading C.H.C Gulaothi in Bulandshahr District, Uttar Pradesh	Item (i) - Healthcare	No	Uttar Pradesh	Bulandshahr	3	0.88	0.09	0.79	No	Rogi Kalyan Samiti, Gulaothi	CSR00014941
14	Providing one unit of Cancer Detection & Awareness Mobile Van and related equipment for Dr. Ram Manohar Lohia Institute of Medical Sciences, Lucknow, UP.	Item (i) - Healthcare	No	Uttar Pradesh	Lucknow	9	3.49	-	3.49	No	Dr. Ram Manohar Lohia Institute of Medical Sciences	CSR00019420
15	Distribution of 1,000 nos. of Motorised Tricycle to orthopedically impaired, Persons with Disabilities (Divyangjans) in 10 districts.	Item (i) - Healthcare	No	Multiple States	Multiple Districts	12	4.70	2.35	2.35	No	Artificial Limbs Manufacturing Corporation of India	CSR00000532

(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 Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
16	Supply, Installation and Commissioning of 4324 nos. of LED Street Lighting Systems (SLS) & fixtures in 21 villages of Faridabad, Haryana.	Item (iv) - Ensuring environmental sustainability	No	Haryana	Faridabad	9	3.56	0.35	3.21	No	Muncpal Corporation of Faridabad	CSR00022036
17	Project for undertaking rectification of toilets constructed by PFC in FY 2014-15 under CSR Swachh Bharat Swachh Vidyalaya Abhiyan (SBSV) in the States of Andhra Pradesh (1 st phase), after survey of toilets	Item (i) - Sanitation Item (ii) - Promoting education	No	Andhra Pradesh	Multiple Districts	3	5.89	2.94	2.94	No	Connect to Andhra	CSR00008366
18	Project for upgrading District Combined Hospital (D.C.H) Vrindavan in Mathura District, Uttar Pradesh	Item (i) - Healthcare	No	Uttar Pradesh	Mathura	3	0.99	0.10	0.89	No	Rogi Kalyan Samiti, Vrindavan	CSR00019938
19	Project of Establishment of Trauma Centre in Siddharthnagar District, Uttar Pradesh	Item (i) - Healthcare	No	Uttar Pradesh	Siddharthnagar	12	3.99	-	3.99	No	Jila Civil Social Responsibility Association, Siddharthnagar	CSR00009393
20	Project for Supply, Installation and Commissioning of 1750 nos. of 15 Watt Solar Photovoltaic Street Lighting Systems (SLS) in Una District of Himachal Pradesh	Item (iv) - Ensuring environmental sustainability	No	Himachal Pradesh	Una	12	2.95	-	2.95	No	HP Government Energy Development Agency	CSR00020953
21	Project for supply, installation and commissioning of Grid Connected SPV Power Plant with a cumulative capacity of 450 kWp in various Leprosy Mission Hospitals across the country	Item (i) - Healthcare Item (iv) - Ensuring environmental sustainability	No	Pan India	NA	8	1.99	0.60	1.39	Yes	-	-
22	Project for Construction of six classrooms at AMU City Girls High School, Aligarh	Item (ii) - Promoting education	No	Uttar Pradesh	Aligarh	6	1.27	0.13	1.14	No	Aligarh Muslim University	CSR00025283
23	Project for Upgradation of Public Health Infrastructure in Nubra Sub-Divison, Leh District	Item (i) - Healthcare	No	Ladakh	Leh	8	6.93	-	6.93	No	Rogi Kalyan Samiti, Nubra	CSR00022876
24	Providing Medical Infrastructure in District Hospital in Pratapgarh district, Rajasthan	Item (i) - Healthcare	No	Rajasthan	Pratapgarh	10	0.50	0.17	-	No	Rajasthan Medical Relief Society, Pratapgarh	CSR00010176
25	Construction of classrooms and allied facilities in Akal Academy schools in 4 districts of Punjab	Item (ii) - Promoting education	No	Punjab	Ferozpur, Moga, Amritsar, Tarn-Taran	7	5.30	-	-	Yes	-	-
26	Project for Upgradation of Public Health Infrastructure in Machilipatnam region, Andhra Pradesh	Item (i) - Healthcare	No	Andhra Pradesh	Machilipatnam	6	5.07	-	-	No	Indian Red Cross Society, Krishna District	CSR00025812
TOTAL								17.79	54.87			

(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 implemen- -tation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Reg. no.
1	Providing Packed-Lunch facility to 450 nos. of Doctors and Health Staff of dedicated COVID-19 Hospital in Dr. RML Hospital, Phase-III	Item (i) - Healthcare	Yes	Delhi	Central Delhi	1.01	No	Taj SATS Air Catering Ltd.	NA
2	Procurement & distribution of Cold Chain Equipment (CCE) as part of COVID-19 vaccination programme	Item (i) - Healthcare	No	Dadra and Nagar Haveli	Dadra and Nagar Haveli	0.06	No	REC Limited	NA
3	Project towards airing jingles on FM channels for Mass Awareness Campaign on 'Swachhta'	Item (i) - Sanitation	No	PAN India	NA	0.14	Yes	-	-
4	Providing oxygen concentrators in the Covid care centres in Siddharthnagar, UP	Item (i) - Healthcare	No	Uttar Pradesh	Siddharthnagar	0.55	No	Jila Civil Social Responsibility Association, Siddharthnagar	CSR00009393
5	Providing COVID-19 relief measures in Kota, Rajasthan	Item (i) - Healthcare	No	Rajasthan	Kota	0.50	No	Indian Red Cross Society, Kota	CSR00007062
6	Providing Medical Infrastructure in Covid care centres, CHCs, PHCs in Churachandpur, Manipur	Item (i) - Healthcare	No	Manipur	Churachandpur	1.72	No	District Rural Development Agency, Churachandpur	CSR00010395
7	Contribution to PM CARES	Item (i) - Healthcare	No	PAN India	NA	50.00	Yes	-	-
Total						53.98			

(d) Amount spent in Administrative Overheads

₹4.41 crore

(e) Amount spent on Impact Assessment, if applicable

Nil

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

₹76.18 crore

Note: The total CSR amount charged to Standalone Statement of Profit and Loss during FY 2021-22 is ₹214.72 crore. Out of this, ₹44.28 crore pertains to projects sanctioned against the budget of the period up to March 31, 2020, whereas, the remaining amount i.e. ₹170.44 crore pertains to projects sanctioned against the budget of FY 2021-22. Further, the said amount of ₹170.44 crore includes ₹39.39 crore being excess amount spent during FY 2020-21 and set off in current FY and ₹54.87 crore transferred to Unspent CSR Account as per Section 135(6).

(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)	170.43
(ii)	Total amount spent for the Financial Year	170.44
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.01
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.01
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

(₹ in Crores)

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account u/s 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1	Till FY 2019-20	143.43*	44.28	NA	NA	NA	99.15*
2	FY 2020-21	Nil	NA	NA	NA	NA	Nil
Total		143.43	44.28				99.15

* Not required to be transferred as the provision of Section 135 (6) was made effective from the FY 2020-21

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

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration (months)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing
1.	36	Water Distribution Pipeline in selected wards of Chanderi town, Ashok Nagar district, Madhya Pradesh	2013-14	54	3.66	0.37	3.66	Completed
2.	44	Relief & Rehabilitation activities in the flood affected areas of Uttarakhand for re-building of infrastructure destroyed during calamity	2013-14	90	3.00	0.74	2.52	Ongoing
3.	69	Construction of toilets in Govt. Schools of Andhra Pradesh under Swachh Vidyalaya Abhiyaan	2014-15	11	68.44	0.68	66.46	Ongoing
4.	102	Implementation of Solar based LED Street Lighting System (SLS) and Solar High Mast Lights (SHMLS) in Deoria region of Uttar Pradesh (UP)	2016-17	19	0.49	0.10	0.48	Completed
5.	103	Implementation of Solar based LED Street Lighting System (300 SLS) and Solar High Mast Lights (160 SHMLS) in Agra (North), Agra (South) and Firozabad regions of Uttar Pradesh	2016-17	19	2.26	0.43	2.19	Completed
6.	122	Contribution to National Sports Development Fund (NSDF) for sporting activities and sports infrastructure upgradation in the rural areas of Jaipur district	2017-18	48	2.00	0.95	0.95	Ongoing
7.	128	Skill development programme for unemployed youth/ school Dropouts belonging to SC/ST/OBC/PwD/Women/EWS of society for 290 persons in six states of North East	2017-18	9	1.56	0.01	1.56	Completed
8.	130	Setting up CNG crematorium in Delhi	2017-18	43	3.27	2.24	3.27	Completed
9.	131	Supply, installation and commissioning of 100 nos. of LED based Solar Street Lighting System (SLS) in Varanasi and Chandauli, Uttar Pradesh	2017-18	9	0.24	0.01	0.22	Ongoing
10.	136	Development works in the 3 blocks (Piro, Bihiya, Jagdishpur) of Arrah District, Bihar-Bhojpur Village Development Programme	2018-19	50	22.90	2.22	20.44	Ongoing
11.	138	Providing Renewable Energy systems in various backward villages/ blocks of Durgi and Veldurthy Mandals in Guntur District, Andhra Pradesh	2018-19	34	2.33	0.55	2.20	Ongoing
12.	141	Supply, installation and commissioning of 500 nos. of LED based Solar Street Lighting System (SLS) in various villages of Lalganj, Uttar Pradesh	2018-19	6	1.13	0.02	1.08	Ongoing
13.	144	Infrastructure works in Dr.K.B hedgewar School in Tiswadi, Goa	2018-19	29	3.00	0.50	2.70	Ongoing
14.	148	Supply, installation and commissioning of 100 Nos of solar PV Highmast Lighting system (White LED) SHMLS in various village of Basti, UP	2018-19	28	1.15	0.23	1.06	Ongoing
15.	154	Implementation of 500 nos. of solar based LED Street Lighting System in Basti District, Uttar Pradesh phase-II	2018-19	25	1.16	0.23	1.07	Ongoing
16.	156	Supply installation commissioning of 500 Nos of LED based solar street lighting system in various village/ block of Banda, UP	2018-19	9	1.42	0.34	1.36	Ongoing
17.	159	Installation of RO units in various Government/Government aided Schools of Ferozepur District, Punjab	2018-19	24	6.76	0.20	4.71	Ongoing
18.	160	Upgradation of various Government School in Khammam District, Telangana	2018-19	17	9.46	2.95	9.44	Completed
19.	162	Creating 100 model aaganwadi centre (AWC) alongwith provision of other infrastructural facilities in shravasti District, UP	2019-20	35	4.18	0.69	1.12	Ongoing
20.	164	Supply, installation and Commissioning of 500 Nos of solar PV LED street light system in Hamirpur, Himachal pradesh	2019-20	7	1.12	0.02	1.04	Ongoing
21.	165	Supply and installation of 100 Nos of India Mark II hand pumps for drinking water purpose in Mirzapur UP	2018-19	18	0.97	0.05	0.88	Ongoing
22.	167	Impact on Project for Skill Development Programme for Unemployed youth of SC/ST/OBC/EWS of society categories during FY 2016-17 & FY 2017-18	2019-20	6	0.08	0.08	0.08	Completed
23.	168	Impact of Construction of toilets constructed in Govt. Schools of Andhra Pradesh under Swachh Bharat Swachh Vidyalay Abhiyan	2019-20	2	0.10	0.06	0.10	Completed
24.	169	Providing skill development training for unemployed youth belongs to SC/ST/OBC/PwD/Women/EWS section of society-500 persons	2019-20	12	1.65	1.16	1.65	Completed
25.	171	Up-gradation of Government Schools in Siddharthnagr District, Uttar Pradesh	2019-20	23	9.29	2.53	9.25	Completed
26.	172	Construction of 200 anganwadi centres alongwith provision of other infrastructural facilities in Ferozepur Dist. Punjab	2019-20	38	19.06	2.54	10.67	Ongoing
27.	173	Construction of Building of Govt Higher secondary school munderi, Kannur	2019-20	20	3.30	1.20	3.30	Completed

(₹ in Crores)

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration (months)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing
28.	174	Energy Efficient Interventions for improving Education and Health standards in Tribal Residential schools and Hostels & providing Digital Classrooms in Tribal schools in Bhupalpalli and Mulug of Telangana state	2019-20	35	10.51	5.26	5.26	Ongoing
29.	175	Providing Skill Development Training to 140 Nos. Unemployed Youth belonging to SC/ST/OBC/PwD/Women/EWS sections of society in Kanyakumari	2018-19	19	0.44	0.43	0.43	Completed
30.	179	Project for conducting Skill Development Training (3630 persons)	2019-20	39	10.00	4.05	5.21	Ongoing
31.	186	Construction of Ground Floor of 100 Bedded Multi Specialty Hospital at Trimbakeshwar Nashik for Shri Ramakrishna Arogya Sansthan	2019-20	30	7.82	0.88	1.83	Ongoing
32.	188	Supply and installation of Grid connected of SPV Power plant with 100 KVP at ISKCON Temple, Nehru place	2019-20	12	0.48	0.01	0.44	Ongoing
33.	189	Providing 5KWp SPV Power plant in each 37 nos of ASHA school supported by ARMY Wives association	2019-20	13	1.76	0.03	1.58	Ongoing
34.	192	Project for providing portable Solar Micro Pumping System (PSMP) to 20 Gram Panchayat in Baghpat Region, Uttar Pradesh	2018-19	35	0.69	0.25	0.25	Ongoing
35.	194	Supply installation and commissioning of 500 Nos of solar photovoltaic LED street lighting system SLS in various village of Kairana, UP	2019-20	24	1.12	0.65	0.80	Ongoing
36.	195	Construction of Two No. of Modular Operation theatre room in District Hospital in Siddharthnagar District, Uttar Pradesh	2019-20	19	0.93	0.82	0.82	Ongoing
37.	196	Reconstruction & restoration of Kedarnath town and surrounding areas	2019-20	24	25.97	2.33	2.33	Ongoing
38.	197	Construction of 100 bedded district hospital building for 'In - patient department (IPD)' block in Mamit, Mizoram	2019-20	36	12.55	4.74	5.93	Ongoing
39.	198	Development of Sub Health Centres 'Anganwadi centres' provision of mobility for health providers, and development of digital classrooms in selected Government schools in Bhadradi Kothagudem, Telangna	2019-20	31	6.29	2.05	2.68	Ongoing
40.	202	Provision of aids and appliances in the form of motorized tricycles to PWD in Bhadradi Kothagudem, Telangana	2019-20	23	0.73	0.24	0.24	Ongoing
41.	203	Providing Skill Development Training for 92 nos. of unemployed Youth belongs to SC/ST/OBC/PwD/Women/EWS categories	2019-20	10	0.27	0.27	0.27	Completed
42.	204	Project for Supply, Installation and Commissioning of fully equipped Modular Operation Theatre in Rotary Ambala Cancer & General Hospital, Ambala	2019-20	9	1.18	1.16	1.16	Completed
Total						44.28		

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).

- (a) Date of creation or acquisition of the capital asset(s) : Nil
- (b) Amount of CSR spent for creation or acquisition of capital asset : Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : 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).

Unspent CSR amount of ₹54.87 crore pertains to ongoing projects (multi-year) where payment is made in tranches upon achievement of milestone till completion of projects. Accordingly, the said amount has been deposited in unspent CSR Account as per requirements of Section 135(6) of Companies Act, 2013.

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

Sd/-
(Prasanna Tantri)
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

Place: New Delhi
Dated: August 29, 2022

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

ANNEXURE H OF BOARD'S REPORT

Debenture Trustees appointed by the Company for the different series of Bonds as on March 31, 2022

1.	IDBI Trusteeship Services Ltd. Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate Mumbai – 400 001	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
		9.46% TAXU PFC Bond Series - 76-B
		9.45% TAXU PFC Bond Series - 77-B
		7.75% SEC TAX FREE PFC BONDS - Series 79-B
		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) trache 1-Series -III
		Infrastructure Bond (2011-12) trache 1-Series -IV
		8.43% Series III Private Placement
		8.43% Series IV Private Placement
		7.21% Tax Free Bond Series 94-A
3.	Catalyst Trusteeship Ltd. (Formerly GDA Trusteeship Ltd.) GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411 038	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
		9.37% 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
		8.48% 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) trache 1-Series -III
		Infrastructure Bond (2010-11) trache 1-Series -IV
		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. Windsor, 6 th Floor, Office No. 604 C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098	7.16% PFC BOND SERIES 136
		8.40% PFC BOND SERIES 141-B
		8.03% PFC BOND SERIES 147
		7.63% PFC BOND SERIES 150-B
		7.56% PFC BOND SERIES 151-B
		7.55% PFC BOND SERIES 152
		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
		7.65% PFC BOND SERIES 170B
		7.62% PFC BOND SERIES 171
		7.74% PFC BOND SERIES 172
		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. 4 C & 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
		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
	6 35 TX USC BND SRS 210A STRPP1
	6 35 TX USC BND SRS 210A STRPP2
	6 35 TX USC BND SRS 210A STRPP3
	7 11 TX USC BND SRS 210B
	4 05 TX USC BND SRS 211 Floating
	7 15 TX USC BND SRS 212B
	6 09 TX USC BND SRS 212 A
	6 95 TX UNS BND SRS 213
	6 92 TX USC BND SRS 214 BBETF
	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
	5.00% PFC 54 EC BOND SERIES V

Independent Auditors' Report

TO THE MEMBERS OF POWER FINANCE CORPORATION LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

1. OPINION

We have audited the accompanying Standalone Financial Statements of Power Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2022, 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").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

2. 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 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 Financial Statements.

3. EMPHASIS OF MATTER

(i) We draw attention to Note 40.1.2 (iii) of the Standalone Financial Statements regarding the provision of impairment allowance in respect of loan assets, undisbursed letter of comfort and guarantee. The Company has recognised expected credit loss in respect of loan assets, undisbursed letter of comfort and guarantee 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 upon the basis of determination of impairment allowance in so far as it relates to technical aspects/parameters considered by the said independent expert agency and management's judgement on the same.

(ii) We draw attention to Note 58 of the Standalone 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 involvement of pandemic in future period is uncertain and could impact the impairment allowance in future years.

Our opinion is not modified in respect of these matters.

4. KEY AUDIT MATTERS

Key audit matters ("KAM") are those matters that, in our professional judgement, were of most significance in our audit of these Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone 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
(i)	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. 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 Financial Statements, i.e. 94.61% of total assets, impairment of loan assets there on has been considered as Key Audit Matter in our audit.	Our audit procedures included: <ul style="list-style-type: none"> 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. We considered the credit impairment charge and provision recognised and the related disclosures to be acceptable & satisfactory.
(ii)	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 Fair Value through P&L (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: <p>Discussing and understanding management's perception and studying policy of the Company for risk management.</p> <p>Verification of fair value of derivative in term of Ind AS 109.</p> <p>Evaluation of key internal control over classification of derivative instruments.</p> <p>Company obtains fair value of derivative from the counterparty banks. Our procedure includes evaluation of details of various financial derivative contracts outstanding as on March 31, 2022 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.</p> <p>We did not find any material misstatement in measuring derivative contracts at fair value obtained from counterparty banks.</p>

5. OTHER MATTERS

The Standalone financial information of the Company for the year ended March 31, 2021 included in the Standalone Financial Statements, were audited by joint statutory auditors of the Company, one of whom was predecessor audit firm, and they had expressed an unmodified opinion on Standalone Financial Statements vide their report dated June 15, 2021.

6. INFORMATION OTHER THAN THE STANDALONE 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 Financial Statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this Auditor's report.

Our opinion on the Standalone 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 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 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.

7. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE 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 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 Ind AS and other accounting principles generally accepted in India. 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 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 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

8. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone 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 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 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 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 Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the 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 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 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.

9. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- I. As required by the Companies (Auditor's Report) Order, 2020 ("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 examination 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.

- II. 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".
- III. 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and Standalone 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 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 over financial reporting of the Company 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 (as amended), 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 Financial Statements

- Refer Note 46 to the Standalone Financial Statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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 Company.
- iv. (a) The Management has represented (refer Note 10.4) that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, that (refer Note 10.4), to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign

entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above contain any material mis-statement.
- v. As stated in Note 24.2(iii) to the Standalone Financial Statements:
 - (a) The final dividend proposed for the previous year, declared and paid by the Company during the year declared is in compliance with Section 123 of the Companies Act, 2013, as applicable.
 - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Companies Act, 2013.
 - (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

FOR DASS GUPTA & ASSOCIATES

Chartered Accountants
Firm's Registration No. 000112N

Sd/-

CA NARESH KUMAR

Partner
Membership No. 082069
UDIN: 22082069AJOPOK5877

Place: New Delhi

Dated: May 25, 2022

FOR PREM GUPTA & COMPANY

Chartered Accountants
Firm's Registration No. 000425N

Sd/-

CA PREM BEHARI GUPTA

Partner
Membership No. 080245
UDIN: 22080245AJOPGU1470

Annexure A

to Independent Auditors' Report on the Audit of the Standalone Financial Statements

(Referred to in Para I 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 Financial Statements for the year ended March 31, 2022)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company has maintained proper records showing full particulars, of intangible assets.
- (b) Based on the information and explanation given to us, the Company's management carries out the physical verification of Property, Plant and Equipment 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.
- (c) Based on our examination of the records of the Company 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.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year.
- (e) As informed to us, no proceedings have been initiated or are pending against the Company as at the date of Balance Sheet for holding any benami property under

the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

- (ii) (a) The Company is a Non-Banking Financial Company and does not have any inventory. Thus, clause 3(ii)(a) of the Companies (Auditor's Report) Order, 2020 is not applicable.
- (b) The Company has been sanctioned working capital limits in excess of five crore rupees, during the year, in aggregate, from banks or financial institutions which are unsecured or on the basis of security of current assets in the form of lien over term deposits, which do not require any filing of quarterly returns or statements with the banks by the Company.
- (iii) During the year, the Company has made investments in, provided guarantees and granted loans/advances in the nature of loans, secured/unsecured to companies, firms, limited liability partnerships, and other parties. In this regard, we report hereunder:
 - (a) The Company is a registered NBFC with Reserve Bank of India with principal business of giving loans hence clause 3(iii)(a) of the Order is not applicable
 - (b) In our opinion, the investments made, guarantees provided, if any and the terms and conditions of the grant of all loans and advances in the nature of loans, during the year are, *prima facie*, not prejudicial to the Company's interest.
 - (c) Being a registered Non-Banking Financial Company (NBFC), the Company grants its loans on stipulated terms and conditions for repayment of principal and interest. In respect of Loan assets except credit impaired assets, the repayments of principal amounts and receipts of interest are generally regular as per stipulation.

- (d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days are as under. The Company takes steps for recovery of the principal and interest as per its defined procedures, which in our opinion are reasonable.

No. of borrowers	Principal amount overdue (₹ in crore)	Interest overdue* (₹ in crore)	Total overdue (₹ in crore)
26	13,183.17	10,824.87	24,008.04

* The same has not been recognised as income as a matter of prudence as per practices of the Company.

- (e) Reporting under clause 3(iii)(e) of the Order is not applicable, since the principal business of the Company is to give loans.
- (f) To the best of our knowledge and according to information and explanation given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Hence, reporting under clause 3(iii)(f) is not applicable.
- (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 in contravention of Section 185 of the Companies Act, 2013 to the extent applicable to the Company.
- 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(1) of the Companies Act, 2013.
- (v) According to information and explanations given to us, the Company has not accepted any deposit from public
- (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 ₹ 109.84 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 (₹ in crore)	Amount paid under protest (₹ in crore)	Pending Amount (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
Chapter V of Finance Act, 1994	Service Tax and Penalty	0.87	0.06	0.81	April 2011 to December 2015	CESTAT, Delhi
		0.17	-	0.17	January 2016 to November 2016	Commissioner, CE & ST, LTU, New Delhi
		0.14	-	0.14	December 2016 to June 2017	Pr. Commissioner, CE & ST, LTU, New Delhi
Income Tax Act, 1961	Income Tax	71.91	71.91	-	AY 2016-17	CIT (Appeals), Delhi
		20.30	20.30	-	AY 2018-19	
		16.45	16.45	-	AY 2020-21	

- (viii) As per information and explanation given to us there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) According to information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowing or on the payment of interest thereon to any lender.

- (b) According to the information and explanations given to us the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) As per the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, no funds raised on short-term basis have been used for long-term purposes by the Company other than temporary usage pending receipts from long-term sources.
- (e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) 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 convertible debentures during the year.
- (xi) (a) 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 has been noticed or reported during the year.
- (b) As informed to us, no report under sub-section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.
- (c) We have been informed by the management that no whistle blower complaints have been received by the Company during the year.
- (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 2020 is not applicable to the Company.
- (xiii) According to information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable. The details have been disclosed
- in the Financial Statements as per the requirement of the applicable accounting standards.
- (xiv) (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) (a) 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.
- (b) According to the information and explanations given to us, the Company has not conducted any non-banking financial or housing finance activities without a valid certificate of registration from the Reserve Bank of India as per Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a core investment company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3 (xvi) (c) of the order is not applicable.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3 (xvi) (d) of the order is not applicable.
- (xvii) On the basis of our examination of the records of the Company, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and

we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the

FOR DASS GUPTA & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000112N

Sd/-
CA NARESH KUMAR
Partner
Membership No. 082069
UDIN: 22082069AJOPK5877

Place: New Delhi
Dated: May 25, 2022

said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

- (b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the Balance Sheet date to a special account, within a period of thirty days from the end of the financial year in compliance with Section 135(6) of the Companies Act.

FOR PREM GUPTA & COMPANY
Chartered Accountants
Firm's Registration No. 000425N

Sd/-
CA PREM BEHARI GUPTA
Partner
Membership No. 080245
UDIN: 22080245AJOPGU1470

Annexure B

to the Independent Auditors' Report on the Audit of the Standalone Financial Statements

(Referred to in Para II 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 Financial Statements for the year ended March 31, 2022)

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 various schemes, have been properly accounted for and released onward to concerned beneficiary for implementation of Projects, as per specified scheme guidelines and terms & conditions of the sanction.

FOR DASS GUPTA & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000112N

Sd/-
CA NARESH KUMAR
Partner
Membership No. 082069
UDIN: 22082069AJOPK5877

Place: New Delhi
Dated: May 25, 2022

FOR PREM GUPTA & COMPANY
Chartered Accountants
Firm's Registration No. 000425N

Sd/-
CA PREM BEHARI GUPTA
Partner
Membership No. 080245
UDIN: 22080245AJOPGU1470

Annexure C

to the Independent Auditors' Report on the Audit of the Standalone Financial Statements

(Referred to in Para III(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 Financial Statements for the year ended March 31, 2022)

Report on the Internal Financial Controls with reference to Standalone 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 financial statements of Power Finance Corporation Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

1. 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.

2. AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone 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 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.

3. 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 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 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 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 Financial Statements.

4. 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.

FOR DASS GUPTA & ASSOCIATES

Chartered Accountants
Firm's Registration No. 000112N

Sd/-

CA NARESH KUMAR

Partner

Membership No. 082069

UDIN: 22082069AJOPOK5877

Place: New Delhi

Dated: May 25, 2022

5. 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, 2022, 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 PREM GUPTA & COMPANY

Chartered Accountants
Firm's Registration No. 000425N

Sd/-

CA PREM BEHARI GUPTA

Partner

Membership No. 080245

UDIN: 22080245AJOPGU1470

Non-Banking Financial Companies Auditors' Report

for the year ended 31st March, 2022

The Board of Directors

Power Finance Corporation Limited

Urjanidhi, 1, Barakhamba Lane,

Connaught Place, New Delhi-110001

We have audited the accompanying Standalone Financial Statements of Power Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2022, 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 31.03.2022.
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 28.02.2022 for non-acceptance of any public deposit in future without obtaining prior written permission of Reserve Bank of India.

FOR DASS GUPTA & ASSOCIATES

Chartered Accountants

Firm's Registration No. 000112N

Sd/-

CA NARESH KUMAR

Partner

Membership No. 082069

UDIN: 22082069AJOSFP8975

Place: New Delhi

Dated: May 25, 2022

4. The Company has not accepted any public deposits during the financial year 2021-22.
5. The financial statements of the Company for the year 2021-22 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 13th March 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 (DNBS 03 return) has been filed by the Company for all the quarters of FY 2021-22 based on provisional financial results, including CRAR of respective quarters, drawn on the date of filing with in the stipulated period, in compliance with RBI norms. Further, CRAR based on audited financial statements for the year ended 31.03.2022 has been correctly arrived at and it is in compliance with minimum prescribed CRAR by RBI.

FOR PREM GUPTA & COMPANY

Chartered Accountants

Firm's Registration No. 000425N

Sd/-

CA PREM BEHARI GUPTA

Partner

Membership No. 080245

UDIN: 22080245AJOSEW1002

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, 2022

The preparation of financial statements of Power Finance Corporation Limited for the year ended 31 March 2022 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 25 May 2022.

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 31 March 2022 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

Dated: July 25, 2022



Standalone Balance Sheet

as at March 31, 2022

(₹ in crore)				
Sr. No.	Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
ASSETS				
1	Financial Assets			
(a)	Cash and Cash Equivalents	7	720.91	3,717.62
(b)	Bank Balance other than included in Cash and Cash Equivalents	8	3,240.31	1,044.58
(c)	Derivative Financial Instruments	9	3,080.56	1,251.45
(d)	Loans	10	3,60,929.74	3,60,124.77
(e)	Investments	11	16,084.27	15,973.50
(f)	Other Financial Assets	12	5,382.67	5,336.77
	Total Financial Assets (1)		3,89,438.46	3,87,448.69
2	Non-Financial Assets			
(a)	Current Tax Assets (Net)	13	273.65	260.64
(b)	Deferred Tax Assets (Net)	37	4,151.82	3,996.76
(c)	Property, Plant and Equipment	14	44.72	37.21
(d)	Intangible Assets	14	0.13	0.24
(e)	Right-of-use Assets	15	34.85	35.30
(f)	Other Non-Financial Assets	16	466.38	305.23
	Total Non-Financial Assets (2)		4,971.55	4,635.38
	Total Assets (1+2)		3,94,410.01	3,92,084.07
LIABILITIES AND EQUITY				
Liabilities				
1	Financial Liabilities			
(a)	Derivative Financial Instruments	9	103.25	494.04
(b)	Debt Securities	17	2,30,156.95	2,42,811.54
(c)	Borrowings (other than Debt Securities)	18	87,965.42	80,837.60
(d)	Subordinated Liabilities	19	9,311.27	9,310.20
(e)	Other Financial Liabilities	20	6,803.99	5,828.05
	Total Financial Liabilities (1)		3,34,340.88	3,39,281.43
2	Non-Financial Liabilities			
(a)	Current Tax Liabilities (Net)	13	194.92	43.24
(b)	Provisions	21	247.00	155.15
(c)	Other Non-Financial Liabilities	22	276.93	211.13
	Total Non-Financial Liabilities (2)		718.85	409.52
	Total Liabilities (1+2)		3,35,059.73	3,39,690.95
3	Equity			
(a)	Equity Share Capital	23	2,640.08	2,640.08
(b)	Other Equity	24	56,710.20	49,753.04
	Total Equity (3)		59,350.28	52,393.12
	Total Liabilities and Equity (1+2+3)		3,94,410.01	3,92,084.07

Notes annexed hereto form integral part of Standalone Financial Statements.

Sd/-
(Manohar Balwani)
CGM & Company Secretary

For and on behalf of Board of Directors

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 Dass Gupta & Associates
Chartered Accountants
Firm's Registration No. 000112N

For Prem Gupta & Company
Chartered Accountants
Firm's Registration No. 000425N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

Sd/-
CA Prem Behari Gupta
Partner
Membership No. 080245

Place: New Delhi
Dated: 25.05.2022

Standalone Statement of Profit and Loss

for the year ended March 31, 2022

(₹ in crore)				
Sr. No.	Particulars	Note No.	Year ended 31.03.2022	Year ended 31.03.2021
Revenue from Operations				
(i)	Interest Income	25	36,701.22	36,145.76
(ii)	Dividend Income	26	1,347.42	1,204.21
(iii)	Fees and Commission Income	27	496.76	394.90
I.	Total Revenue from Operations		38,545.40	37,744.87
II.	Other Income	28	45.77	21.70
III.	Total Income (I+II)		38,591.17	37,766.57
Expenses				
(i)	Finance Costs	29	22,671.30	23,194.49
(ii)	Net Translation/ Transaction Exchange Loss/ (Gain)	30	905.58	(164.06)
(iii)	Fees and Commission Expense	31	10.18	14.28
(iv)	Net Loss/(Gain) on Fair Value changes	32	(9.42)	518.95
(v)	Impairment on Financial Instruments	33	2,222.14	3,496.40
(vi)	Employee Benefit Expenses	34	213.11	194.62
(vii)	Depreciation, Amortisation and Impairment	14/15	13.20	11.17
(viii)	Corporate Social Responsibility Expenses	35	214.72	222.61
(ix)	Other Expenses	36	122.71	70.80
IV.	Total Expenses		26,363.52	27,559.26
V.	Profit/(Loss) Before Exceptional Items and Tax (III-IV)		12,227.65	10,207.31
VI.	Exceptional Items		-	-
VII.	Profit/(Loss) Before Tax (V-VI)		12,227.65	10,207.31
	Tax Expense:	37		
(1)	Current Tax:			
-	Current Year		2,418.91	2,613.09
-	Earlier Years		(36.05)	178.94
(2)	Deferred Tax Expense/(Income)		(177.11)	(1,028.73)
VIII.	Total Tax Expense		2,205.75	1,763.30
IX.	Profit/(Loss) from Continuing Operations (VII-VIII)		10,021.90	8,444.01
X.	Profit/(Loss) from Discontinued Operations (After Tax)		-	-
XI.	Profit/(Loss) (from continuing and discontinued operations) (IX+X)		10,021.90	8,444.01
XII.	Other Comprehensive Income			
(A)	(i) Items that will not be reclassified to Profit or Loss			
-	Re-measurement of Defined Benefit Plans		(5.07)	(4.26)
-	Net Gain/(Loss) on Fair Value of Equity Instruments		151.94	137.25
(ii)	Income Tax relating to items that will not be reclassified to Profit or Loss			
-	Re-measurement of Defined Benefit Plans		1.37	1.13
-	Net Gain/(Loss) on Fair Value of Equity Instruments		(9.58)	-
	Sub-Total (A)		138.66	134.12
(B)	(i) Items that will be reclassified to Profit or Loss			
-	Effective Portion of Gains/(Loss) in Cash Flow Hedge		419.18	(27.64)
-	Cost of Hedging Reserve		(362.82)	(31.06)
(ii)	Income Tax relating to items that will be reclassified to Profit or Loss			
-	Effective Portion of Gains/(Loss) in Cash Flow Hedge		(105.50)	6.96
-	Cost of Hedging Reserve		91.31	7.82
	Sub-Total (B)		42.17	(43.92)
	Other Comprehensive Income (A+B)		180.83	90.20
XIII.	Total Comprehensive Income (XI+XII)		10,202.73	8,534.21
XIV.	Basic and Diluted Earnings Per Equity Share (Face Value ₹ 10/- each):	38		
(1)	For continuing operations (in ₹)		37.96	31.98
(2)	For discontinued operations (in ₹)		-	-
(3)	For continuing and discontinued operations (in ₹)		37.96	31.98

Notes annexed hereto form integral part of Standalone Financial Statements.

Sd/-
(Manohar Balwani)
CGM & Company Secretary

For and on behalf of Board of Directors

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 Dass Gupta & Associates
Chartered Accountants
Firm's Registration No. 000112N

For Prem Gupta & Company
Chartered Accountants
Firm's Registration No. 000425N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

Sd/-
CA Prem Behari Gupta
Partner
Membership No. 080245

Place: New Delhi
Dated: 25.05.2022

Standalone Statement of Changes in Equity

for the year ended March 31,2022



A. Equity Share Capital

Particulars	Opening Balance	Changes in Equity Share Capital due to prior period errors	Changes during the period	Closing Balance
Issued, Subscribed and fully paid up:				(₹ in crore)
FY 2020-21	2,640.08	-	-	2,640.08
FY 2021-22	2,640.08	-	-	2,640.08
Refer Note 23 for detail				

B. Other Equity

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)(vii)(c) Act, 1961 up to 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	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve - KFW Loan	General Reserve	Retained Earnings	Instruments through comprehensive Income	Equity portion of Gain/(Loss) Cash Flow Hedges	Cost of Hedging Reserve	
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)	(23.24)	42,524.05
Changes in Accounting Policy / Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	-
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

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)(vii)(c) Act, 1961 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	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve - KFW Loan	General Reserve	Retained Earnings	Instruments through comprehensive Income	Effective portion of Gain/(Loss) Cash Flow Hedges	Cost of Hedging Reserve	
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
Changes in Accounting Policy/Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	10,021.90	-	-	-	10,021.90
Re-measurement of Defined Benefit Plans (net of tax)	-	-	-	-	-	-	-	-	(3.70)	-	-	-	(3.70)
Other Comprehensive Income/(Expense)	-	-	-	-	-	-	-	-	-	142.36	313.68	(271.51)	184.53
Total Comprehensive Income for the period	-	-	-	-	-	-	-	-	10,018.20	142.36	313.68	(271.51)	10,202.73
Dividends	-	-	-	-	-	-	-	-	(3,366.10)	-	-	-	(3,366.10)
Transfer to/from Retained Earnings	2,004.38	576.44	-	2,423.45	-	-	-	-	(5,004.27)	-	-	-	-
Utilisation of reserve against bad debts written off	-	(287.25)	-	-	-	-	-	287.25	-	-	-	-	-
Reclassification of gain/ (loss) on sale/ extinguishment of FVTOCI equity instrument	-	-	-	-	-	-	-	-	13.22	(13.22)	-	-	-
Additions/Deletions during the period (net)	-	-	-	-	-	120.53	1.42	-	(1.42)	-	-	-	120.53
Balance as at 31.03.2022	6,238.14	576.44	599.85	24,139.00	2,776.54	(513.80)	64.07	14,115.11	8,863.49	(54.23)	200.34	(294.75)	56,710.20

Notes annexed hereto form integral part of Standalone Financial Statements.

Sd/-
(Manohar Balwani)
CGM & Company Secretary

For and on behalf of Board of Directors

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 Dass Gupta & Associates

Chartered Accountants
Firm's Registration No. 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

For Prem Gupta & Company

Chartered Accountants
Firm's Registration No. 000425N

Sd/-
CA Prem Behari Gupta
Partner
Membership No. 080245

Standalone Statement of Cash Flows

for the Year ended March 31, 2022

(₹ in crore)			
Sr. No.	Description	Year ended 31.03.2022	Year ended 31.03.2021
I.	Cash Flow from Operating Activities :		
	Profit before Tax	12,227.65	10,207.31
	Adjustments for:		
	Loss on derecognition of Property, Plant and Equipment (net)	2.91	1.12
	Depreciation and Amortisation	13.20	11.17
	Interest expense on Zero Coupon Bonds and Commercial Papers	92.79	9.21
	Unrealised Foreign Exchange Translation Loss / (Gain)	1,343.15	293.25
	Net Change in Fair Value	(9.42)	518.95
	Impact of Effective Interest Rate on Loans	2.25	(19.90)
	Impairment on Financial Instruments	2,222.14	3,496.40
	Interest on Interest Subsidy Fund	1.13	1.41
	Provision for interest under Income Tax Act, 1961	1.91	2.19
	Excess Liabilities written back	(2.38)	-
	Provision for Retirement Benefits etc.	112.49	50.16
	Effective Interest Rate on Borrowings / Debt Securities / Subordinated Liabilities	5.98	82.28
	Interest on Income Tax Refund	-	(9.67)
	Gain on cessation of joint control in joint venture	(32.66)	-
	Interest accrued on investments	(22.00)	-
	Operating profit before Working Capital Changes:	15,959.14	14,643.88
	Increase / Decrease :		
	Loans (Net)	(2,936.88)	(29,814.52)
	Other Financial and Non-Financial Assets	(2,402.13)	(1,174.43)
	Derivative	(2,123.78)	(95.29)
	Other Financial & Non-Financial Liabilities and Provisions	488.52	1,302.95
	Cash Flow before Exceptional Items	8,984.87	(15,137.41)
	Exceptional Items	-	-
	Cash Flow from Operations Before Tax	8,984.87	(15,137.41)
	Income Tax paid	(2,246.45)	(2,671.39)
	Income Tax Refund	-	294.12
	Net Cash Inflow from Operating Activities	6,738.42	(17,514.68)
II.	Cash Flow From Investing Activities :		
	Proceeds from disposal of Property, Plant and Equipment	0.24	0.20
	Purchase of Property, Plant and Equipment	(23.30)	(17.73)
	Increase / (Decrease) in Other Investments	(7.47)	898.45
	Net Cash Inflow from Investing Activities	(30.53)	880.92
III.	Cash Flow From Financing Activities :		
	Raising of Bonds (including premium) (Net of Redemptions)	(12,600.78)	13,733.45
	Raising of Long Term Loans (Net of Repayments)	4,663.50	4,000.00
	Raising of Foreign Currency Loans (Net of Repayments)	5,229.95	2,648.62
	Raising of Commercial paper (Net of Repayments)	(3,120.00)	3,120.00
	Raising of Working Capital Demand Loan / OD / CC / Line of Credit (Net of Repayments)	(454.45)	(1,355.32)
	Unclaimed Bonds (Net)	(58.28)	133.76
	Unclaimed Dividend (Net)	1.56	0.42
	Payment of Dividend	(3,366.10)	(2,112.07)
	Net Cash Inflow from Financing Activities	(9,704.60)	20,168.86
	Net Increase / Decrease in Cash and Cash Equivalents	(2,996.71)	3,535.10
	Add : Cash and Cash Equivalents at beginning of the financial year	3,717.62	182.52
	Cash and Cash Equivalents at the end of the period	720.91	3,717.62

Standalone Statement of Cash Flows

for the Year ended March 31, 2022

(₹ in crore)			
Sr. No.	Description	Year ended 31.03.2022	Year ended 31.03.2021
	Details of Cash and Cash Equivalents at the end of the period:		
i)	Balances with Banks (of the nature of cash and cash equivalents)		
	In current accounts	17.64	699.48
	In Term Deposit Accounts (original maturity up to 3 months)	703.27	3,018.14
ii)	Cheques, Drafts on hand including postage and Imprest	-	-
	Total Cash and Cash Equivalents at the end of the period	720.91	3,717.62

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 cash outflow of an amount of ₹ 120.46 crore (Previous year ₹ 262 crore) towards Corporate Social Responsibility. (Refer Note 35)

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
	Opening Balance as at 01.04.2020	1,87,402.52	57,098.98	47,700.79	0.00	2,038.36	9,211.50
	Cash Flow During the Year	13,733.45	4,000.00	2,648.62	3,120.00	(1,355.32)	(0.00)
	Non-Cash Changes due to:						
	Amortisation of discount / interest on Zero Coupon Bond / Financial Charges on Commercial Paper	48.98	-	-	(39.77)	-	-
	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
	Cash Flow During the Year	(12,600.78)	4,663.50	5,229.95	(3,120.00)	(454.45)	0.00
	Non-Cash Changes due to:						
	Amortisation of discount on Zero Coupon Bonds & Financial Charges on Commercial Papers	53.02	-	-	39.77	-	-
	Variation in Exchange Rates	-	-	1,222.62	-	-	-
	Closing Balance as at 31.03.2022	1,88,637.19	65,762.48	56,288.37	0.00	228.59	9,211.50

*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 DIN: 00278074
Signed in terms of our report of even date attached		
For Dass Gupta & Associates Chartered Accountants Firm's Registration No. 000112N	For Prem Gupta & Company Chartered Accountants Firm's Registration No. 000425N	
Sd/- CA Naresh Kumar Partner Membership No. 082069	Sd/- CA Prem Behari Gupta Partner Membership No. 080245	
Place: New Delhi Dated: 25.05.2022		

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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). The Company has been conferred with 'Maharatna' Status by the Govt. of India during the FY 2021-22.

Equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited. Further, various debt securities of the Company are also listed on the Stock Exchanges.

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 (NBFCs). The Standalone Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows'.

3. These Standalone Financial Statements have been approved for issue by Board of Directors (BoD) of the Company on 25.05.2022.

4. Standards/Amendments issued but not yet effective

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2022 on 23.03.2022, whereby amendments to various Indian Accounting Standards has been made applicable w.e.f. from 01.04.2022.

The Company has evaluated the amendments made vide the aforesaid notification dated 23.03.2022 and there will be no impact of the same on the Financial Statements as and when these are made applicable.

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 as applicable 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

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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 hedging instruments which meets the qualifying criteria for hedge accounting are designated as 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 change in intrinsic value of hedging instruments is recognised in 'Effective Portion of Cash Flow Hedges'. The amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss. Further, the change in fair value of the time value of a hedging instruments is recognised in 'Cost of Hedging Reserve'. The amounts recognised in such reserve are amortised to the Statement of Profit and Loss on a systematic basis. The gain or loss relating to ineffective portion is recognised immediately in Statement of Profit and Loss.

(v) Hedge accounting is discontinued when the hedging instrument expires, or terminated, or exercised, or when it no longer qualifies for hedge accounting.

(vi) 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

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

- The contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

All fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in Reserve.

- c) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

A financial asset is measured at FVTPL unless it is measured at amortised cost or FVTOCI, with all changes in fair value recognised in Statement of Profit and Loss.

Business Model

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective of generating cash flows. The Company's business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company is in the business of lending loans across power sector value chain and such loans are managed to realise the contractual cash flows over the tenure of the loan. Further, other financial assets may also be held by the Company to collect the contractual cash flows.

- (ii) Classification, 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

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'. 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" and as a cumulative deduction from gross carrying amount in the Balance Sheet, wherever applicable.

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.

- a) 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.

- b) Impairment of financial assets, other than loan assets:

ECL on financial assets, other than loan assets, is measured at an amount equal to life time expected losses.

- (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. The renegotiation or modification of the contractual cash flows of a financial asset can also lead to derecognition of the existing financial asset.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received & receivable, and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated in Equity, is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

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 date on which the asset is available for use/ disposed.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

- (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 ₹ 5000/- each are fully depreciated, in the year of purchase.

5.7 Intangible Assets and Amortisation

- (i) Intangible assets with finite useful lives that are acquired separately are recognised at cost. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use. Subsequent measurement is done at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives.
- (ii) Expenditure incurred which are eligible for capitalisation under intangible assets is carried as Intangible Assets under Development till they are ready for their intended use.
- (iii) Estimated useful life of intangible assets with finite useful lives has been estimated by the Company as 5 years.
- (iv) An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and 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 Offsetting of Financial Assets and Financial Liabilities

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when currently there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

5.10 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 (FVTPL), is recognised on accrual basis in accordance with the terms of the respective contract and disclosed separately under the head 'Interest Income'
- (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 netted 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

- (v) Dividend income from investments including those measured at FVTPL, is recognised in Statement of Profit and Loss under the head 'Dividend Income' when the Company's right to receive dividend is established and the amount of dividend can be measured reliably.

- (vi) Interest expense on financial liabilities 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 in the Statement of Profit and Loss.

5.11 Expenditure on issue of shares

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

5.12 Employee Benefits

(i) Defined Contribution Plan

Company's contribution paid/payable during the reporting period towards provident fund and pension are charged in the Statement of Profit and Loss when employees have rendered service entitling them to the contributions.

(ii) Defined Benefit Plan

The Company's obligation towards gratuity to employees and post-retirement benefits such as medical benefit, economic rehabilitation benefit, and settlement allowance after retirement are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Actuarial gain/loss on re-measurement of gratuity and other post-employment defined benefit plans 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.

5.13 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 earlier 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,

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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.

5.14 Leases

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.

The Company at inception of a lease contract recognises 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 for the principal portion are classified as Cash flow used in financing activities and lease payments for the interest portion are classified as Cash flow used in operating 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 recognised on a straight-line basis over the term of the relevant lease.

Amount due from lessee under finance leases is recognised as receivable at an amount equal to the net investment of the Company in the lease. Finance income on the lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of lease at the reporting date.

5.15 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

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for the year ended March 31, 2022

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.

5.16 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 recognise 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.

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.

5.17 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.

5.18 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.

5.19 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 that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures. 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 withdrawn. Hence, the Company does not create deferred tax liability on the said reserve.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(ii) Non-recognition of income on Credit Impaired loan assets

As a matter of prudence, income on credit impaired loan assets 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 loan assets

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 Ltd. During the current financial year, amendments in the JV agreement were made vide Supplementary Agreement dated 01.09.2021, where by the substantive participative rights and privileges previously enjoyed by all the joint venture partners, through their right to affirmative vote on certain reserved matters stands withdrawn. Therefore, in absence of any joint control, EESL ceases to be a Joint Venture Company.

Further, as on 31.03.2022, the Company along with its subsidiary RECL is holding 33.33 % stake in equity share capital of EESL. However, in the absence of any practical ability to direct the relevant activities as per the requirements of Ind AS 28 'Investment in Associates and Joint Ventures', the Company does not have any significant influence and EESL has not been considered as an associate company.

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.

(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.

(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, 2022

7. Cash and Cash Equivalents

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Balances with Banks (of the nature of cash and cash equivalents)		
-	In Current Accounts	17.64	699.48
-	In Term Deposit Accounts (original maturity up to 3 months)	703.27	3,018.14
(ii)	Cheques, Drafts on hand including Postage and Imprest	0.00	0.00
	Total Cash and Cash Equivalents	720.91	3,717.62

8. Bank Balance other than included in Cash and Cash Equivalents

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Earmarked Balances with Banks for		
-	Term Deposits Accounts – LAD (Refer note 8.1)	245.84	683.32
-	Term Deposits Accounts – HQLA (Refer note 8.2)	2,398.99	-
-	Unpaid Dividend	5.46	3.90
-	Unpaid - Bonds/Interest on Bonds etc.	91.19	146.36
-	Amount received under GOI schemes	498.83	211.00
	Total Bank Balance other than included in Cash and Cash Equivalents	3,240.31	1,044.58

8.1 The Company has availed Loan against these Term Deposits (LAD) and is presented in Note 18 'Borrowings (other than Debt Securities)'.

8.2 Refer Note 55.6 for disclosure regarding High Quality Liquid Assets (HQLA).

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 31.03.2022			As at 31.03.2021		
		Notional Amount	Fair value Assets	Fair value Liabilities	Notional Amount	Fair value Assets	Fair value Liabilities
(i)	Currency Derivatives						
-	Spot and Forwards	-	-	-	2,417.38	5.33	40.53
-	Currency Swaps	12,129.14	1,111.15	-	11,760.75	936.99	-
-	Options	18,762.25	1,523.81	21.55	7,717.99	-	51.92
	Total Currency Derivatives	30,891.39	2,634.96	21.55	21,896.12	942.32	92.45
(ii)	Interest Rate Derivatives						
-	Forward Rate Agreements and Interest Rate Swaps	17,931.98	445.60	81.70	18,585.59	309.13	401.59
	Total Interest Rate Derivatives	17,931.98	445.60	81.70	18,585.59	309.13	401.59
	Total Derivative Financial Instruments (i+ii)	48,823.37	3,080.56	103.25	40,481.71	1,251.45	494.04

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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 31.03.2022			As at 31.03.2021		
		Notional Amount	Fair value Assets	Fair value Liabilities	Notional Amount	Fair value Assets	Fair value Liabilities
(i)	Cash Flow Hedging (Designated)						
-	Currency Derivatives	24,826.83	1,801.42	21.55	13,689.45	198.77	51.92
-	Interest Rate Derivatives	8,717.82	198.86	39.15	8,453.04	4.10	178.32
	Total Cash Flow Hedging (Designated)	33,544.65	2,000.28	60.70	22,142.49	202.87	230.24
(ii)	Undesignated Derivatives	15,278.72	1,080.28	42.55	18,339.22	1,048.58	263.80
	Total Undesignated Derivatives	15,278.72	1,080.28	42.55	18,339.22	1,048.58	263.80
	Total Derivative Financial Instruments (i+ii)	48,823.37	3,080.56	103.25	40,481.71	1,251.45	494.04

9.1 Details of Forward Rate Agreements/Interest Rate Swaps:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Notional principal of swap agreements	17,931.98	18,585.59
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	445.60	309.13
(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)	363.90	(92.46)

^(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 limits defined in the Board approved "Policy for Management of Risks on Foreign Currency Borrowings".

9.2 Details of nature and terms of Forward Rate Agreements/Interest Rate Swaps

Benchmark	As at 31.03.2022	As at 31.03.2021	Terms
	Notional principal (₹ in crore)		
INBMK	3,149.60	3,149.60	Fixed Receivable V/s Floating Payable
USD LIBOR	14,782.38	15,435.99	Fixed Payable V/s Floating Receivable
Total	17,931.98	18,585.59	

9.3 The Company does not hold any exchange traded derivatives as at 31.03.2022 (as at 31.03.2021 Nil).

9.4 Quantitative Disclosures on Risk Exposure in Derivatives:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022		As at 31.03.2021	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	For hedging ^(b) & ^(c)	30,891.39	17,931.98 ^(a)	21,896.12	18,585.59 ^(a)
(ii)	Marked to Market Positions (MTM)				
	a) Asset (+MTM) ^(c)	2,634.96	445.60	942.32	309.13
	b) Liability (-MTM)	21.55	81.70	92.45	401.59
(iii)	Credit Exposure	5,087.22	585.16	2,938.49	489.54
(iv)	Unhedged Exposures ^(b)	25,396.98	2,319.39	29,254.48	3,444.15

^(a) Interest rate derivatives include derivatives on rupee liabilities of ₹ 3,149.60 crore as at 31.03.2022 (As at 31.03.2021 ₹ 3,149.60 crore).

^(b) Includes partly hedged liability of Nil (As at 31.03.2021 JPY loan liability partly hedged through forward rate contract entered for one leg (USD/INR) for ₹ 940.86 crore).

^(c) Includes MTM on currency derivatives against interest payments of Nil (As at 31.03.2021, positive MTM of ₹ 0.56 crore on currency derivatives of USD 51 million equivalent to INR ₹ 373.95 crore).

Notes to the Standalone Financial Statements

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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'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(A)	Loans to Borrowers*		
(i)	Rupee Term Loans (RTLs)	3,69,272.18	3,60,970.56
(ii)	Buyer's Line of Credit	2,495.83	2,185.02
(iii)	Working Capital Loans	597.73	6,662.81
(iv)	Others	768.87	952.60
(v)	Principal Outstanding (i to iv)	3,73,134.61	3,70,770.99
(vi)	Interest accrued but not due on Loans	4,509.31	5,242.46
(vii)	Interest accrued & due on Loans	646.93	736.65
(viii)	Unamortised Fee on Loans	(89.81)	(84.58)
	Gross Carrying Amount (v to viii)*	3,78,201.04	3,76,665.52
	Less: Impairment loss allowance	(17,271.30)	(16,540.75)
	Net Carrying Amount*	3,60,929.74	3,60,124.77
(B)	Security-wise classification		
(i)	Secured by Tangible Assets	1,90,400.05	1,95,117.87
(ii)	Secured by Intangible Assets	-	-
(iii)	Covered by Bank/Government Guarantees	1,42,783.25	1,14,251.00
(iv)	Unsecured	45,017.74	67,296.65
	Gross Security-wise classification	3,78,201.04	3,76,665.52
	Less: Impairment loss allowance	(17,271.30)	(16,540.75)
	Net Security-wise classification	3,60,929.74	3,60,124.77
(C) I	Loans in India		
(i)	Public Sector	3,18,825.66	3,16,893.92
(ii)	Private Sector	59,375.38	59,771.60
	Gross Carrying Amount of Loans in India	3,78,201.04	3,76,665.52
	Less: Impairment loss allowance	(17,271.30)	(16,540.75)
	Net Carrying amount of Loans in India	3,60,929.74	3,60,124.77
(C) II	Loans Outside India		
	Less: Impairment loss allowance	-	-
	Net Carrying Amount of Loans Outside India	-	-
	Net Carrying Amount of Loans in India and Outside India	3,60,929.74	3,60,124.77

*For details of Loans pledged as security refer Note 17.11, 17.12, 17.13 and 18.13.

10.1. During the year, the Company has sent letters to borrowers seeking confirmation of balances as at 31.03.2022 except where loans have been recalled or pending before court/NCLT.

Confirmations for 98.03% of the said balances have been received. Out of the remaining loans amounting to ₹ 7,076.02 crore for which balance confirmations have not been received, 62.74% loans are secured by tangible securities, 29.95% by way of Government Guarantee/ Loans to Government and 7.31% are unsecured loans.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

10.2 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	Remarks
FY 2021-22						
1	Krishna Godavari Power Utilities Ltd.	Restructuring with change in ownership through NCLT	76.63	76.63	64.23	Loan stands settled as at 31.03.2022.
2	GVK Ratle Hydro Electric Project Pvt. Ltd.	One time settlement	1,116.65	851.93	462.65	Loan amount representing arbitration award of ₹ 304 crore with 100% impairment provisioning is appearing in books as at 31.03.2022.
3	Essar Power MP Ltd.	Restructuring with change in ownership through NCLT	1,344.55	731.27	730.77	Sustainable loan amounting to ₹ 466.48 crore is continuing in books as at 31.03.2022.
4	Astonfield Solar (Gujarat) Pvt. Ltd.	Restructuring with change in ownership through NCLT	25.85	23.47	15.78	Sustainable loan amounting to ₹ 4.11 crore is continuing in books as at 31.03.2022.
5	RS India Wind Energy Private Limited	One time settlement	223.77	134.48	122.70	Loan stands settled as at 31.03.2022.
	Total		2,787.45	1,817.78	1,396.13	

FY 2020-21

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 were obtained under 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 were obtained under 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 were obtained under restructuring.
4	Ratnagiri Gas & Power Pvt. Ltd.	Composite Resolution Plan including One time settlement	207.05	66.59	66.59	Loan Account stands settled as at 31.03.2021.
5	Jal Power Corporation Ltd.	One time settlement	386.23	287.99	286.39	Loan Account stands settled as at 31.03.2021.
	Total		7,051.34	3,017.25	2,860.60	

10.3 In addition to the above, the Company has also approved settlement proposal with a borrower Narasimhaswamy Solar Generations Private Limited having loan outstanding amounting to ₹ 13.66 crore. The Company has provided time till 31.05.2022 to make payment of the total loan amount.

10.4 The Company has not advanced or loaned or invested any funds which are material either individually or in the aggregate (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

The Company has not received any fund which are material either individually or in the aggregate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

10.5 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, 2022

11 Investments

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022					Total (1)+(4)+(5)
		Amortised Cost (1)	Designated at FVTOCI (2)	FVTPL (3)	Sub-Total (4)=(2)+(3)	Others* (5)	
(A) Investments							
(i) Government Securities		98.69	-	-	-	-	98.69
(ii) Equity Instruments							
- Subsidiaries		-	-	-	-	14,500.65	14,500.65
- Joint Venture		-	-	-	-	-	-
- Associates		-	-	-	-	0.75	0.75
- Others		-	1,191.35	125.79	1,317.14	-	1,317.14
(iii) Preference Shares		84.47	-	-	-	-	84.47
(iv) Debentures		-	-	155.72	155.72	-	155.72
(v) Others		-	-	-	-	-	-
Total Investments		183.16	1,191.35	281.51	1,472.86	14,501.40	16,157.42
(B) Geography wise investment							
(i) Investments Outside India		-	-	-	-	-	-
(ii) Investments in India		183.16	1,191.35	281.51	1,472.86	14,501.40	16,157.42
Gross Geography wise investment		183.16	1,191.35	281.51	1,472.86	14,501.40	16,157.42
Less: Impairment loss allowance		(72.95)	-	-	-	(0.20)	(73.15)
Net Geography wise investment		110.21	1,191.35	281.51	1,472.86	14,501.20	16,084.27

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021					Total (1)+(4)+(5)
		Amortised Cost (1)	Designated at FVTOCI (2)	FVTPL (3)	Sub-Total (4)=(2)+(3)	Others* (5)	
(A) Investments							
(i) Government 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

* Others includes Investment in Subsidiaries, Associates and Joint Venture Company 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, 2022

Details of Investments

(₹ in crore)

Sr. No.	Particulars	Measured at	As at 31.03.2022			As at 31.03.2021		
			Number	Face Value (₹)	Amount	Number	Face Value (₹)	Amount
(i) Government Securities	Amortised Cost		1,00,00,000	100	98.69	-	-	-
(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
Joint Venture								
- Energy Efficiency Services Limited - Unquoted (Refer Note 11.3)	Cost		-	-	-	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	98.70	1,20,00,000	10	93.30
- Coal India Limited - Quoted	Designated - FVTOCI		1,39,64,530	10	255.62	1,39,64,530	10	182.03
- NHPC Limited - Quoted (Refer Note 11.4)	Designated - FVTOCI		18,62,86,983	10	517.88	21,44,73,240	10	524.39
- Power Exchange India Limited - Unquoted*	Designated - FVTOCI		32,20,000	10	-	32,20,000	10	-
- Suzlon Energy Limited - Quoted	Designated - FVTOCI		8,46,15,798	2	77.42	8,46,15,798	2	42.31
- Energy Efficiency Services Limited - Unquoted (Refer Note 11.3)	Designated - FVTOCI		24,55,00,000	10	241.73	-	-	-
- RattanIndia Power Limited - Quoted	FVTPL		23,51,27,715	10	125.79	23,51,27,715	10	59.96
- RKM PowerGen Pvt. Ltd - Unquoted	FVTPL		40,39,15,920	10	0.00	40,39,15,920	10	0.00
(iii) Preference Shares - Unquoted								
- Raipur Energen Limited - RPS	Amortised Cost		59,82,371	100	11.52	59,82,371	100	10.35
- RattanIndia Power Limited - RPS	Amortised Cost		7,29,49,786	10	72.95	7,29,49,786	10	66.64
- RattanIndia Power Limited - OCCRPS	FVTPL		10,99,93,397	10	-	10,99,93,397	10	96.19
- Suzlon Global Services Limited -CCPS	FVTPL		38,161	1,00,000	-	38,161	1,00,000	-
(iv) Debentures - Unquoted								
- Essar Power Transmission Company Ltd. - Series 1 - OCD	FVTPL		9,00,92,774	10	37.80	9,00,92,774	10	40.88
- Essar Power Transmission Company Ltd. - Series 2 - OCD	FVTPL		3,62,88,085	10	15.23	3,62,88,085	10	16.47
- Essar Power Transmission Company Ltd. - Series 3 - OCD	FVTPL		68,79,504	10	0.00	68,79,504	10	0.00
- Suzlon Energy Limited - OCD	FVTPL		34,791	1,00,000	102.69	34,791	1,00,000	94.28
- RKM Powergen Pvt. Ltd. - Series A - OCD	FVTPL		41,93,96,250	100	0.00	41,93,96,250	100	0.00
- RKM Powergen Pvt. Ltd. - Series B - OCD	FVTPL		1,34,71,484	100	0.00	1,34,71,484	100	0.00
- RKM Powergen Pvt. Ltd. - Series AI - OCD	FVTPL		2,32,72,410	100	0.00	2,32,72,410	100	0.00
(v) Others								
- Units of "Small is Beautiful" Fund - Unquoted (Refer Note 11.4)	Designated - FVTOCI		-	-	-	61,52,200	10	-
Total Investments					16,157.42			15,973.70
Less: Impairment Loss Allowance					(73.15)			(0.20)
Net Investments					16,084.27			15,973.50

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.

* Investment held in physical form

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

11.1 Movement of impairment loss allowance on investments

Particulars	(₹ in crore)	
	FY 2021-22	FY 2020-21
Opening Balance	0.20	0.25
Add: Impairment loss allowance recognised during the year	72.95*	-
Less: Reversal of excess impairment loss allowance during the year	-	0.05
Closing Balance	73.15	0.20

* Impairment loss allowance on Redeemable preference shares of Rattan India Power Ltd.

11.2 Details of Investment in Subsidiaries, Joint Venture and Associates:

Sr. No.	Name of investee company	Principal place of business/Country of incorporation	Proportion of ownership interest as at	
			31.03.2022	31.03.2021
A.	Subsidiaries:			
(i)	REC Limited	India	52.63%	52.63%
(ii)	PFC Consulting Ltd.	India	100%	100%
B.	Joint Venture:			
(i)	Energy Efficiency Services Ltd. (Ceases to be JV w.e.f. 01.09.2021, for further details refer note 11.3)	India	17.65%	24.97%
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)	Cheyur Infra Limited	India	100%	100%
(xi)	Odisha Infrapower Limited	India	100%	100%
(xii)	Deoghar Infra Limited	India	100%	100%
(xiii)	Bihar Infrapower Limited	India	100%	100%
(xiv)	Bihar Mega Power Limited	India	100%	100%
(xv)	Jharkhand Infrapower Limited	India	100%	100%

*Investment in each associate is ₹ 0.05 crore as at 31.03.2022 and 31.03.2021. These associates are companies incorporated as SPVs under mandate from Gol 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.

11.3 During the current year ended 31.03.2022, pursuant to Board of Directors Resolution dated 30.08.2021, amendment in JV agreement was made in respect of Energy Efficiency Services Limited (EESL) amongst all the JV partners i.e. NTPC Limited, Power Finance Corporation Limited, REC Limited and Power Grid Corporation of India Limited vide Supplementary Agreement dated 01.09.2021. Due to this amendment, EESL ceases to be a jointly controlled entity under Ind AS framework for the Company w.e.f. 01.09.2021 and accordingly investments in EESL has been classified as FVTOCI.

11.4 At initial recognition, the Company made an irrevocable election to present subsequent changes in the fair value of certain equity instruments in other comprehensive income. The Company's main operation is to provide financial assistance to power sector. Thus, in order to insulate Standalone Statement of Profit and Loss from price fluctuations of these instruments, the Management believes that FVTOCI classification provides a more meaningful presentation, rather than classifying them at FVTPL.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Details of FVTOCI instruments derecognised during the year:

(₹ in crore)			
Details of investment	No. of shares/units derecognised	Fair Value as on date of derecognition	Cumulative gain/(loss) on derecognition
FY 2021-22			
NHPC Limited ^(a)	2,81,86,257	79.82	18.42
'Small is Beautiful' Fund ^(b)	61,52,200	0.95	(5.20)
Total			13.22
FY 2020-21			
NHPC Limited ^(a)	2,00,00,000	50.54	6.98
Total			6.98

(a) 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 has been presented above on aggregate basis.

(b) Pursuant to the completion of liquidation proceedings of 'Small is Beautiful' Fund; 61,52,200 units of the 'Small is Beautiful' Fund held by the Company have been derecognised from the books.

Subsequent to derecognition 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.

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'.

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2022	As at 31.03.2021
(i)	Recoverable on account of Government of India Serviced Bonds	5,038.21	5,038.21
(ii)	Advances to Subsidiaries and Associates	185.73	169.09
(iii)	Advances to Employees	0.97	0.51
(iv)	Loans to Employees	110.65	99.29
(v)	Others	71.90	52.13
(vi)	Less: Impairment loss allowance on Others	(24.79)	(22.46)
	Total Other Financial Assets	5,382.67	5,336.77

12.1 Detail of Loans & Advances to KMPs (Included in Note 12 (iii) & (iv) above):

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2022	As at 31.03.2021
(i)	Loans & Advances to KMPs (including interest accrued)	0.48	0.57

12.2 Movement of Impairment on Other Financial Assets

Sr. No.	Particulars	(₹ in crore)	
		FY 2021-22	FY 2020-21
(i)	Opening Balance	22.46	20.41
(ii)	Add: Creation during the year	4.01	4.92
(iii)	Less: Reversal during the year	(1.68)	(2.87)
(iv)	Closing Balance	24.79	22.46

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

13. Current Tax Assets/Liabilities (Net)

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Advance income tax and TDS net of Provision	197.20	197.20
(ii)	Tax deposited on income tax demands under contest	76.45	63.44
	Current Tax Assets (Net)	273.65	260.64
(i)	Provision for income tax net of Advance Tax	194.92	43.24
	Current Tax Liabilities (Net)	194.92	43.24

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 01.04.2020	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
Additions/Adjustments	-	-	7.95	10.28	4.97	0.10	23.30	-
Deductions/Adjustments	-	-	2.40	7.33	3.51	0.09	13.33	-
Closing Balance as at 31.03.2022	3.38	24.92	28.03	28.93	18.61	0.13	104.00	10.38
Accumulated Depreciation/ Amortisation								
Opening Balance as at 01.04.2020	-	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
For the period	-	0.53	5.47	4.86	1.74	0.04	12.64	0.11
On Assets Sold/Written off from books	-	-	1.91	6.14	2.04	0.09	10.18	-
Closing Balance as at 31.03.2022	-	13.57	18.17	17.10	10.39	0.05	59.28	10.25
Net Carrying Amount								
As at 31.03.2021	3.38	11.88	7.87	7.60	6.46	0.02	37.21	0.24
As at 31.03.2022	3.38	11.35	9.86	11.83	8.22	0.08	44.72	0.13

14.1 The estimated useful life 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
Residual value as a % of original Cost	5%	5%	5%	5%	5%	5%	5%

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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 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:

Particulars	As at 31.03.2022	As at 31.03.2021
Gross Carrying Value	4.12	4.12
Net Carrying Value	3.43	3.45

For details of borrowings against which above assets are pledged as security refer note 17.11 and 17.12.

14.5 Title deeds of immovable properties (Freehold land) are held in the name of the Company.

14.6 There has been no revaluation of PPE and Intangible assets during the year.

15. Right-of-use Assets

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Opening Balance of Leasehold Land	35.30	35.75
(ii)	Additions	-	-
(iii)	Less: Depreciation*	(0.45)	(0.45)
	Closing Balance of Leasehold Land	34.85	35.30

*As required by Ind AS 116 'Leases' Depreciation expense on Right-of-Use assets is included under Depreciation, Amortisation and Impairment line item in the Standalone Statement of Profit and Loss.

16. Other Non-Financial Assets

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Prepaid Expenses	4.21	5.50
(ii)	Deferred Employee Costs	47.52	47.41
(iii)	Excess Spent – CSR Expenses	-	39.39
(iv)	Advance towards Capital assets	330.99	150.13
(v)	Others	83.66	62.80
	Total Other Non-Financial Assets	466.38	305.23

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)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Bonds/Debenture		
-	Infrastructure Bonds (Refer Note 17.5)	38.51	119.56
-	Tax Free Bonds (Refer Note 17.6)	8,983.03	12,275.11
-	54EC Capital Gain Tax Exemption Bonds (Refer Note 17.7)	3,998.82	2,564.18
-	Taxable Bonds (Refer Note 17.8)	1,75,616.83	1,86,226.10
-	Foreign Currency Notes (Refer Note 17.9)	34,378.78	30,871.97
(ii)	Commercial Paper (Refer Note 17.10)	-	3,080.23
(iii)	Total Principal Outstanding of Debt Securities (i + ii)	2,23,015.97	2,35,137.15
(iv)	Interest accrued but not due on (iii) above	7,290.90	7,867.39
(v)	Unamortised Transaction Cost on (iii) above	(149.92)	(193.00)
	Total Debt Securities (iii to v)	2,30,156.95	2,42,811.54

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
	Geography wise Debt Securities		
(i)	Debt Securities in India	1,95,581.80	2,11,821.46
(ii)	Debt Securities outside India	34,575.15	30,990.08
	Total Geography wise Debt Securities	2,30,156.95	2,42,811.54

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 The amounts raised during the period have been utilised for the stated objects in the offer document/Information memorandum/facility agreement other than temporary deployment pending application of proceeds.

17.3 All the secured listed non-convertible debentures of the Company are fully secured by way of mortgage on specified immovable properties and/or charge on receivables of the Company. Further, the Company has maintained security cover of 1.01 times as per the terms of offer document/information memorandum sufficient to discharge the principal and interest thereon at all times for these non-convertible debt securities issued.

17.4 Wherever required, the Company has registered the charges with RoC within the statutory timelines.

17.5 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
			31.03.2022	31.03.2021			
1	Infrastructure Bonds (2011-12) - Series I	8.50%	-	21.85	-		
2	Infrastructure Bonds (2011-12) - Series II	8.50%	-	36.35			
3	Infrastructure Bonds Private Placement	8.43%	-	7.39		17.11	Repaid in FY 2021-22
4	Infrastructure Bonds Private Placement	8.43%	-	15.47			
5	Infrastructure Bonds (2010-11) - Series III	8.50%	5.27	5.27	31.03.2026		Redeemable at par on a date falling Fifteen years from the date of allotment
6	Infrastructure Bonds (2010-11) - Series IV	8.50%	19.33	19.33	31.03.2026	17.12	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
7	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
8	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
9	Infrastructure Bonds 86 C - Series	8.72%	0.87	0.87	30.03.2027	17.11	Redeemable at par on a date falling Fifteen years from the date of allotment
10	Infrastructure Bonds 86 D - Series	8.72%	2.40	2.40	30.03.2027		Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
	Total		38.51	119.56			

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

17.6 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
			31.03.2022	31.03.2021			
1	Tax Free Bonds Series 79A	7.51%	-	205.23			
2	Tax Free Bond Series 80A	8.09%	-	334.31			
3	Tax Free Bonds (2011-12) Public Issue	8.20%	-	2,752.55			Repaid in FY 2021-22
4	Tax Free Bond Series 94A	7.21%	255.00	255.00	22.11.2022		
5	Tax Free Bonds Series 95A	7.22%	30.00	30.00	29.11.2022		
6	Tax Free Bonds (2012-13) Tranch I Series 1	7.69%	140.23	145.66	04.01.2023		
7	Tax Free Bonds (2012-13) Tranch I Series 1	7.19%	202.52	197.09	04.01.2023		
8	Tax Free Bonds (2012-13) Tranch II	7.38%	41.43	43.25	28.03.2023		
9	Tax Free Bonds (2012-13) Tranch II	6.88%	54.72	52.90	28.03.2023		
10	Tax Free Bonds Series 107A	8.01%	113.00	113.00	30.08.2023		
11	Tax Free Bonds Series IB	8.43%	335.47	335.47	16.11.2023		
12	Tax Free Bonds Series 1A	8.18%	325.07	325.07	16.11.2023		
13	Tax Free Bonds Series 136	7.16%	300.00	300.00	17.07.2025		
14	Tax Free Bonds (2015-16) Series 1B	7.36%	79.35	79.35	17.10.2025		
15	Tax Free Bonds (2015-16) Series 1A	7.11%	75.09	75.09	17.10.2025		
16	Tax Free Bond Series 79-B	7.75%	217.99	217.99	15.10.2026		
17	Tax Free Bond Series 80-B	8.16%	209.34	209.34	25.11.2026		
18	Tax Free Bonds (2011-12) Public Issue	8.30%	1,280.58	1,280.58	01.02.2027		
19	Tax Fee Bond Series 94B	7.38%	25.00	25.00	22.11.2027		
20	Tax Free Bonds Series 95B	7.38%	100.00	100.00	29.11.2027	17.13	Redeemable at par on maturity
21	Tax Free Bonds (2012-13) Tranch-I Series 2	7.86%	185.78	194.28	04.01.2028		
22	Tax Free Bonds (2012-13) Tranch-I Series 2	7.36%	171.22	162.72	04.01.2028		
23	Tax Free Bonds (2012-13) Tranch II	7.54%	56.97	58.96	28.03.2028		
24	Tax Free Bonds (2012-13) Tranch II	7.04%	12.24	10.25	28.03.2028		
25	Tax Free Bonds Series 107-B	8.46%	1,011.10	1,011.10	30.08.2028		
26	Tax Free Bonds Series 2-B	8.79%	353.32	353.32	16.11.2028		
27	Tax Free Bonds Series 2-A	8.54%	932.70	932.70	16.11.2028		
28	Tax Free Bonds (2015-16) Series 2-B	7.52%	45.18	45.18	17.10.2030		
29	Tax Free Bonds (2015-16) Series 2-A	7.27%	131.33	131.33	17.10.2030		
30	Tax Free Bonds Series 3-B	8.92%	861.96	861.96	16.11.2033		
31	Tax Free Bonds Series 3-A	8.67%	1,067.38	1,067.38	16.11.2033		
32	Tax Free Bonds (2015-16) Series 3-B	7.60%	155.48	155.48	17.10.2035		
33	Tax Free Bonds (2015-16) Series 3-A	7.35%	213.58	213.57	17.10.2035		
	Total		8,983.03	12,275.11			

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17.7 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
			31.03.2022	31.03.2021		
1	Series II (FY 2018-19)	5.75%	491.95	491.95		Redeemable at par during FY 2023-24
2	Series III (FY 2019-20)	5.75%	1,134.44	1,134.44		Redeemable at par during FY 2024-25
3	Series IV (FY 2020-21)	5.75%	252.38	252.38	17.13	Redeemable at par during FY 2025-26
4	Series IV (FY 2020-21)	5.00%	685.41	685.41		Redeemable at par during FY 2025-26
5	Series V (FY 2021-22)	5.00%	1,434.64	-		Redeemable at par during FY 2026-27
Total			3,998.82	2,564.18		

17.8 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
			31.03.2022	31.03.2021			
1	Series 173-B	7.73%	-	1,325.00			
2	Series 175	7.75%	-	600.00			
3	Series 73	9.18%	-	1,000.00			
4	Series 146	8.05%	-	300.00			
5	Series 28	8.85%	-	600.00			
6	Series 74	9.70%	-	1,693.20			
7	Series 75-C	9.61%	-	2,084.70			
8	Series 115 III	9.20%	-	700.00			
9	Series - 76-A	9.36%	-	2,589.40			Repaid in FY 2021-22
10	Series 150-A	7.50%	-	2,660.00			
11	Series 151-A	7.47%	-	2,260.00			
12	Series 153	7.40%	-	1,830.00			
13	Series 123 C	8.66%	-	200.00			
14	Series 124 B	8.55%	-	1,200.00			
15	Series 154	7.27%	-	1,101.00			
16	Series 183	8.18%	-	3,751.20			
17	Series 88 C	9.48%	184.70	184.70	15.04.2022		
18	Series 187 A	8.20%	1,605.00	1,605.00	27.05.2022		
19	Series 168-A	7.28%	1,950.00	1,950.00	12.06.2022		
20	Series 169-A	7.10%	3,395.00	3,395.00	08.08.2022		
21	Series 181	8.45%	2,155.00	2,155.00	11.08.2022		
22	Series 191	7.35%	3,735.00	3,735.00	15.10.2022		
23	Series 170-A	7.35%	800.00	800.00	22.11.2022		
24	Series 176-B	7.99%	1,295.00	1,295.00	20.12.2022		
25	Zero Coupon Unsecured Taxable Bonds 2022-XIX Series	-	707.97	654.92	30.12.2022		Redeemable at par on maturity
26	Series 100 B	8.84%	1,310.00	1,310.00	04.03.2023		
27	Series 102 A (II)	8.90%	403.00	403.00	18.03.2023		
28	Series 194	7.04%	1,400.00	1,400.00	14.04.2023		
29	Series 85 D	9.26%	736.00	736.00	15.04.2023		
31	Series 198	6.98%	3,160.00	3,160.00	20.04.2023		
30	Series 199A	6.83%	1,970.00	1,970.00	24.04.2023		
32	Series 202A	6.75%	2,145.00	2,145.00	22.05.2023		
33	Series 203A	6.72%	2,206.00	2,206.00	11.06.2023		

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for the year ended March 31, 2022

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2022	31.03.2021			
34	Series 206	5.47%	3,000.00	3,000.00	19.08.2023		
35	Secured Public Issue (2020-21) tranche I Series I Category III-IV	4.80%	1.95	1.95	22.01.2024	17.13	
36	Series 188	8.10%	691.10	691.10	04.06.2024		
37	Series 211 (3M TB Link)	4.38%	1,985.00	-	02.08.2024		
38	Series 57- B	8.60%	866.50	866.50	07.08.2024		
39	Series 117 Option B	9.37%	855.00	855.00	19.08.2024		
40	Series 118 Option B II	9.39%	460.00	460.00	27.08.2024		
41	Series Option 120 B	8.98%	950.00	950.00	08.10.2024		
42	Series 120 Option A	8.98%	961.00	961.00	08.10.2024		
43	Series 192	7.42%	3,000.00	3,000.00	19.11.2024		
44	Series 124 C	8.48%	1,000.00	1,000.00	09.12.2024		
45	Series 61	8.50%	351.00	351.00	15.12.2024		
46	Series 125	8.65%	2,826.00	2,826.00	28.12.2024		
47	Series 126	8.65%	5,000.00	5,000.00	04.01.2025		
48	Series 62-B	8.80%	1,172.60	1,172.60	15.01.2025		
49	Series 128	8.20%	1,600.00	1,600.00	10.03.2025		
50	Series 63-III	8.90%	184.00	184.00	15.03.2025		
51	Series 131-C	8.41%	5,000.00	5,000.00	27.03.2025		
52	Series 64	8.95%	492.00	492.00	30.03.2025		
53	Series 204A	5.77%	900.00	900.00	11.04.2025		
54	Series 130-C	8.39%	925.00	925.00	19.04.2025		
55	Series 199B	7.16%	1,320.00	1,320.00	24.04.2025		Redeemable at par on maturity
56	Series 65 III	8.70%	1,337.50	1,337.50	14.05.2025		
57	Series 202B	7.17%	810.00	810.00	22.05.2025		
58	Series 66-B	8.75%	1,532.00	1,532.00	15.06.2025		
59	Series 210A - STRPP1	6.35%	405.60	-	30.06.2025		
60	Series 208	6.50%	2,806.00	2,806.00	17.09.2025		
61	Series 141-B	8.40%	1,000.00	1,000.00	18.09.2025		
62	Series 71	9.05%	192.70	192.70	15.12.2025		
63	Secured Public Issue (2020-21) Tranche I Series II Category I-II	5.65%	27.05	27.05	22.01.2026	17.13	
64	Secured Public Issue (2020-21) Tranche I Series II Category III-IV	5.80%	3.50	3.50	22.01.2026	17.13	
65	Series 147	8.03%	1,000.00	1,000.00	02.05.2026		
66	Series 210A - STRPP2	6.35%	540.80	-	30.06.2026		
67	Series - 76-B	9.46%	1,105.00	1,105.00	01.08.2026		
68	Series 150-B	7.63%	1,675.00	1,675.00	14.08.2026		
69	Series 212A	6.09%	2,450.00		27.08.2026		
70	Series - 77-B	9.45%	2,568.00	2,568.00	01.09.2026		
71	Series 151-B	7.56%	210.00	210.00	16.09.2026		
72	Series 152	7.55%	4,000.00	4,000.00	25.09.2026		
73	Series 155	7.23%	2,635.00	2,635.00	05.01.2027		
74	Series 168-B	7.44%	1,540.00	1,540.00	12.06.2027		
75	Series 210A - STRPP3	6.35%	405.60	-	30.06.2027		

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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
			31.03.2022	31.03.2021			
76	Series 169-B	7.30%	1,500.00	1,500.00	07.08.2027		
77	Series 170-B	7.65%	2,001.00	2,001.00	22.11.2027		
78	Series 171	7.62%	5,000.00	5,000.00	15.12.2027		
79	Series 172	7.74%	850.00	850.00	29.01.2028		
80	Series 101 B	9.00%	1,370.00	1,370.00	11.03.2028		
81	Series 102 A (III)	8.90%	403.00	403.00	18.03.2028		
82	Series 103	8.94%	2,807.00	2,807.00	25.03.2028		
83	Series 177	7.85%	3,855.00	3,855.00	03.04.2028		
84	Series 178	8.95%	3,000.00	3,000.00	10.10.2028		
85	Series 179-A	8.67%	1,007.40	1,007.40	19.11.2028		
86	Series 187 B	8.85%	1,982.10	1,982.10	27.05.2029		
87	Series 118 Option B III	9.39%	460.00	460.00	27.08.2029		
88	Series193	7.93%	4,710.50	4,710.50	31.12.2029		
89	Series 196R1	7.41%	1,500.00	1,500.00	25.02.2030		
90	Series 196	7.41%	2,500.00	2,500.00	25.02.2030		
91	Series 195	7.86%	1,100.00	1,100.00	12.04.2030		
92	Series 200	7.40%	2,920.00	2,920.00	08.05.2030		
93	Series 197	7.41%	5,000.00	5,000.00	15.05.2030		
94	Series 203B	7.75%	3,318.00	3,318.00	11.06.2030		
95	Series 66-C	8.85%	633.00	633.00	15.06.2030		
96	Series 201	7.68%	3,101.30	3,101.30	15.07.2030		
97	Series 202C	7.79%	1,936.00	1,936.00	22.07.2030		
98	Series 205A	7.05%	1,610.10	1,610.10	09.08.2030		
99	Series 71	9.05%	192.70	192.70	15.12.2030		Redeemable at par on maturity
100	Series 207R1	7.04%	2,549.10	2,549.10	16.12.2030		
101	Series 207	7.04%	1,097.40	1,097.40	16.12.2030		
102	Secured Public Issue (2020-21) Tranche I Series V Category III-IV	6.83% (10 YR GSEC Link)	1,250.73	1,250.73	22.01.2031		
103	Secured Public Issue (2020-21) Tranche I Series V Category I-II	6.58% (10 YR GSEC Link)	10.35	10.35	22.01.2031		
104	Secured Public Issue (2020-21) Tranche I Series IV Category III-IV	7.00%	1,635.53	1,635.53	22.01.2031		17.13
105	Secured Public Issue (2020-21) Tranche I Series IV Category I-II	6.80%	33.67	33.67	22.01.2031		
106	Secured Public Issue (2020-21) Tranche I Series III Category III-IV	6.82%	28.74	28.74	22.01.2031		
107	Secured Public Issue (2020-21) Tranche I Series III Category I-II	6.63%	0.50	0.50	22.01.2031		
108	Series 204B	6.88%	1,300.00	1,300.00	11.04.2031		
109	Series 213	6.95%	1,988.00	-	01.10.2031		
110	Series 214 (BBETF)	6.92%	1,180.00	-	11.04.2032		
111	Series 179-B	8.64%	528.40	528.40	19.11.2033		
112	Series 180	8.75%	2,654.00	2,654.00	22.02.2034		

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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
			31.03.2022	31.03.2021			
113	Series 186	8.79%	2,578.90	2,578.90	30.04.2034		
114	Series 189	8.15%	4,035.00	4,035.00	08.08.2034		
115	Series 190	8.25%	4,016.00	4,016.00	06.09.2034		
116	Series 205B	7.20%	1,605.70	1,605.70	10.08.2035		
117	Series 209	7.34%	1,711.00	1,711.00	29.09.2035		
118	Secured Public Issue (2020-21) Tranche I Series VII Category III-IV	7.15%	1,330.05	1,330.05	22.01.2036		
119	Secured Public Issue (2020-21) Tranche I Series VII Category I-II	6.95%	50.05	50.05	22.01.2036		Redeemable at par on maturity
120	Secured Public Issue (2020-21) Tranche I Series VI Category III-IV	6.97%	53.36	53.36	22.01.2036		17.13
121	Secured Public Issue (2020-21) Tranche I Series VI Category I-II	6.78%	3.50	3.50	22.01.2036		
122	Series 210B	7.11%	1,933.50	-	30.06.2036		
123	Series 212B	7.15%	2,343.68		27.08.2036		
Total			1,75,616.83	1,86,226.10			

17.9 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
			31.03.2022	31.03.2021		
1	3.75% USD Bonds 2024	3.75%	3,032.28	2,940.19	18.06.2024	
2	3.25% USD Bonds 2024	3.25%	2,274.21	2,205.14	16.09.2024	
3	3.75% USD Green Bonds 2027	3.75%	3,032.28	2,940.19	06.12.2027	
4	5.25% USD Bonds 2028	5.25%	2,274.21	2,205.14	10.08.2028	
5	1.841% EUR Bonds 2028	1.84%	2,539.80	-	21.09.2028	Redeemable at par on maturity
6	6.15% USD Bonds 2028	6.15%	3,790.36	3,675.24	06.12.2028	
7	4.50% USD Bonds 2029	4.50%	4,548.43	4,410.28	18.06.2029	
8	3.90% USD Bonds 2029	3.90%	3,411.32	3,307.71	16.09.2029	
9	3.95% USD Bonds 2030	3.95%	5,685.53	5,512.85	23.04.2030	
10	3.35% USD Bonds 2031	3.35%	3,790.36	3,675.23	16.05.2031	
Total			34,378.78	30,871.97		

17.10 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
			31.03.2022	31.03.2021		
1	CP - 115	4.03%	-	3,120.00	-	
	Less: Unamortised Financial Charges		-	(39.77)	-	Repaid in FY 2021-22
Total			-	3,080.23		

17.11 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 17.12) along with first *pari passu* charge on immovable property situated at Guindy, Chennai.

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17.12 Infrastructure Bonds (2010-11) Series III and IV are secured by charge on specific book debt of ₹ 438.71 crore as on 31.03.2022 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.

17.13 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 17.12), limited to the extent of payment/repayment of the bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.

18. Borrowings (other than Debt Securities)

The Company has categorised Borrowings (other than Debt Securities) at amortised cost in accordance with the requirements of Ind AS 109 'Financial Instruments'.

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(A)	Term Loans		
(i)	From Banks and Financial Institutions		
-	Foreign Currency Loans (Refer Note 18.3 & 18.5)	128.07	150.65
-	Syndicated Foreign Currency Loans (Refer Note 18.4 & 18.5)	21,781.52	18,813.18
-	Rupee Term Loans (Refer Note 18.6)	58,262.48	53,598.98
(ii)	From other Parties		
-	Rupee Term Loans - NSSF (Refer Note 18.8)	7,500.00	7,500.00
(B)	Other Loans from Banks		
(i)	Loan against Term Deposits (Refer Note 18.9)	228.59	683.04
(C)	Total Principal Outstanding of Borrowings (other than Debt Securities) - (A+B)	87,900.66	80,745.85
(D)	Interest accrued but not due on above	294.39	283.74
(E)	Unamortised Transaction Cost on above	(229.63)	(191.99)
	Total Borrowings (other than Debt Securities) (C to E)	87,965.42	80,837.60
	Geography wise Borrowings		
(i)	Borrowings in India	66,194.94	62,015.73
(ii)	Borrowings outside India	21,770.48	18,821.87
	Total Geography wise Borrowings	87,965.42	80,837.60

18.1 Wherever required, the Company has registered the charges with RoC within the statutory timelines.

18.2 The Company has not borrowed any funds on the specific security of current assets, where there is any requirement of filing of quarterly returns or statements.

18.3 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
		31.03.2022	31.03.2021		
1	ADB (Guaranteed by the Government of India)	58.20	66.96	15.04.2022	Semi Annual Instalments till 15.10.2028
2	Credit National (Guaranteed by the Government of India)	27.05	36.90	30.06.2022	Semi Annual Instalments till 30.06.2028
3	KFW I (Guaranteed by the Government of India)	42.82	46.79	30.06.2022	Semi Annual Instalments till 30.12.2035
	Total Foreign Currency Loans	128.07	150.65		

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18.4 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
		31.03.2022	31.03.2021		
1	SLN 17	-	1,102.57	-	Repaid in FY 2021-22
2	SLN 28 USD	1,895.18	1,837.62	28.06.2022	Bullet Repayment at the end of the tenor
3	SLN 28 JPY	334.13	356.30	28.06.2022	
4	SLN 18	905.82	1,931.86	04.11.2022	Redeemable in three equal instalments falling due on 06.11.2020, 08.11.2021 and 04.11.2022.
5	SLN 21	2,274.21	2,205.14	12.12.2022	
6	SLN 22	1,895.18	1,837.62	28.02.2023	
7	SLN 23	1,895.18	1,837.62	22.03.2023	
8	SLN 26	1,895.18	1,837.62	26.09.2023	
9	SLN 27	1,021.24	1,089.02	01.02.2024	Bullet Repayment at the end of the tenor
10	SLN 29	1,895.18	1,837.62	20.12.2024	
11	SLN 30	758.07	735.05	13.10.2025	
12	SLN 30	2,274.21	2,205.14	05.11.2025	
13	31 A FCTL USD 525M 301121	3,979.87	--	30.11.2026	
14	31 B FCTL USD 100M 301121	758.07	--	30.11.2026	
	Total Syndicated Foreign Currency Loans	21,781.52	18,813.18		

18.5 Floating Rate Foreign Currency Loans in above Note No. 18.3 and 18.4 carries an interest rate spread ranging from 60 bps to 150 bps over 6 month USD LIBOR/ ARR (London Inter Bank Offered Rate/Alternative Reference Rate). Except for Foreign Currency Loans from Credit National, KFW and FCTL31A & B which are at fixed rate of interest.

18.6 Details of Rupee Term Loans outstanding are as follows:

(i) Secured Rupee Term Loans (Refer Note 18.13)

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
1	Bank of Maharashtra	-	750.00	-	Repaid in FY 2021-22
2	Bank of Baroda	1,225.00	1,400.00	16.04.2022	Pre Payment of Principal
3	Karnataka Bank	200.00	500.00	30.04.2022	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
4	State Bank of India	5,000.00	5,000.00	10.07.2022	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 July 10, 2022 and ending on 10-Jul-2025
5	Indian Bank	1,312.50	1,500.00	28.09.2022	The loan is to be repaid in 08 half yearly instalments of ₹ 187.50 crore each starting from March 28, 2022 and ending on September 28, 2025
6	Union Bank of India	300.00	400.00	30.09.2022	The loan is to be repaid in 5 annual instalments of ₹ 100 crore each starting from September 30, 2020 and ending on September 30, 2024

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for the year ended March 31, 2022

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
7	Punjab National Bank	225.00	225.00	30.09.2022	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
8	Union Bank of India	1,800.00	1,800.00	30.09.2022	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
9	Punjab National Bank	1,125.00	1,500.00	25.02.2023	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
10	Union Bank of India	400.00	600.00	15.03.2023	The loan is to be repaid in 5 annual instalments of ₹ 200 crore each starting from 15-Mar-2020 and ending on 15-Mar-2024
11	Indian Bank	1,800.00	1,800.00	29.09.2023	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
12	Canara Bank	1,000.00	1,000.00	20.02.2024	Bullet Repayment at the end of the tenor
13	Bank of India	1,000.00	1,000.00	02.03.2024	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
14	Indian Bank	500.00	500.00	02.04.2024	Bullet Repayment at the end of the tenor
15	Canara Bank T-1	500.00	500.00	21.06.2024	Bullet Repayment at the end of the tenor
16	Canara Bank T-2	500.00	500.00	24.06.2024	
17	Canara Bank	1,000.00	1,000.00	29.06.2024	
Total Secured Rupee Term Loans		17,887.50	19,975.00		

(ii) Unsecured Rupee Term Loans

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
1	UCO Bank	-	1,000.00	-	Repaid in FY 2021-22
2	India Infrastructure Finance Company Limited	-	800.00	-	
3	HDFC Bank Ltd.	-	1,000.00	-	
4	HDFC Bank Ltd.	-	1,000.00	-	
5	India Infrastructure Finance Company Limited	-	1,429.00	-	
6	Bank of Maharashtra	-	500.00	-	
7	Bank of Baroda	2,500.00	3,000.00	16.04.2022	Pre Payment of Principal
8	Bank of Baroda	1,800.00	1,900.00	16.04.2022	Pre Payment of Principal
9	HDFC Bank Ltd.	2,000.00	2,000.00	31.05.2022	Bullet Repayment at the end of the tenor
10	Canara Bank	1,750.00	1,750.00	20.06.2022	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

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for the year ended March 31, 2022

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
11	Canara Bank	1,800.00	2,000.00	22.06.2022	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
12	Canara Bank	400.00	500.00	23.09.2022	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
13	Punjab National Bank	1,000.00	1,000.00	20.03.2023	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
14	Union Bank of India	1,875.00	2,500.00	23.03.2023	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
15	UCO Bank	500.00	500.00	31.03.2023	Bullet Repayment at the end of the tenor
16	Union Bank of India	800.00	800.00	15.04.2023	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
17	UCO Bank	200.00	200.00	26.05.2023	Bullet Repayment at the end of the tenor
18	HDFC Bank Ltd.	3,000.00	-	29.06.2023	Bullet Repayment at the end of the tenor
19	Bank of India	1,000.00	1,000.00	11.09.2023	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
20	State Bank of India	2,999.98	2,999.98	27.09.2023	₹ 3,000 crore repaid on 30.03.2021 balance amount to be paid at the end of the tenor
21	HDFC Bank Ltd.	1,000.00	-	30.09.2023	
22	HDFC Bank Ltd.	750.00	750.00	05.10.2023	
23	Punjab National Bank	995.00	995.00	24.12.2023	Bullet Repayment at the end of the tenor
24	Canara Bank	500.00	500.00	28.12.2023	
25	Canara Bank	500.00	500.00	15.01.2024	
26	Bank of India	2,000.00	2,000.00	21.01.2024	
27	Bank of India	500.00	-	18.09.2024	The loan is to be repaid in 5 annual instalments of ₹ 100 crore each starting from 18-Sep-2024 and ending on 18-Sep-2028
28	State Bank of India	3,000.00	3,000.00	19.12.2024	
29	HDFC Bank Ltd.	3,000.00	-	30.09.2025	
30	UCO Bank	1,000.00	-	24.09.2026	Bullet Repayment at the end of the tenor
31	Punjab National Bank	500.00	-	27.09.2026	
32	Punjab National Bank	5.00	-	29.09.2026	
33	India Infrastructure Finance Company Limited	1,000.00	-	30.09.2026	
34	Central Bank	1,000.00	-	31.03.2027	
35	Union Bank	3,000.00	-	31.03.2027	The loan is to be repaid in 2 annual instalments of ₹ 1,500 crore each starting from 31.03.2027 and ending on 31.03.2028
Total Unsecured Rupee Term Loans		40,374.98	33,623.98		
Total Rupee Term Loans (Unsecured & Secured)		58,262.48	53,598.98		

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

18.7 Borrowings as at 31.03.2022 in above Note 18.6 were raised at respective bank's Benchmark rate plus spread ranging from 100 to 200 bps.

18.8 Details of Unsecured Rupee term Loan - NSSF outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
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
Total		7,500.00	7,500.00		

18.9 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
		31.03.2022	31.03.2021		
1	HDFC Bank	-	683.04	-	Repaid in FY 2021-22
2	Indian Bank	142.50	-	02.04.2022	Redeemable at par on maturity
3	Canara Bank	41.09	-	02.04.2022	
4	Canara Bank	45.00	-	02.04.2022	
Total Loan against Term Deposits		228.59	683.04		

18.10 None of the borrowings have been guaranteed by Directors.

18.11 There has been no default in repayment of borrowings and interest during periods presented above.

18.12 The amounts raised during the year have been utilised for the stated objects in the offer document/ Information memorandum/ facility agreement.

18.13 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).

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 31.03.2022	As at 31.03.2021
(A) Subordinated Liabilities			
(i)	Subordinated Bonds (Principal Outstanding) (Refer Note 19.1)	9,211.50	9,211.50
(ii)	Interest accrued but not due on above	102.33	101.80
(iii)	Unamortised Transaction Cost on above	(2.56)	(3.10)
Total Subordinated Liabilities		9,311.27	9,310.20
(B) Geography wise Subordinated Liabilities			
(i)	Subordinated Bonds in India	9,311.27	9,310.20
(ii)	Subordinated Bonds outside India	-	-
Total Geography wise Subordinated Liabilities		9,311.27	9,310.20

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for the year ended March 31, 2022

19.1 Details of Subordinated Bonds are as under :

(₹ in crore)		
Sr. No.	Subordinated Bond Series	As at 31.03.2022
(i)	8.19% Bond Series 105 - Redeemable at par on 14.06.2023	800.00
(ii)	9.65% Bond Series 111 - Redeemable at par on 13.01.2024	1,000.00
(iii)	9.70% Bond Series 114 - Redeemable at par on 21.02.2024	2,000.00
(iv)	9.25% Bond Series 184A - Redeemable at par on 25.09.2024	2,000.00
(v)	9.10% Bond Series 184 B - Redeemable at par on 25.03.2029	2,411.50
(vi)	8.98% Bond Series 185 - Redeemable at par on 28.03.2029	1,000.00
Total Subordinated Bond Series		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 31.03.2022
(i)	Payable on account of Government of India Serviced Bonds (Refer Note 20.1)	5,038.21
(ii)	Advance received from Subsidiaries and Associates	177.13
(iii)	Unclaimed Dividends (Refer Note 20.2)	5.46
(iv)	Unpaid - Bonds and Interest Accrued thereon (Refer Note 20.2)	
	- Unclaimed Bonds	2.02
	- Unclaimed Interest on Bonds	89.15
(v)	Others	
	- Application Money Refundable on Bonds and interest accrued thereon	0.90
	- Interest Subsidy Fund (Refer Note 20.3)	-
	- Payable under Gol schemes (Refer Note 51)	498.83
	- Lease Liability (Refer Note. 45.1)	8.81
	- Other liabilities	983.48
Total Other Financial Liabilities		6,803.99

20.1 Details of Gol Serviced Bonds (Unsecured Taxable Bonds) :

(₹ in crore)		
Sr. No.	Bond Series	As at 31.03.2022
(i)	7.10% Bond Series 156 -Redeemable at par on 11.01.2027	200.00
(ii)	7.18% Bond Series 158 - Redeemable at par on 20.01.2027	1,335.00
(iii)	7.60% Bond Series 160 - Redeemable at par on 20.02.2027	1,465.00
(iv)	7.75% Bond Series 164 - Redeemable at par on 22.03.2027	2,000.00
(v)	Interest accrued but not due on above	38.21
Total Gol Serviced Bonds		5,038.21

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. The amount eligible to be transferred to Investor Education and Protection Fund has been transferred within the prescribed time limit.

20.3 Interest Subsidy Fund under Accelerated Generation & Supply Programme (AG & SP):

Under AG & SP Scheme the Company had claimed subsidy from Gol at net present value to be passed on to the eligible borrowers. The said scheme has been closed during current FY 2021-22 and after adjusting all the subsidy benefits, an amount of ₹ 19.85 crore is refundable to MoP and it forms part of line item 'other liabilities' in Note 20. The details are as under:

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for the year ended March 31, 2022

Description	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Opening Balance	18.72	17.31
Add: Received during the year	-	-
Interest credited during the year	1.13	1.41
Closing Balance	19.85	18.72

21. Provisions

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2022	As at 31.03.2021
(i)	For Employee Benefits (Refer Note 44)		
-	Gratuity	0.03	1.79
-	Leave Encashment	47.73	40.28
-	Economic Rehabilitation of Employees	6.76	4.53
-	Provision for Bonus/Incentive	42.11	34.73
-	Provision for Staff Welfare Expenses	18.29	16.79
(ii)	Impairment Loss Allowance - Letter of Comfort & Guarantee (Refer Note 21.1)	77.21	57.03
(iii)	Provision for Unspent CSR Expense (Refer Note 35)	54.87	-
	Total Provisions	247.00	155.15

21.1 Movement of Impairment on Letter of Comfort & Guarantee

Sr. No.	Particulars	(₹ in crore)	
		FY 2021-22	FY 2020-21
(i)	Opening balance	57.03	180.47
(ii)	Creation during the year	59.05	12.72
(iii)	Reversal during the year	(38.87)	(136.16)
	Closing balance	77.21	57.03

22. Other Non-Financial Liabilities

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2022	As at 31.03.2021
(i)	Unamortised Fee - Undisbursed Loan Assets	158.94	148.72
(ii)	Statutory dues payable	35.81	29.71
(iii)	Sundry Liabilities Account (Interest Capitalisation)	28.35	32.02
(iv)	Others	53.83	0.68
	Total Other Non-Financial Liabilities	276.93	211.13

23. Equity Share Capital

Sr. No.	Particulars	As at 31.03.2022		As at 31.03.2021	
		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 year	-	-	-	-
	Closing Equity Share Capital	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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

Sr. No.	Particulars	As at 31.03.2022		As at 31.03.2021	
		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	22,85,47,160	8.66%	23,81,25,247	9.02%
(iii)	Life Insurance Corporation of India	13,21,17,474	5.00%	15,75,97,304	5.97%

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 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

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2022	As at 31.03.2021
(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))	(513.80)	(634.33)
(iii)	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934 (Refer Note 24.1(iii))	6,238.14	4,233.76
(iv)	Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961 (Refer Note 24.1(iv))	576.44	287.25
(v)	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 up to Financial Year 1996-97	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))	24,139.00	21,715.55
(vii)	Interest Differential Reserve - KFW Loan (Refer Note 24.1(vi))	64.07	62.65
(viii)	General Reserve (Refer Note 24.1(vii))	14,115.11	13,827.86
(ix)	Retained Earnings (Refer Note 24.1(viii))	8,863.49	7,203.86
(x)	Reserve for Equity Instruments through Other Comprehensive Income (Refer Note 24.1(ix))	(54.23)	(183.37)
(xi)	Reserve for Effective portion of Cash Flow Hedges (Refer Note 24.1 (x))	200.34	(113.34)
(xii)	Cost of Hedging Reserve (Refer Note 24.1 (xi))	(294.75)	(23.24)
	Total Other Equity	56,710.20	49,753.04

24.1 Nature , purpose and movement 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.

Particulars	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	2,776.54	2,776.54
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	2,776.54	2,776.54

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for the year ended March 31, 2022

(ii) Foreign Currency Monetary Item Translation Difference Account:

It represents unamortised foreign exchange gain/loss on Long-term Foreign Currency Borrowings (raised up to 31.03.2018) and are amortised over the tenure of the respective borrowings.

Particulars	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	(634.33)	(1,441.18)
Add: Foreign Currency Translation Gain/ Loss (-) on long-term monetary items during the year	(270.87)	287.07
Less: Amortisation during the year	391.40	519.78
Balance as at the end of the year	(513.80)	(634.33)

(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.

Particulars	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	4,233.76	2,544.96
Add: Transferred from Retained Earnings	2,004.38	1,688.80
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	6,238.14	4,233.76

(iv) Reserve for Bad & doubtful debts u/s 36(1)(vii)(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)(vii)(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.

Particulars	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	287.25	2,514.17
Add: Transferred from Retained Earnings	576.44	617.13
Less: Transferred to General Reserve	(287.25)	(2,844.05)
Balance as at the end of the year	576.44	287.25

(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.

Particulars	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	21,715.55	18,848.40
Add: Transferred from Retained Earnings	2,423.45	2,867.15
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	24,139.00	21,715.55

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(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.

Particulars	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	62.65	61.40
Add: Addition during the year	2.34	2.55
Less: Deletion during the year	(0.92)	(1.29)
Balance as at the end of the year	64.07	62.65

(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 utilisation/ 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.

Particulars	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	13,827.86	10,983.81
Add: Transferred from Reserve for Bad & Doubtful Debts u/s 36(1) (vii)(a) of the Income Tax Act, 1961	287.25	2,844.05
Balance as at the end of the year	14,115.11	13,827.86

(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.

Particulars	(₹ in crore)	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	7,203.86	6,042.40
Add: Profit for the year	10,021.90	8,444.01
Add: Remeasurement of Defined Benefit Plans (net of taxes)	(3.70)	(3.13)
Less: Transferred to Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	(2,423.45)	(2,867.15)
Less: Transferred to Reserve for Bad and doubtful debts u/s 36(1)(vii)(a) of the Income Tax Act, 1961	(576.44)	(617.13)
Less: Transferred to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(2,004.38)	(1,688.80)
Less: Transferred to Interest Differential Reserve - KFW Loan	(1.42)	(1.25)
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument	13.22	6.98
Less: Dividend paid during the year	(3,366.10)	(2,112.07)
Balance as at the end of the year	8,863.49	7,203.86

(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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in crore)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	(183.37)	(313.64)
Add: Recognition through Other Comprehensive Income / (Expense) (net of taxes)	142.36	137.25
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	(13.22)	(6.98)
Balance as at the end of the year	(54.23)	(183.37)

(x) Reserve for Effective portion of Cash Flow Hedges

The intrinsic value of hedging instruments which meets the qualifying criteria for hedge accounting & are designated and qualify as cash flow hedges is recognised in this reserve. The amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

(₹ in crore)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	(113.34)	(92.66)
Add: Recognition through Other Comprehensive Income / (Expense) (net of taxes)	313.68	(20.68)
Balance as at the end of the year	200.34	(113.34)

(xi) Cost of Hedging Reserve:

The fair value of the time value of a hedging instruments which meets the qualifying criteria for hedge accounting & are designated and qualify as cash flow hedges is recognised in this reserve. The amounts recognised in such reserve are amortised to the Statement of Profit and Loss on a systematic basis.

(₹ in crore)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Balance as at the beginning of the year	(23.24)	-
Add: Recognition through Other Comprehensive Income / (Expense) (net of taxes)	(271.51)	(23.24)
Balance as at the end of the year	(294.75)	(23.24)

24.2 Dividend declared/proposed by the Company for Equity Shares of ₹10/- each

(i) Particulars	FY 2021-22			FY 2020-21		
	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)
Interim Dividend	107.50%	10.75	2,838.09	80%	8.00	2,112.06
Final Dividend	12.50%	1.25	330.01	20%	2.00	528.02
Total Dividend	120.00%	12.00	3,168.10	100%	10.00	2,640.08

During the current year ended 31.03.2022, an amount of ₹1,884.82 crore has been paid to Government of India as dividend (being proportionate share in final dividend for FY 20-21 and interim dividend for FY 21-22).

(ii) Events occurring after Balance Sheet date:

Board of Directors in its meeting held on 25.05.2022 has recommended final dividend @ 12.50% on the paid up equity share capital i.e. ₹ 1.25 /- per equity share of ₹ 10/- each for the FY 2021-22 subject to approval of shareholders in ensuing Annual General Meeting.

(iii) The Dividend Paid/Proposed is in compliance with the provisions of Section 123 of Companies Act 2013, as applicable.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

25. Interest Income

(₹ in crore)			
Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(A)	On Financial Assets measured at Amortised Cost		
(i)	Interest on Loans	36,780.13	36,058.44
	Less : Rebate for Timely Payment to Borrowers	(386.71)	(331.27)
(ii)	Interest on Deposits with Banks	246.50	289.80
(iii)	Other Interest Income	35.25	33.91
	Sub-Total (A)	36,675.17	36,050.88
(B)	On Financial Assets Classified at Fair Value Through Profit or Loss		
(i)	Interest on Investment	20.67	90.93
(ii)	Other Income	5.38	3.95
	Sub-Total (B)	26.05	94.88
	Total Interest Income ((A)+(B))	36,701.22	36,145.76

26. Dividend income

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(A)	Dividend on equity investments designated at FVTOCI		
(i)	Investments held at the end of the year	64.36	60.13
(ii)	Investments derecognised during the year	0.29	0.64
	Sub-Total (A)	64.65	60.77
(B)	Dividend on equity investments at cost (Subsidiaries)	1,282.77	1,143.44
(C)	Dividend on preference Shares	0.00	-
	Total Dividend Income (A+B+C)	1,347.42	1,204.21

27. Fees and Commission Income

(₹ in crore)			
Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Prepayment Premium on Loans	351.60	330.46
(ii)	Fee based Income on Loans	136.56	59.79
(iii)	Fee for implementation of GoI Schemes (Refer Note 51)	8.60	4.65
Total Fees and Commission Income		496.76	394.90

28. Other Income

			(₹ in crore)
Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Excess Liabilities written back	2.38	-
(ii)	Gain on cessation of joint control in Joint Venture	32.66	-
(iii)	Miscellaneous Income	10.73	21.70
Total Other Income		45.77	21.70

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

29. Finance Costs

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
	On Financial Liabilities Measured At Amortised Cost		
(i)	Interest on Borrowings		
-	Term Loans and Others	4,264.34	4,694.63
-	Interest on Lease Liability (Refer Note 45.1)	0.77	0.77
(ii)	Interest on Debt Securities		
-	Bonds/Debentures	16,706.94	17,081.20
-	Commercial Papers	39.97	129.42
(iii)	Interest on Subordinated Liabilities	850.80	850.04
(iv)	Other Interest Expense		
-	Interest on Interest Subsidy Fund (Refer Note 20.3)	1.13	1.41
-	Interest on Application Money - Bonds	0.29	0.04
-	Interest on advances received from Subsidiaries	2.87	2.88
-	Interest under Income Tax Act, 1961	1.91	2.19
(v)	- Swap Premium (Net)	802.28	431.91
	Total Finance Costs	22,671.30	23,194.49

30. Net Translation/Transaction Exchange Loss/(Gain)

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
	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	514.18	(683.84)
(ii)	Amortisation of Foreign Currency Monetary Item Translation Difference Account created on LTFCMI recognised up to 31.03.2018	391.40	519.78
	Total Translation/ Transaction Exchange Loss/ (Gain)	905.58	(164.06)

30.1 The foreign currency monetary items are translated at prevailing rate at the year-end as below:

Exchange Rates	As at 31.03.2022	As at 31.03.2021
USD / INR	75.8071	73.5047
Euro / INR	84.6599	86.0990
JPY / INR	0.6223	0.6636

31. Fees and Commission Expense

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Agency Fees	1.63	1.28
(ii)	Guarantee, Listing and Trusteeship fees	2.41	2.31
(iii)	Credit Rating Fees	5.72	9.36
(iv)	Other Finance Charges	0.42	1.33
	Total Fees and Commission Expense	10.18	14.28

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

32. Net Loss/(Gain) on Fair Value changes

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
	On financial instruments at Fair value through Profit or Loss:		
(i)	- Change in Fair Value of Derivatives	(39.77)	542.78
(ii)	- Change in Fair Value of Investments	30.35	(23.83)
	Total Net Loss/(Gain) on Fair Value changes	(9.42)	518.95
	Fair value changes:		
(i)	- Realised	213.16	258.50
(ii)	- Unrealised	(222.58)	260.45
	Total Net Loss/(Gain) on Fair Value changes	(9.42)	518.95

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 31.03.2022	Year ended 31.03.2021
	On Financial Assets measured at Amortised Cost:		
(i)	Loans *	2,126.68	3,617.79
(ii)	Investment	72.95	-
(iii)	Other Financial Assets	2.33	2.05
(iv)	Letter of Comfort & Guarantee	20.18	(123.44)
	Total Impairment on Financial Instruments	2,222.14	3,496.40

* including write off and impairment on investment acquired under loan settlement of ₹ 1,396.13 crore (previous year ₹ 2,860.60 crore) and corresponding reversal of impairment loss allowance of ₹ 1,817.78 crore (Previous year ₹ 3,017.25 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 31.03.2022	Year ended 31.03.2021
(i)	Salaries and Wages	150.68	141.31
(ii)	Contribution to Provident and other Funds	17.75	15.19
(iii)	Staff Welfare Expenses	38.22	32.28
(iv)	Rent for Residential Accommodation of Employees	6.46	5.84
	Total Employee Benefit Expenses	213.11	194.62

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

In accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 notified w.e.f. 22.01.2021, any unspent amount pursuant to any ongoing project shall 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 from the date of such transfer. 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. Further, if the Company spends an amount in excess of the requirement under statute, the excess amount may be carried forward and set off in three succeeding financial years against the amount to be spent.

As the notification was made effective during FY 2020-21, the Company complied with the amended provisions of Section 135 of the Companies Act, 2013 with effect from the FY 2020-21. Accordingly, the unspent CSR amount as at 31.03.2020 would continue to be dealt with in accordance with the pre-amendment framework.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

35.1 Details of amount required to be spent by the Company on CSR activities during the year:

(₹ in crore)

Sr. No.	Particulars	FY 2021-22			FY 2020-21		
		For FY 2021-22	For period up to 31.03.2020	Total	For FY 2020-21	For period up to 31.03.2020	Total
(i)	Opening unspent/(Excess) amount	(39.39)	143.43*	104.04	-	217.59	217.59
(ii)	Amount required to be spent as per Section 135 (5) of Companies Act, 2013	170.43	-	170.43	148.45	-	148.45
(iii)	Amount approved by the Board out of (ii) above to be spent during the year	170.43	-	170.43	148.45	-	148.45
(iv)	Surplus arising out of the CSR projects	0.01	-	0.01	-	-	-
(v)	Sub-Total (iii + iv)	170.44	-	170.44	148.45	-	148.45
(vi)	Amount required to be spent after set off excess spent of earlier years (i+v)	131.05	143.43	274.48			
(vii)	Amount spent during the year	76.18\$	44.28	120.46	187.84	74.16	262.00
(viii)	Closing Unspent / (Excess) amount	54.87@	99.15	154.02	(39.39)	143.43*	104.04

*Sanctioned to various projects where disbursement is being made as per agreed terms.

\$ includes ₹ 15.49 crore disbursed where utilisation is pending.

@ Since amount pertains to ongoing projects, it has been transferred to unspent CSR Account on 29.04.2022.

35.2 Unspent CSR amount of ₹ 54.87 crore pertains to multi-year (ongoing) projects where payment is made in tranches upon achievement of milestone. Accordingly, the said amount has been deposited in unspent CSR Account with State Bank of India as per requirements of Section 135(6) of Companies Act, 2013.

35.3 Activity wise detail of amount spent during the year on CSR activities:

(₹ in crore)

Sr. No.	Particulars	FY 2021-22			FY 2020-21		
		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	4.93	-	4.93	11.69	-	11.69
(iib)	Education/Vocational Skill development	21.72	-	21.72	15.91	-	15.91
(iic)	Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	7.36	-	7.36	8.17	-	8.17
(iid)	Sports	0.95	-	0.95	0.15	-	0.15
(iie)	Others#	81.10	-	81.10	221.23	-	221.23
(iif)	Administrative overheads including training, impact assessment etc. limited to 5% of total amount required to be spent on CSR	4.40	-	4.40	4.85	-	4.85
(iii)	Total Amount Spent during FY (i) +(ii)	120.46	-	120.46*	262.00	-	262.00
(iv)	Add: To be transferred to Unspent CSR Account			54.87			-
(v)	Add/Less: Excess amount adjusted/(spent)			39.39			(39.39)
(vi)	CSR Expenses charged to Standalone Statement of Profit and Loss (iii + iv + v)			214.72			222.61

includes a contribution of ₹ 50 crore to PM CARES Fund (Previous year ₹ 200 crore).

*includes ₹ 44.28 crore for the period up to 31.03.2020.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

35.4 Details of Unspent CSR amount as per requirements of Section 135(6) of Companies Act, 2013:-

(₹ in crore)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance		Details of ongoing projects
With Company	In Separate CSR Unspent A/c		From Company's Bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c	
Nil	Nil	131.05	76.18	Nil	54.87*	Nil	Various projects to support research, training, solar power, sanitation, skill development, Health care etc.

* Transferred on 29.04.2022 to unspent CSR Account with State Bank of India.

36. Other Expenses

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Rent, Taxes and Energy Cost	3.95	4.43
(ii)	Repairs and Maintenance	9.93	4.63
(iii)	Communication Costs	2.40	2.09
(iv)	Printing and Stationery	1.11	0.92
(v)	Advertisement and Publicity	11.29	8.30
(vi)	Directors Fees, Allowance and Expenses	0.28	0.20
(vii)	Auditor's fees and expenses (Refer Note 36.1)	1.45	1.19
(viii)	Legal & Professional charges	9.83	8.11
(ix)	Insurance	0.23	0.27
(x)	Travelling and Conveyance	13.01	11.09
(xi)	Net Loss/ (Gain) on Sale/ derecognition of PPE	2.91	1.12
(xii)	Other Expenditure	66.32	28.45
	Total Other Expenses	122.71	70.80

36.1 Auditor's fees and expenses are as under:

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
	Fee paid to Statutory Auditors:		
(i)	as Auditor	0.58	0.46
(ii)	for Taxation matters	0.15	0.12
(iii)	for Company Law Matters (includes Limited Review Fees)	0.32	0.28
(iv)	for Other services	0.29	0.24
	Sub-Total	1.34	1.10
(v)	Non-recoverable GST credit in respect of fees paid to auditors	0.11	0.09
	Total Auditor's fees and expenses	1.45	1.19

Notes to the Standalone Financial Statements

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37. Disclosures related to 'Income Taxes'

37.1 Income tax expense recognised in Standalone Statement of Profit and Loss:

Particulars	FY 2021-22	FY 2020-21
(₹ in crore)		
Tax expense:		
Current Year	2,418.91	2,613.09
Earlier Years	(36.05)	178.94
(A) Total Tax Expense	2,382.86	2,792.03
Deferred Tax Expense/(Income)		
Origination and reversal of temporary differences	(177.11)	(1,028.73)
(B) Total Deferred Tax Expense/(Income)	(177.11)	(1,028.73)
Total Income Tax Expense (A+B)	2,205.75	1,763.30

37.2 Income tax expense recognised in Other Comprehensive Income:

Particulars	FY 2021-22	FY 2020-21
(₹ in crore)		
Current Tax Expense/(Income)		
Items that will not be reclassified to Profit and Loss		
Re-measurement of Defined Benefit Plans	0.35	-
(A) Total Current Tax Expense/(Income)	0.35	-
Deferred Tax Expense/(Income)		
(B) Items that will not be reclassified to Profit and Loss		
Re-measurement of Defined Benefit Plans	(1.72)	(1.13)
Net Gain/(Loss) on Fair Value of Equity Instruments	9.58	
(C) Items that will be reclassified to Profit and Loss		
Effective portion of Gains and Losses on Hedging Instruments in Cash flow Hedge	105.50	(6.96)
Cost of hedging reserve	(91.31)	(7.82)
(D) Total Deferred Tax Expense/(Income) (B+C)	22.05	(15.91)
Total Tax Expense/(Income) recognised in OCI (A+D)	22.40	(15.91)

37.3 Reconciliation of tax expense and accounting profit

Reconciliation of tax expense and product of profit before tax and corporate tax rate:

Particulars	FY 2021-22	FY 2020-21
(₹ in crore)		
Profit before Tax	12,227.65	10,207.31
Company's Applicable Tax Rate	25.168%	25.168%
Tax using the Company's applicable tax rate	3,077.45	2,568.98
Tax effect of:		
Non-deductible tax expenses	97.41	8.09
Deduction u/s 80M	(339.12)	(303.08)
Deduction u/s 36(1)(viii)	(609.93)	(637.95)
Others	15.99	(51.68)
Previous year tax liability	(36.05)	178.94
Total tax expense in the Standalone Statement of Profit and Loss	2,205.75	1,763.30

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37.4 Deductible temporary differences/ unused tax losses/ unused tax credits carried forward

Particulars	As at 31.03.2022 (₹ in crore)	Expiry date	As at 31.03.2021 (₹ 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	0.03	31.03.2028
	0.07	31.03.2029	-	-

37.5 Movement in Deferred Tax balances:

FY 2021-22

Particulars	Net balance at 01.04.2021	Recognised in Profit and Loss	Recognised in OCI	Net balance at 31.03.2022
(₹ in crore)				
(A) Deferred Tax Asset				
(i) Provision for expenses deductible on payment basis under Income Tax Act	24.26	2.96	1.72	28.94
(ii) Unamortised income on loans to borrowers	58.71	3.90	-	62.61
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	4,110.68	116.75	-	4,227.43
(iv) Depreciation and amortisation	2.35	0.60	-	2.95
(v) Fair value of derivatives (Net)	18.67	12.08	(14.19)	16.56
(vi) Others	24.38	11.59	(9.58)	26.39
(B) (Deferred Tax Liabilities)				
(i) Unamortised Exchange Loss (Net)	(160.46)	30.59	-	(129.87)
(ii) Unamortised expenditure on loan liabilities	(81.80)	(1.36)	-	(83.16)
(iii) Others	(0.03)	-	-	(0.03)
Net Deferred Tax Assets/(liabilities)	3,996.76	177.11	(22.05)	4,151.82

FY 2020-21

Particulars	Net balance at 01.04.2020	Recognised in Profit and Loss	Recognised in OCI	Net balance at 31.03.2021
(₹ in crore)				
(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

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38. Disclosure as per Ind AS 33 “Earnings per Share”

		(₹ in crore)	
Sr. No.	Description	FY 2021-22	FY 2020-21
(A)	Profit for the period used as numerator (basic & diluted) (₹ in crore):		
(i)	from continuing operations	10,021.90	8,444.01
(ii)	from discontinued operations	-	-
(iii)	from continuing and discontinued operations	10,021.90	8,444.01
(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 (in ₹):		
(i)	for continuing operations	37.96	31.98
(ii)	for discontinued operations	-	-
(iii)	for continuing and discontinued operations	37.96	31.98

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 from time to time (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 Certain key financial parameters of the Company are as under:

Sr. No.	Ratios	Numerator*	Denominator*	As at 31.03.2022	As at 31.03.2021	% variance
1.	Total Capital to risk-weighted assets ratio (CRAR)	Tier I Capital + Tier II Capital	Risk Weighted assets	23.48%	18.83%	24.69%
1 (a)	CRAR – Tier I Capital	Tier I Capital	Risk Weighted assets	20.00%	15.46%	
1 (b)	CRAR – Tier II Capital	Tier II Capital	Risk Weighted assets	3.48%	3.37%	
2.	Liquidity Coverage Ratio(LCR)	Total High Quality Liquid Assets	Total Net Cash Outflows	60.00%	50.00%	20.00%

* Computed as per applicable RBI guidelines.

39.2 Details of Subordinated Debt/Perpetual Debt raised are as under:

		(₹ in crore)	
Particulars		FY 2021-22	FY 2020-21
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, RBI circulars / guidelines, future capital expenditure plans, profits earned during the financial

Notes to the Standalone Financial Statements

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year, cost of raising funds from alternate sources, cash flow position and applicable taxes if any, 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; other regulatory requirements etc. For details of dividend paid/recommended during the year, refer Note 24.2 and Note 24.3.

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 concentration 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 interest 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 instruments	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. In accordance with the RBI Master Direction in order to augment risk management practices in the Company, the Company has a Chief Risk Officer (CRO) who is involved in the process

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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 31.03.2022	As at 31.03.2021
Low Credit Risk		
Cash and cash equivalents ^(a)	720.91	3,717.62
Bank balances other than included in cash and cash equivalents ^(a)	3,240.31	1,044.58
Loans (Principal Outstanding) ^(c)	3,25,704.99	3,02,100.27
Investments (Excluding equity investments) ^(a)	265.93	324.81
Other financial assets ^(b)	5,382.67	5,336.77
Moderate Credit Risk		
Loans (Principal Outstanding) ^(c)	26,514.34	47,520.56
High Credit Risk		
Investments (Excluding equity investments) ^(a)	72.95	-
Loans (Principal Outstanding) ^(c)	20,915.28	21,150.16
Other financial assets ^(b)	24.79	22.46

^(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 ₹ 24.79 crore on its other financial assets as at 31.03.2022 (as at 31.03.2021 ₹ 22.46 crore).

^(c) The Company is exposed to credit risk primarily through its lending operations. The same is explained in the paragraphs below.

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) Appraisal of Projects

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.

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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, interest rate and debt-equity ratio) 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 other conditions 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 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:

- Primary Security – Charge on Project Assets or State Government Guarantees
- Collateral Securities – Corporate guarantee, Personal guarantee of promoters, Pledge of shares, Charge on assets/ revenues of group/other companies
- Payment Security Mechanism – Escrow Account/ Letter of Credit, Trust and Retention Account (TRA)
- 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, tracking of project construction, implementation, identifies risks where intervention is required to minimise the time/ cost overruns/ consequent slippages in disbursements and including progress of commissioned projects.

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

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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 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) under IBC-2016, sale of the exposures to other entities/investors, other recovery mechanisms like referring the case for legal action before Debt Recovery Tribunal (DRT), SARFAESI, etc. and other actions as specified under regulatory/legal framework.

40.1.2 Credit Risk Measurement – Impairment Assessment for Lending Operations

(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 1'.
- If a significant increase in credit risk (SICR) is identified, the financial asset is moved to 'Stage 2'.

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 3' category.

In case of Stage 3 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 2 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 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 1 accounts, 12 months PD is used.

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For Stage 2 (significantly increased credit risk accounts), Lifetime PD is used.

For Stage 3 (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 3 borrowers, LGD has been assessed based on discounted projected cash flow analysis for operational projects and on assets valuation/Bid value/OTS amount etc. as available for other projects.

(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 and interest of the loan 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 independent agency appointed to assist the Company in ECL assessment also consider the forward-looking information in the determination of the impairment allowance to be assigned to the borrower, by taking into consideration various project operational parameters, project financial ratios, extension of the project completion and also possibility of stressed and favourable economic conditions. Further, the independent agency has also added some additional macroeconomic parameters such as IIP (index of industrial production) electricity y-o-y growth rate, Money supply y-o-y growth rate to arrive at a weighted shock factor to the base PD term structure for ECL computation so as to reflect the right risk assessment of the utilities.

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40.1.3 Credit risk analysis for Lending Operations

(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.

The credit quality and maximum exposure (Principal outstanding) to credit risk based on days past due and year end stage classification of loans is tabulated below.

(₹ in crore)

Days past Due (DPD)	As at 31.03.2022				As at 31.03.2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
No overdue	3,20,384.30	594.09*	-	3,20,978.39	3,01,686.14	13178.38*	-	3,14,864.52
1-30 days	5,320.69	-	-	5,320.69	414.13	-	-	414.13
31-60 days	-	2,190.12	-	2,190.12	-	14,261.70	-	14,261.70
61-90 days	-	21,477.77	-	21,477.77	-	18,313.31	-	18,313.31
More than 90 days	-	2252.36 [@]	20,915.28	23,167.64	-	1767.16 [@]	21,150.16	22,917.32
Total	3,25,704.99	26,514.34	20,915.28	3,73,134.61	3,02,100.27	47,520.56	21,150.16	3,70,770.99

* Since the borrower is in stage 2 in other loans, these loans (which otherwise would have been categorised in stage 1) have also been categorised in stage 2.

[@]Refer Note 40.1.6.

(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 31.03.2022		As at 31.03.2021	
	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)	3,14,004.35	1,525.46	3,11,386.55	1,335.17
Loans to private sector	59,130.26	15,823.06	59,384.44	15,262.62
Total	3,73,134.61	17,348.52	3,70,770.99	16,597.79

*including impairment loss allowance on Letter of Comfort and Guarantee of ₹ 77.21 crore (as at 31.03.2021 ₹ 57.03 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.

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Further, the Company has a lending portfolio comprising of loans to generation, renewable, transmission and distribution power projects spread across diverse geographical areas.

(₹ in crore)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
Concentration by schemes				
Generation	1,75,434.21	12,318.35	1,89,577.54	12,775.90
Renewable	36,777.49	2,833.98	37,474.49	2,016.49
Transmission	30,499.70	1,298.11	29,344.59	1,194.83
Distribution	1,28,006.79	892.46	1,12,298.51	572.90
Others	2,416.42	5.62	2,075.85	37.67
Total	3,73,134.61	17,348.52	3,70,770.99	16,597.79

*including impairment loss allowance on Letter of Comfort and Guarantee of ₹ 77.21 crore (as at 31.03.2021 ₹ 57.03 crore).

The Company's exposure to various projects and borrowers is constantly monitored in line with the applicable Credit Concentration Norms.

(iii) Details regarding Concentration of Loans and Exposures:

(a) Concentration of Advances:

Description	As at 31.03.2022	As at 31.03.2021
Total Advances (Principal Outstanding) to twenty largest borrowers (₹ in crore)	2,39,932.52	2,31,514.64
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	64.30%	62.44%

(b) Concentration of Exposures:

Description	As at 31.03.2022	As at 31.03.2021
Total Exposure to twenty largest borrowers/customers (₹ in crore)	3,05,673.62	3,17,648.56
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Company on borrowers/ customers	53.81%	52.42%

(c) Concentration of Credit impaired accounts (Stage 3 accounts):

(₹ in crore)

Description	As at 31.03.2022	As at 31.03.2021
Principal outstanding of top four Stage 3 accounts	10,939.56	10,939.56

(iv) Details of Stage-wise Principal outstanding and Impairment loss Allowance:

Particulars	As at 31.03.2022			As at 31.03.2021		
	Principal Outstanding	Impairment loss allowance*	Impairment loss allowance Coverage(%)	Principal Outstanding	Impairment loss allowance*	Impairment loss allowance Coverage(%)
Stage 1	3,25,704.99	2,058.82	0.63	3,02,100.27	1,236.19	0.41
Stage 2	26,514.34	945.32	3.57	47,520.56	1,945.24	4.09
Stage 3	20,915.28	14,344.38	68.58	21,150.16	13,416.36	63.43
Total	3,73,134.61	17,348.52	4.65	3,70,770.99	16,597.79	4.48

*including impairment loss allowance on Letter of Comfort and Guarantee of ₹ 77.21 crore (as at 31.03.2021 ₹ 57.03 crore).

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- (v) The following tables explain the changes in the loans and the corresponding impairment loss allowance (including impairment loss allowance on Letter of Comfort and Guarantees) between the beginning and the end of the reporting period:

FY 2021-22

(₹ in crore)

Particulars	Stage 1		Stage 2		Stage 3		Total	
	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance
Opening 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
Transfer to Stage 1	19,077.60	1,115.88	(17,707.20)	(374.52)	(1,370.40)	(741.36)	-	-
Transfer to Stage 2	(812.08)	(3.96)	828.71	8.05	(16.63)	(4.09)	-	-
Transfer to Stage 3	(1,140.42)	(114.62)	(1,120.58)	(852.23)	2,261.00	966.86	-	-
Net change in Principal/ECL during the year	13,582.41	445.65	(1,394.27)	222.87	5.91	1,242.94	12,194.04	1,911.47
New financial assets originated	13,967.24	120.77	80.00	0.07	-	-	14,047.24	120.84
Financial assets derecognised (loans repaid/pre- payment)	(21,070.03)	(741.09)	(1,230.23)	543.77	(181.28)	334.89	(22,481.54)	137.57
Financial Assets derecognised (Write Off)	-	-	(462.65)	(547.93)	(933.48)	(871.22)	(1,396.13)	(1,419.15)
Closing Balance	3,25,704.99	2,058.82	26,514.34	945.32	20,915.28	14,344.38	3,73,134.61	17,348.52

FY 2020-21

(₹ in crore)

Particulars	Stage 1		Stage 2		Stage 3		Total	
	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance	Principal Outstanding	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 1	26,498.71	198.33	(25,837.68)	(127.94)	(661.03)	(70.39)	-	-
Transfer to Stage 2	(37,317.79)	(37.93)	40,425.43	316.05	(3,107.64)	(278.12)	-	-
Transfer to Stage 3	(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
Financial assets derecognised (loans repaid/pre-payment)	(25,440.44)	(17.28)	(587.02)	(0.04)	(201.68)	(43.42)	(26,229.14)	(60.75)
Financial Assets derecognised (Write Off)	(66.59)	(2.67)	-	-	(286.39)	(286.39)	(352.98)	(289.06)
Financial Assets derecognised (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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(vi) Movement of Credit Impaired Accounts (Stage 3 accounts):

(₹ in crore)

Sr. No.	Description	As at 31.03.2022	As at 31.03.2021
(i)	Net Credit Impaired accounts to Gross Loans (%)	1.76	2.09
(ii)	Net Credit Impaired accounts to Net Loans (%)	1.83	2.16
		FY 2021-22	FY 2020-21
(iii)	Movement of Gross Credit Impaired accounts		
(a)	Opening balance	21,150.16	27,871.70
(b)	Additions during the year	1,486.68	205.11
(c)	Reductions during the year	(1,721.56)	(6,926.65)
(d)	Closing balance	20,915.28	21,150.16
(iv)	Movement of Net Credit Impaired accounts		
(a)	Opening balance	7,733.80	13,123.24
(b)	Additions during the year	809.71	131.53
(c)	Reductions during the year	(1,972.61)	(5,520.97)
(d)	Closing balance	6,570.90	7,733.80
(v)	Movement of impairment loss allowance on Credit Impaired accounts		
(a)	Opening balance	13,416.36	14,748.46
(b)	Provisions made during the year	1,913.99	1,809.86
(c)	Write-off/write-back of excess provisions	(985.97)	(3,141.96)
(d)	Closing balance	14,344.38	13,416.36

(vii) Percentage of Gross Credit Impaired Assets (Stage 3) to Gross Loans – sector wise

Description	As at 31.03.2022	As at 31.03.2021
Power Sector	5.61%	5.70%

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

Particulars	As at 31.03.2022	As at 31.03.2021
Number of Borrowers	4	2
Amount of loan outstanding (₹ in crore)	2,252.36	1,767.16
Amount overdue *(₹ in crore)	188.18	100.91
Amount of Impairment Loss allowance (₹ in crore)	815.87	1,086.48

*excluding overdue interest of ₹ 242.87 crore as at 31.03.2022 (As at 31.03.2021 ₹ 249.65 crore).

Pursuant to Ad-interim order from Hon'ble High Court(s) these borrower(s) accounts have not been classified as Credit impaired. The Company holds adequate impairment loss allowance with respect to these loan accounts and has categorised them in Stage 2. The interest income is also not been recognised on these loan accounts on accrual basis since these loans are more than 90 days past due.

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40.1.7 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 31.03.2022

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	3,26,133.66	1,676.69	3,24,456.96	1,331.16	345.54
	Stage 2	27,458.63	944.20	26,514.44	637.72	306.48
	Stage 3	-	-	-	-	-
Sub-Total		3,53,592.29	2,620.89	3,50,971.40	1,968.88	652.01
Non-Performing Assets (NPA)						
Substandard	Stage 1	296.48	1.33	295.15	29.62	(28.29)
	Stage 2	151.37	1.12	150.25	14.83	(13.70)
	Stage 3	1,142.64	332.93	809.71	114.26	218.66
Sub-Total for Substandard		1,590.49	335.38	1,255.11	158.71	176.68
Doubtful - up to 1 year	Stage 1	32.80	0.01	32.78	6.44	(6.42)
1 to 3 years	Stage 1	107.00	0.10	106.91	31.40	(31.30)
More than 3 years	Stage 1	3,105.80	310.93	2,794.87	1,522.95	(1,212.02)
Doubtful - up to 1 year	Stage 3	170.10	133.43	36.67	78.22	55.21
1 to 3 years	Stage 3	3,743.76	1,770.31	1,973.45	1,189.36	580.95
More than 3 years	Stage 3	12,779.39	9,181.94	3,597.46	9,120.21	61.73
Sub-Total for doubtful		19,938.85	11,396.72	8,542.14	11,948.57	(551.85)
Loss	Stage 3	3,079.39	2,918.31	161.08	3,079.39	(161.08)
Sub-Total for NPA		24,608.74	14,650.41	9,958.33	15,186.66	(536.25)
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	-	69.75	(69.75)	-	69.75
	Stage 2	-	-	-	-	-
	Stage 3	-	7.47	(7.47)	-	7.47
Sub-Total		-	77.21	(77.21)	-	77.21
Total	Stage 1	3,29,675.75	2,058.82	3,27,616.93	2,921.55	(862.74)
	Stage 2	27,610.01	945.32	26,664.69	652.55	292.77
	Stage 3	20,915.28	14,344.38	6,570.90	13,581.44	762.95
	Total	3,78,201.04	17,348.52	3,60,852.51	17,155.54	192.98

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

As at 31.03.2021

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
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)						
Substandard	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)
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

40.1.8 In accordance with RBI's Master Direction-Non-Banking Financial Company- Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time, NPA ratios duly considering the loans which would have been otherwise required to be classified as NPA as per RBI norms is as under:

Particulars	As at 31.03.2022	As at 31.03.2021
Gross NPA to Gross Loans	6.58%	5.99%
Net NPA to Net Loans	2.76%	2.45%

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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 31.03.2022				
Domestic borrowings				
Principal	28,934.60	1,28,392.62	1,06,554.59	2,63,881.81
Interest	18,797.58	52,004.68	33,379.09	1,04,181.35
Foreign Currency borrowings				
Principal	9,222.97	17,958.25	29,107.15	56,288.37
Interest	1,745.64	5,804.15	2,999.03	10,548.82
Total	58,700.79	2,04,159.70	1,72,039.86	4,34,900.36
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

* 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

- (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 31.03.2022				
Forward	-	-	-	-
Option/swaps	56.75	46.50	-	103.25
Total	56.75	46.50	-	103.25
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

* 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) Significant cash flows required for meeting the financial liabilities shall be funded through cash flows (principal and interest repayments) generated from loan assets. The following table analyses the maturity pattern of loans by remaining maturity of contractual principal and interest on an undiscounted basis:

(₹ in crore)				
Particulars*	Upto 1 year	1 – 5 years	More than 5 years	Total
As at 31.03.2022				
Loan assets				
Principal	28,263.46	1,28,615.86	2,01,918.38	3,58,797.70
Interest	34,703.91	1,06,907.01	1,00,935.58	2,42,546.50
Total	62,967.37	2,35,522.87	3,02,853.96	6,01,344.20
As at 31.03.2021				
Loan assets				
Principal	33,603.33	1,19,449.05	2,04,302.25	3,57,354.63
Interest	34,823.78	1,08,997.32	1,20,916.68	2,64,737.78
Total	68,427.11	2,28,446.37	3,25,218.93	6,22,092.41

* The principal cash flows net of impairment loss allowance relating to Stage 3 assets have been considered in over 5 years bucket irrespective of the maturity date.

- (iv) 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 31.03.2022	As at 31.03.2021
CC/ OD/ LoC / WCDL limits	5,398.00	8,098.00

- (v) 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.

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:

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Description	As at 31.03.2022		As at 31.03.2021	
	Crore in respective currency	₹ in Crore	Crore in respective currency	₹ in Crore
USD Loans	678.27	51,417.51	630.91	46,374.92
- Hedged	407.50	30,891.39	280.00	20,581.32
- Unhedged	270.77	20,526.12	350.91	25,793.60
Euro Loans	30.83	2,609.67	0.97	83.69
- Hedged	-	-	-	-
- Unhedged	30.83	2,609.67	0.97	83.69
JPY Loans	3,633.60	2,261.19	5,089.20	3,377.19
- Hedged	-	-	-	-
- Unhedged#	3,633.60	2,261.19	5,089.20	3,377.19
Total		56,288.37		49,835.80
- Hedged		30,891.39		20,581.32
- Unhedged		25,396.98		29,254.48

#includes partly hedged liability of Nil (As at 31.03.2021, JPY loan partly hedged through forwards covering USD/ INR exposure for ₹ 940.86 crore).

(ii) Foreign currency risk monitoring and management

The Company has put in place a Board approved “Policy for Management of Risks on Foreign Currency Borrowings” to manage and hedge risks associated with foreign currency borrowings which prescribes the structure and organisation for management of associated risks.

The Company enters into various derivative transactions viz. principal only swaps, options and forward contracts for hedging the exchange rate risk. As per extant policy, a system for reporting and monitoring of risks is in place wherein Committee for Management of Risks on Foreign Currency Borrowings, 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.

(iii) Foreign Currency Sensitivity Analysis

The following table presents the impact on total equity [Gain / (Loss)] for 5% change in foreign currency exchange rate against INR on unhedged portfolio of outstanding foreign currency borrowings:

Foreign Currency Liabilities	As at 31.03.2022		As at 31.03.2021	
	Decrease	Increase	Decrease	Increase
on account of change in foreign exchange rate				
USD	1,026.31	(1,026.31)	1,289.68	(1,289.68)
Euro	130.48	(130.48)	4.18	(4.18)
JPY	113.06	(113.06)	168.86	(168.86)
Total	1,269.85	(1,269.85)	1,462.72	(1,462.72)

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 mismatches 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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. The Company also enters into various derivatives transactions like interest rate swaps, cross-currency interest rate swaps to hedge its interest rate risk.

(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 (+/-) ₹ 118.77 crore. (As at 31.03.2021 (+/-) ₹ 58.00 crore).

The analysis assumes that the Rate Sensitive Assets and Rate Sensitive Liabilities are being re-priced at the same time. Further, the analysis considers the earliest/first re-pricing date of the Rate Sensitive Assets and Rate Sensitive Liabilities.

Note: A 25 basis point increase or decrease represents management’s assessment of the reasonably possible change in interest rates.

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 LIBOR (London Interbank offer rate).

(i) Exposure directly affected by the interest rate benchmark reform

The total amount of exposure that is directly affected by Interest Rate Benchmark Reform (IBOR) i.e. after June 2023 is USD 657.67 million (Amount in INR ₹ 4,985.66 crore) as on 31.03.2022. Out of this, the amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is USD 650 million (Amount in INR ₹ 4,927.46 crore).

Following is the detail of the foreign currency borrowings which will be impacted based on LIBOR transition from 6 month USD LIBOR as planned after June 2023:-

Benchmark	As at 31.03.2022				As at 31.03.2021			
	Amount in respective currency (million)	Amount (₹ in crore)	Of which, have yet to transition to an alternative benchmark rate	Amount (₹ in crore)	Amount in respective currency (million)	Amount (₹ in crore)	Of which, have yet to transition to an alternative benchmark rate	Amount (₹ in crore)
Non-derivative financial liabilities								
6 month USD LIBOR	657.67	4,985.66	650.00	4,927.46	659.11	4,844.76	659.11	4,844.76
6 month JPY LIBOR*	-	-	-	-	30,966.75	2,054.95	30,966.75	2,054.95
Derivatives								
6 month USD LIBOR	650.00	4,927.46	650.00	4,927.46	650.00	4,777.81	650.00	4,777.81

* During the current year, JPY liabilities impacted due to cessation of JPY LIBOR have been translated to an alternative reference rate.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(ii) Managing the process of transition to alternative benchmark rates

The Company has in place a Board approved Policy for undertaking Libor Transition namely “Framework for transition from London Inter Bank Offered Rate (LIBOR) to Alternative Reference Rate (ARR)”. The framework *inter alia* covers aspects such as assessment of exposure linked to LIBOR, identification of risk arising out of LIBOR transition, contracts remediation, operational readiness, governing structure, regulatory compliance & reporting, etc. Further, the Company shall undertake all transition activities as per the process/guidelines detailed in the policy.

(iii) Significant assumptions for exposure 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. The alternative reference rate/benchmarks for the LIBOR linked loans and their derivatives are yet to be agreed with the lenders and the derivative bankers. However, it has been assumed that as a result of such reform there shall be no change in the relationship of the hedged items, hedged instruments and its corresponding hedge effectiveness.

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 31.03.2022		As at 31.03.2021	
	Increase	(Decrease)	Increase	(Decrease)
Impact on P&L	6.29	(6.29)	3.00	(3.00)
Impact on OCI	47.48	(47.48)	42.10	(42.10)

41. Hedge Accounting

The hedging instruments which meets the qualifying criteria for hedge accounting are designated as 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 change in intrinsic value of hedging instruments is recognised in ‘Effective Portion of Cash Flow Hedges’. The amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss. Further, the change in fair value of the time value of a hedging instruments is recognised in ‘Cost of Hedging Reserve’. The amounts recognised in such reserve are amortised to the Statement of Profit and Loss on a systematic basis.

(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:

- 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).
- 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(ii) The effects of hedging instruments designated as Cash-flow hedge on the Standalone Balance Sheet:

Sr. No.	Particulars	Nominal Amount (₹ in crore)	Carrying Amount ⁽¹⁾		Date of maturity	Weighted Average Rate / Strike Price	
			Assets (₹ in crore)	Liabilities (₹ in crore)			
As at 31.03.2022							
1.	Currency Derivatives	Forwards	-	-	-	-	
		Principal Only Swaps	6,064.57	277.61	-	Jun 2022-Sep 2024	71.09
		Call Spread Option	7,959.75	70.55	21.55	Oct-2023-Dec-2024	73.90
		Seagull Option	10,802.51	1,453.26	-	May 2026-Nov-2026	73.96
	Sub-Total		24,826.83	1,801.42	21.55		
2.	Interest rate Derivatives	Interest Rate Swap	8,717.82	198.86	39.15	Jun 2022-Jun 2024	1.38%
	Sub-Total		8,717.82	198.86	39.15		
3.	Total (1+2)		33,544.65	2,000.28	60.70		
As at 31.03.2021							
1.	Currency Derivatives	Forward	91.08	0.17	-	Jun 2021	73.70
		Principal Only Swaps	5,880.38	198.60	-	Jun 2022-Sep 2024	71.09
		Call Spread Option	7,717.99	-	51.92	Oct-2023-Dec-2024	73.90
	Sub-Total		13,689.45	198.77	51.92		
2.	Interest rate Derivatives	Interest Rate Swap	8,453.04	4.10	178.32	Jun 2022-Jun 2024	1.38%
	Sub-Total		8,453.04	4.10	178.32		
3.	Total (1+2)		22,142.49	202.87	230.24		

⁽¹⁾ forms part of the line item ‘Derivative Financial Instruments’ in the Standalone Balance Sheet.

(iii) Profile of timing of nominal amount of hedging instrument designated as Cash-flow hedge *

(₹ in crore)

Description (including derivative)	As at 31.03.2022	As at 31.03.2021
Currency derivatives		
Up to 1 year	1,895.18	91.08
1 – 5 years	22,931.65	13,598.37
More than 5 years	-	-
Sub-Total (A)	24,826.83	13,689.45
Interest rate derivatives		
Up to 1 year	1,895.18	-
1 – 5 years	6,822.64	8,453.04
More than 5 years	-	-
Sub-Total (B)	8,717.82	8,453.04
Total (A+B)	33,544.65	22,142.49

*Maturity buckets in the above table are as per the remaining tenor of the respective derivative instrument.

Notes to the Standalone Financial Statements

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(iv) The effects of hedging instruments designated as Cash-flow hedge on the Standalone Statement of Profit and Loss:

(₹ in crore)

Sr. No.	Particulars	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in Statement of P&L	Amount reclassified from OCI to P&L	Line item in P&L affected on Reclassification from OCI to P&L
As at 31.03.2022					
1.	Currency Derivatives	(451.84)	-	702.18 (532.79)	Finance Costs Net Translation/ Transaction Exchange Loss/ (Gain)
2.	Interest rate Derivatives	238.72	-	100.10	Finance Costs
As at 31.03.2021					
1.	Currency Derivatives	(621.69)	-	365.46 129.89	Finance Costs Net Translation/ Transaction Exchange Loss/ (Gain)
2.	Interest rate Derivatives	1.18	-	66.46	Finance Costs

(v) Reconciliation of Effective Portion of Cash Flow Hedges and Cost of Hedging Reserve

(₹ in crore)

Sr. No.	Particulars	FY 2021-22		FY 2020-21	
		Currency Derivative	Interest rate Derivative	Currency Derivative	Interest rate Derivative
(a)	Opening balance of Reserves (net of tax)	(12.24)	(124.34)	82.30	(174.96)
(b)	Hedge ineffectiveness recognised in P&L	-	-	-	-
(c)	Amount recognised in OCI during the year	(451.84) ^(a)	238.72 ^(b)	(621.69) ^(a)	1.18 ^(b)
(d)	Amount reclassified from OCI to P&L	169.38	100.09	495.35	66.46
(e)	Net amount recognised in OCI during the year (c + d)	(282.46)	338.81	(126.34)	67.64
(f)	Deferred Tax on (e) above	71.09	(85.27)	31.80	(17.02)
(g)	Net amount recognised in OCI during the year (Net of Tax) (e + f)	(211.37)	253.54	(94.54)	50.62
(h)	Closing balance of Reserves (net of Tax) (a + g)	(223.61)	129.20	(12.24)	(124.34)

^(a)Comprises of changes in intrinsic value and time value of options contracts, changes in fair value of PoS/Forwards contracts

^(b)Comprises of changes in fair value of IRS contracts

Notes to the Standalone Financial Statements

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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		Fair value hierarchy (Refer Note 5.1)	Valuation technique(s) & Key input(s)
		31.03.2022	31.03.2021		
1)	Quoted Equity investments				
	- PTC India Limited	98.70	93.30	Level 1	Quoted market price
	- Coal India Limited	255.62	182.03		
	- NHPC Limited	517.88	524.39		
	- Suzlon Energy Limited	77.42	42.31		
	- RattanIndia Power Limited	125.79	59.96		
2)	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. Allotted pursuant to restructuring, valued at ₹ 1 on prudent basis EESL ceases to be a jointly controlled entity w.e.f. 01.09.2021. Accordingly, the investment in EESL has been designated at fair value and the fair value has been determined using the financials of the investee company.
	- RKM PowerGen Pvt. Ltd.	0.00	0.00		
	- Energy Efficiency Services Ltd. (EESL)	241.73	NA		
3)	Investment in preference shares				
	- RattanIndia Power Limited - OCCRPS	0.00	96.19	Level 3	Owing to default in redemption of RPS of RattanIndia Power Ltd., PFC estimates no material amount may be realised from the investment. Allotted pursuant to restructuring, valued at ₹ 1 on prudent basis
	- Suzlon Global Services Limited - CCPS	0.00	0.00		
4)	Investment in debentures				
	- Essar Power Transmission Company Ltd. - Series 1 - OCD	37.80	40.88	Level 3	Fair valued using discounted future cash flow as per terms of agreement. Fair valued a ₹ 1 due to the non-availability of structured repayment schedule. The debentures are unsustainable in nature and future cash flows are uncertain.
	- Essar Power Transmission Company Ltd. - Series 2 - OCD	15.23	16.47		
	- Suzlon Energy Limited - OCD	102.69	94.28		
	- Essar Power Transmission Company Ltd. - Series 3 - OCD	0.00	0.00		
	- RKM Powergen Pvt. Ltd. - Series A - OCD	0.00	0.00		
	- RKM Powergen Pvt. Ltd. - Series B - OCD	0.00	0.00		
	- RKM Powergen Pvt. Ltd. - Series AI - OCD	0.00	0.00		
5)	Units of 'Small Is Beautiful' Fund of KSK	-	0.00	Level 3	Pursuant to the completion of liquidation proceedings, investment has been derecognised from the books during the FY 2021-22.
6)	Derivative Financial Instruments				
	- Assets	3,080.56	1,251.45	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	103.25	494.04		

- (ii) There were no transfers between Level 1 and Level 2 during the year.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(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 using Level 3 inputs:

(₹ in crore)

Particulars	FVTOCI		FVTPL		
	Investment in Units of SIB fund of KSK	Investment in Un-quoted Equity Shares	Investment in Bonds of Union Bank (Pre-merger Andhra Bank)	Investment in Preference Shares	Investment in Debentures
FY 2021-22					
Opening Balance	0.00	0.00	-	96.19	151.63
Investment made during the year	-	-	-	-	-
Settlement	(0.95)	-	-	-	(16.58)
Transfer in Level 3	-	278.16	-	-	-
Transfer from Level 3	-	-	-	-	-
Interest income ⁽¹⁾	-	-	-	-	20.67
Fair Value gain/ (loss)	0.95 ⁽²⁾	(36.43) ⁽²⁾	-	(96.19) ⁽³⁾	-
Closing Balance	-	241.73	-	-	155.72
Unrealised gains/(loss) on assets held at the end of the year	-	(36.43)	-	(96.19)	16.92
FY 2020-21					
Opening Balance	-	0.00	810.05	100.58	-
Investment made during the year	-	-	-	-	157.06
Settlement	-	-	(887.60)	-	(18.81)
Transfer in Level 3	6.12	0.00	-	-	-
Transfer from Level 3	-	-	-	-	-
Interest income ⁽¹⁾	-	-	77.55	-	13.38
Fair Value gain/ (loss)	(6.12) ⁽²⁾	-	-	(4.39) ⁽³⁾	-
Closing Balance	0.00	0.00	-	96.19	151.63
Unrealised gains/(loss) on assets held at the end of the year	(6.12)	-	-	(4.39)	-

⁽¹⁾Forms part of line item 'Interest Income' in the Standalone Statement of Profit and Loss.

⁽²⁾Fair value gain/ (loss) on Investments at FVTOCI forms part of line item 'Net Gain/(Loss) on Fair Value of Equity Instruments' in the Other Comprehensive section of Standalone Statement of Profit and Loss.

⁽³⁾Fair value gain/ (loss) on Investments at FVTPL forms part of line item 'Net Loss/(Gain) on Fair Value changes' in the Standalone Statement of Profit and Loss.

(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 31.03.2022		As at 31.03.2021	
		Amortised Cost	Fair Value	Amortised Cost	Fair Value
Loans	Level 3	3,60,929.74	3,67,609.10	3,60,124.77	3,63,723.47
Investments ^(a)	Level 1/3	110.21	110.60	-	-
Other Financial Assets	Level 2	5,382.67	5,391.78	5,336.77	5,346.27
Debt Securities ^(a)	Level 1 / 2	2,30,156.95	2,36,861.56	2,42,811.54	2,53,736.40
Borrowings other than debt securities ^(b)	Level 2	87,965.42	84,205.44	80,837.60	79,334.36
Subordinated Liabilities	Level 2	9,311.27	9,960.39	9,310.20	10,215.26

^(a)Includes listed instruments with Level 1 fair value hierarchy.

Investment in G-Sec being fair valued using market price as at reporting date.

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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	REC Limited (RECL) (formerly Rural Electrification Corporation Limited))
3	REC Power Development & Consultancy Limited (through RECL) (formerly REC Power Distribution Company Ltd.)		

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		

Through PFCCL

16	Mohanlalganj Transmission Limited (incorporated on 08.06.2021)	17	Karur Transmission Limited (transferred on 18.01.2022)
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 (under approval for striking off the name from the records of Registrar of Companies))
20	Koppal- Narendra Transmission Limited (transferred on 13.12.2021)	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	23	Ananthpuram Kurnool Transmission Limited
24	Nangalibira-Bongaigaon Transmission Limited (incorporated on 09.04.2021 and transferred on 16.12.2021)	25	Khetri-Narela Transmission Limited
26	Sikar-II Aligarh Transmission Limited (transferred on 08.06.2021)	27	Kishtwar Transmission Limited (incorporated on 15.04.2021)
28	Khavda-Bhuj Transmission Limited (incorporated on 18.05.2021 and transferred on 18.01.2022)	29	Chhatarpur Transmission Limited (incorporated on 25.01.2022)

Through RECL

30	Dumka Transmission Limited	31	Dinchang Transmission Limited (struck off from the RoC vide MCA letter dated 17.08.2021)
32	Koderma Transmission Limited	33	Chandil Transmission Limited
34	Mandar Transmission Limited	35	Sikar New Transmission Limited (transferred on 04.06.2021)
36	ER-NER Transmission Limited (incorporated on 06.10.2021)	37	MP Power Transmission Package-I Limited
38	MP Power Transmission Package-II Limited (transferred on 01.11.2021)	39	Kallam Transmission Limited (transferred on 28.12.2021)
40	Gadag Transmission Limited (transferred on 17..03.2022)	41	Fatehgarh Bhadla Transco Limited (transferred on 04.06.2021)
42	Rajgarh Transmission Limited	43	Bidar Transmission Limited

Key Managerial Personnel (KMP) of the Company:

1	Shri Ravinder Singh Dhillon	Designation	Chairman and Managing Director & Additional charge Director (Commercial)
2	Shri P. K. Singh (superannuated on 31.01.2022)		Director (Commercial)
3	Smt Parminder Chopra		Director (Finance)
4	Shri Rajiv Ranjan Jha (w.e.f. 28.10.2021)		Director (Projects)
5	Shri Tanmay Kumar (up to 06.09.2021)		Government Nominee Director
6	Shri Vishal Kapoor (w.e.f. 07.09.2021)		Government Nominee Director

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

7	Shri Ram Chandra Mishra	Part Time Non-Official Independent Director
8	Adv. Bhaskar Bhattacharya (w.e.f. 23.12.2021)	Part Time Non-Official Independent Director
9	Shri Prasanna Tantri (w.e.f. 23.12.2021)	Part Time Non-Official Independent Director
10	Smt Usha Sanjeev Nair (w.e.f. 23.12.2021)	Part Time Non-Official Independent Director
11	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
Companies in which Key Managerial Personnel are Directors		
1	PTC India Limited	2 NHPC Limited (up to 06.09.2021)
3	SJVN Limited (up to 06.09.2021)	4 Kholongchhu Hydro Energy Limited (up to 06.09.2021)
5	Punatsangchhu-I, Hydroelectric Project Authority in Bhutan (up to 06.09.2021)	6 Punatsangchhu-II Hydroelectric Project Authority in Bhutan (up to 06.09.2021)
7	Mangdechhu Hydroelectric Project Authority in Bhutan (up to 06.09.2021)	
Joint Ventures		
1	Energy Efficiency Services Limited (EESL) (up to 31.08.2021)	

43.2 Transactions with the Related Parties are as follows:

(₹ in crore)

Particulars	During FY 2021-22	During FY 2020-21
Subsidiaries:		
REC Ltd.		
Loan given (including interest)	-	3,000.49
Repayment of Loan (including interest)	3,014.47	-
Dividend received	1,269.22	1,143.44
Directors' sitting fee received	0.09	0.10
PFC Consulting Ltd.		
Loans given (including interest)	9.52	-
Advances given (including interest)	0.29	2.13
Dividend received	13.55	-
Allocation of employee benefits	1.11	1.04
Joint Venture		
Lease rental on vehicles *	0.09	0.21
Associates		
Repayment of advances (including interest) by associates	-	33.21
Advances taken from Associates	-	6.81
Repayment of advance taken from Associate	1.12	-
Interest income on advances to associates	16.43	15.70
Interest expenses on advances from associates	2.87	2.88
Trusts/Funds under control of the Company		
Contributions made during the year	7.38	8.25
Redemption of bonds	2.60	-
Finance cost on bonds paid	0.34	0.34
Key managerial personnel		
(i) Short term employee benefits	3.17	3.42
(ii) Post-employment benefits	0.42	0.38
(iii) Other long-term benefits	0.41	0.45
Sub-Total (i+ii+iii)	4.00	4.25
Repayment/ Recovery of loans and advances	0.33	0.30

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(₹ in crore)

Particulars	During FY 2021-22	During FY 2020-21
Subscription of bonds	0.17	-
Redemption of bonds(net of subscription)	-	0.36
Directors' Sitting Fees paid	0.28	0.19
Finance cost on bonds paid	0.01	0.04
Companies in which Key Managerial Personnel are Directors		
Dividend received – PTC India Limited	9.00	9.00
Directors' Sitting Fee received – PTC India Limited	0.05	0.02

* Transactions up to the date of cessation of joint control in EESL have been disclosed.

43.3 Outstanding balances with Related Parties are as follows:

(₹ in crore)

Particulars	As at 31.03.2022	As at 31.03.2021
Amount recoverable towards loans & advances (including interest)		
Subsidiaries	13.83	3,003.39
Associates	181.42	166.19
Key managerial personnel	0.48	0.57
Amount payable towards loans & advances (including interest)		
Associates	177.13	176.86
Subsidiaries	-	-
Debt Securities		
Key managerial personnel	0.21	0.04
Trusts/Funds under control of the Company	1.10	3.70

43.4 Maximum amount of loans/investments outstanding are as follows:

(₹ in crore)

Particulars	Loans		Investments	
	During FY 2021-22	During FY 2020-21	During FY 2021-22	During FY 2020-21
REC	3,000.00	3,000.00	14,500.50	14,500.50
PFCL	9.52	-	0.15	0.15

43.5 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.
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.	

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Significant transactions with entities under the control of same government:

Nature of Transaction	₹ in crore	
	During FY 2021-22	During FY 2020-21
Dividend received	55.65	51.77
Disbursement of loans	772.59	3,034.61
Interest received	2,976.13	3,920.30
Repayment of principal received	5,875.14	15,789.64

Refer Note 12, 18, 20.1, 20.3, 24.2 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 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.

43.6 Major terms and conditions of transactions with related parties

- Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- The remuneration to Key Managerial Personnel are in line with the HR policies of the Company.
- Loans and advances given to Directors/ KMPs have specified terms/ period of repayment and are in line with the HR Policies of the Company.
- 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.
- 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.
- Outstanding balances of group companies at the year-end are unsecured.

44. Employee Benefits

44.1 Defined contribution plans:

(a) Pension

The Company pays fixed contribution to 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 Gol. 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 ₹ 14.87 crore (Previous year ₹ 13.10 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.

Notes to the Standalone Financial Statements

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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.

Particulars	₹ in crore	
	As at 31.03.2022	As at 31.03.2021
(a) Present value of Defined benefit obligation	27.53	28.67
(b) Fair Value of Plan Assets	27.50	26.88
(c) Net Defined Benefit (Asset)/Liability (a-b)	0.03	1.79

Movement in net defined benefit (asset)/liability

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
I. Opening Balance	28.67	28.43	26.88	25.67	1.79	2.76
Included in profit and loss						
Current service Cost	1.65	1.85	-	-	1.65	1.85
Past service cost	-	-	-	-	-	-
Interest cost/income	2.03	1.92	1.90	1.74	0.13	0.18
II. Total amount recognised in profit and loss	3.68	3.77	1.90	1.74	1.78	2.03
Included in OCI						
Re-measurement loss/(gain):						
Actuarial loss (gain) arising from changes in financial assumptions	(0.89)	(0.81)	-	-	(0.89)	(0.81)
Actuarial loss (gain) arising from experience adjustment	(1.40)	0.12	-	-	(1.40)	0.12
Actuarial loss (gain) arising from changes in demographic assumptions	-	-	-	-	-	-
Return on plan assets excluding interest income	-	-	(0.54)	(0.45)	0.54	0.45
III. Total amount recognised in OCI	(2.29)	(0.69)	(0.54)	(0.45)	(1.75)	(0.24)
IV. Contribution by participants	-	-	-	-	-	-
V. Contribution by employer	-	-	1.79	2.76	(1.79)	(2.76)
VI. Benefits paid	(2.53)	(2.84)	(2.53)	(2.84)	-	-
VII. Closing Balance (I+II+III+IV+V+VI)	27.53	28.67	27.50	26.88	0.03	1.79

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for the year ended March 31, 2022

(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 31.03.2022	As at 31.03.2021
(a) Present value of Defined benefit obligation	56.39	48.37
(b) Fair Value of Plan Assets	50.12	43.40
(c) Net Defined Benefit (Asset)/ Liability (a-b)	6.27	4.97

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
I. Opening Balance	48.37	42.00	43.40	37.07	4.97	4.93
Included in profit and loss						
Current service Cost	2.59	2.16	-	-	2.59	2.16
Past service cost	-	-	-	-	-	-
Interest cost/income	3.46	2.85	3.07	2.51	0.39	0.34
II. Total amount recognised in profit and loss	6.05	5.01	3.07	2.51	2.98	2.50
Included in OCI						
Re-measurement loss/(gain)						
Actuarial loss (gain) arising from changes in financial assumptions	(1.26)	(2.53)	-	-	(1.26)	(2.53)
Actuarial loss (gain) arising from Experience adjustment	0.34	5.30	-	-	0.34	5.30
Actuarial loss (gain) arising from changes in demographic assumptions	5.55	-	-	-	5.55	-
Return on plan assets excluding interest income	-	-	0.33	(0.37)	(0.33)	0.37
III. Total amount recognised in OCI	4.63	2.77	0.33	(0.37)	4.30	3.14
IV. Contribution by participants	-	-	0.04	0.04	(0.04)	(0.04)
V. Contribution by employer	-	-	5.59	5.49	(5.59)	(5.49)
VI. Benefits paid	(2.66)	(1.41)	(2.31)	(1.34)	(0.35)	(0.07)
VII. Closing Balance (I+II+III+IV+V+VI)	56.39	48.37	50.12	43.40	6.27	4.97

(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 31.03.2022	As at 31.03.2021
Present value of Defined benefit obligation	6.76	4.53

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for the year ended March 31, 2022

Movement in defined benefit obligation

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation for the year ended	
	31.03.2022	31.03.2021
I. Opening Balance	4.53	2.89
Included in profit and loss		
Current service Cost	0.37	0.36
Past service cost	-	-
Interest cost / income	0.32	0.20
II. Total amount recognised in profit and loss	0.69	0.56
Included in OCI		
Actuarial loss (gain) arising from changes in financial assumptions	(0.24)	(0.10)
Actuarial loss (gain) arising from Experience adjustment	2.75	1.47
Actuarial loss (gain) arising from changes in demographic assumptions	-	-
Return on plan assets excluding interest income	-	-
III. Total amount recognised in OCI	2.51	1.37
IV. Contribution by participants	-	-
V. Contribution by employers	-	-
VI. Benefits paid	(0.97)	(0.29)
VII. Closing Balance (I+II+III+IV+V+VI)	6.76	4.53

(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 rating 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.

ii) Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to government bonds' yields at the end of the reporting period. A decrease (increase) in discount rate will increase (decrease) present values of plan liabilities, although this will be partially offset by an increase in the value of the plans' investments.

iii) Mortality rate risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

iv) Salary escalation risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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.

Notes to the Standalone Financial Statements

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(e) Plan Assets

The value of plan assets for each category is as follows:

(₹ in crore)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Gratuity	PRMS	Gratuity	PRMS
Cash & Cash Equivalents	0.02	0.09	0.15	0.44
State/Central Government Debt Securities	14.15	30.10	14.47	22.54
Corporate Bonds/Debentures	12.08	19.93	11.25	20.42
Others	1.25	-	1.01	-
Total	27.50	50.12	26.88	43.40

As at 31.03.2022, an amount of ₹ Nil (as at 31.03.2021 ₹ 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 ₹ 4.77 crore (Previous year ₹ 3.43 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 31.03.2022 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 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Discount Rate & expected return on plan assets, if funded	7.45%	7.08%	7.45%	7.08%	7.45%	7.08%
Salary Escalation Rate/Medical inflation rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality Rate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate
Withdrawal rate	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

(g) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in crore)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
- Gratuity	(1.12)	1.21	(1.24)	1.27
- PRMS	(4.28)	4.82	(3.67)	4.13
- ERS	(0.24)	0.27	(0.16)	0.18
Salary Escalation/Medical inflation Rate (0.50% movement)				
- Gratuity	0.14	(0.19)	0.16	(0.16)
- PRMS	4.60	(4.23)	3.95	(3.63)
- ERS	0.25	(0.22)	0.17	(0.15)
Medical Cost (10% movement)				
- PRMS	6.17	(5.15)	5.29	(4.41)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Up to 1 year	1.72	1.91	2.01	1.60	0.82	0.54
1 to 5 years	10.64	8.84	13.56	10.76	3.30	2.17
Over 5 years	49.54	49.61	64.37	51.09	7.70	5.07
Total	61.90	60.36	79.94	63.45	11.82	7.78

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 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Expected contribution	1.51	3.58	9.36	7.55

(j) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.98 years (as at 31.03.2021: 15.94 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 encashed subject to a maximum of 300 days. However, there is no restriction on the number of years of service for encashment of earned leave on separation from the service. Provision based on actuarial valuation amounting to ₹ 11.62 crore (Previous year ₹ 8.85 crore) for the year has been made at the year end and debited to the Standalone Statement of Profit and Loss.

(b) Other employee benefits

Provision for settlement allowance and long service awards amounting to ₹ 1.14 crore for the year (Previous year ₹ 2.68 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

45. Leases

The Company has recognised a Right of Use Asset and Lease Liability with respect to leasehold land being used as office premises.

45.1 The table below shows the movement of lease liabilities during the year:

(₹ in crore)

Particulars	As at 31.03.2022	As at 31.03.2021
Opening balance	8.81	8.81
Additions during the year	-	-
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 31.03.2022	As at 31.03.2021
Up to 1 year	0.77	0.77
1-5 years	3.09	3.09
More than 5 years	55.51	56.29

45.3 During the year 2021-22, the expenses relating to short-term/low value leases amounting to ₹ 7.20 crore (Previous year ₹ 6.49 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 ₹ 8.10 crore. (Previous year ₹ 7.14 crore)

46. Contingent Liabilities and Commitments

(₹ in crore)

Sr. No.	Description	As at 31.03.2022	As at 31.03.2021
Contingent Liabilities			
(i)	Guarantees ^(a) & (b)	8.29	44.65
(ii)	Claims against the Company not acknowledged as debts	-	-
(iii)	Additional demands raised by the Income Tax Department of earlier years which are being contested	91.78	62.23
(iv)	Service Tax demand or show cause notices raised by Service Tax Department in respect of earlier years which are being contested.	24.53	22.51
	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.	53.40	50.07
(v) ^(b)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	7,032.45	3,913.01
Commitments			
(i)	Estimated amount of contracts (excluding GST) remaining to be executed on capital account and not provided for	174.53	335.65
(ii)	Other Commitments – CSR unspent amount pertaining to the period up to 31.03.2020	99.15	143.43
Total		7,484.13	4571.55

^(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)Necessary impairment loss allowance has been made. Refer note 21.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

47. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31.03.2022 (Nil as at 31.03.2021). 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:

A policy on Offsetting of financial assets and financial liabilities has been incorporated in line with Ind AS 32. 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 31.03.2022			As at 31.03.2021		
	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	720.91	-	720.91	3,717.62	-	3,717.62
(b) Bank Balance other than included in Cash & Cash Equivalents	3,240.31	-	3,240.31	1,044.58	-	1,044.58
(c) Derivative Financial Instruments	980.64	2,099.92	3,080.56	5.33	1,246.12	1,251.45
(d) Loans	48,146.53	3,12,783.21	3,60,929.74	55,541.19	3,04,583.58	3,60,124.77
(e) Investments	1,084.80	14,999.47	16,084.27	882.65	15,090.85	15,973.50
(f) Other Financial Assets	102.08	5,280.59	5,382.67	138.30	5,198.47	5,336.77
Total financial assets⁽¹⁾	54,275.27	3,35,163.19	3,89,438.46	61,329.67	3,26,119.02	3,87,448.69
2 Non-Financial Assets						
(a) Current Tax Assets (Net)	-	273.65	273.65	-	260.64	260.64
(b) Deferred Tax Assets (Net)	-	4,151.82	4,151.82	-	3,996.76	3,996.76
(c) Property, Plant and Equipment	-	44.72	44.72	-	37.21	37.21
(d) Other Intangible Assets	-	0.13	0.13	-	0.24	0.24
(e) Right of use asset	-	34.85	34.85	-	35.30	35.30
(f) Other Non-Financial Assets	92.16	374.22	466.38	112.55	192.68	305.23
Total non-financial assets⁽²⁾	92.16	4,879.39	4,971.55	112.55	4,522.83	4,635.38
Total Asset⁽¹⁺²⁾	54,367.43	3,40,042.58	3,94,410.01	61,442.22	3,30,641.85	3,92,084.07
LIABILITIES						
1 Financial Liabilities						
(a) Derivative Financial Instruments	56.76	46.49	103.25	56.01	438.03	494.04
(b) Debt Securities	25,518.09	2,04,638.86	2,30,156.95	38,118.69	2,04,692.85	2,42,811.54
(c) Borrowings (other than Debt Securities)	23,265.32	64,700.10	87,965.42	11,220.79	69,616.81	80,837.60
(d) Subordinated Liabilities	102.33	9,208.94	9,311.27	101.80	9,208.40	9,310.20
(d) Other Financial Liabilities	1,618.05	5,185.94	6,803.99	683.31	5,144.74	5,828.05
Total financial liabilities⁽¹⁾	50,560.55	2,83,780.33	3,34,340.88	50,180.60	2,89,100.83	3,39,281.43
2 Non-Financial Liabilities						
(a) Current Tax Liabilities (Net)	-	194.92	194.92	-	43.24	43.24
(b) Provisions	106.57	140.43	247.00	99.61	55.54	155.15
(c) Other Non-Financial Liabilities	250.67	26.26	276.93	181.19	29.94	211.13
Total non-financial liabilities⁽²⁾	357.24	361.61	718.85	280.80	128.72	409.52
Total liabilities (1+2)	50,917.79	2,84,141.94	3,35,059.73	50,461.40	2,89,229.55	3,39,690.95

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

51. Government of India(GoI) schemes being implemented by the Company

The Company has been designated as Nodal Agency for operationalisation and implementation of RDSS Scheme and IPDS (R-APDRP subsumed in it). Role of Nodal Agency *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.

51.1 Revamped Distribution Sector Scheme (RDSS)

This Scheme was launched by GoI in July, 2021 to improve the operational efficiencies and financial sustainability of DISCOMs, by providing financial assistance to DISCOMs. It is a Reform based and result linked Distribution sector scheme. PFC along with REC is the nodal agency for operationalisation of the scheme. The implementation period of the Scheme is 5 Years (FY 2021-22 to FY 2025-26) with the sunset date of 31.03.2026. The key objectives of the scheme is to:

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

The Company is eligible for nodal agency fee at the rate of 0.50% of the sum total of the gross budgetary component of the various projects approved by Monitoring Committee. The total amount of nodal agency fee income from this scheme for FY 2021-22 stands at Nil.

The Scheme has an outlay of ₹ 3,03,758 crore with an estimated gross budgetary support of ₹ 97,631 crore from the GoI and the amount of GoI grant administered to the eligible entities till 31.03.2022 through the Company is ₹ 359 crore.

51.2 Integrated Power Development Scheme (IPDS) (with Restructured Accelerated Power Development and Reform Programme (R-APDRP) subsumed)

IPDS scheme was launched in December 2014 to 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. This scheme has the sunset date of 31.03.2022 and the ongoing approved projects have been subsumed under the new RDSS scheme.

The estimated outlay of the scheme was ₹ 32,612 crore including a budgetary support of ₹ 25,354 crore from GoI. R-APDRP scheme cost of ₹ 44,011 crore including budgetary support of ₹ 22,727 crore have also been carried forward to IPDS scheme. The amount of GoI grant administered to the eligible utilities till 31.03.2022 is ₹17,907.45 crore (₹ 15,782.44 crore as at 31.03.2021).

The total amount of nodal agency fee income from this scheme for FY 2021-22 stands at ₹ 8.60 crore (Previous year ₹ 4.65 crore). Additionally, the Company has also received ₹ 28.20 crore (Previous year ₹ 6.29 crore) as reimbursement of expenditure from MoP under the said scheme.

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

for the year ended March 31, 2022

(b) Status of documentation subsequent to reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile Andhra Pradesh, the State of Telangana has been formed on 02.06.2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal gazette notification.

Once the final transfer scheme is notified through Gazette Notification by Govt. duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest/principal is being segregated by the utilities and the respective portions are being paid by utilities in Telangana and Andhra Pradesh.

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 as amended from time to time.

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 3 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 31.03.2022	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
1 to 7 days	374.80	0.00	86.09	-	0.00
8 to 14 days	460.83	1933.65	184.70	-	0.00
15 days to 30/31 Days	2,510.53	3,565.02	1,067.50	-	5.43
Over 1 Month up to 2 Months	1,075.65	655.95	3,605.00	-	0.00
Over 2 Months up to 3 Months	2.03	970.23	2,268.75	-	2,235.52
Over 3 Months & up to 6 Months	2.39	6,607.24	7,733.04	-	0.00
Over 6 Months & up to 1 Year	4.49	14,531.37	13,989.53	-	6,982.03
Over 1 Year & up to 3 Years	14.74	65,323.48	83,967.36	-	10,160.98
Over 3 Years & up to 5 Years	9.50	63,292.38	44,425.26	-	7,797.27
Over 5 Years	14,975.23	2,01,918.38	1,06,554.59	-	29,107.15
Total	19,430.19	3,58,797.70	2,63,881.81	-	56,288.37

(₹ 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

Notes to the Standalone Financial Statements

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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 31.03.2022	Amount as at 31.03.2021
(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);	15,974.26	15,896.71
(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;	2,699.02	2,705.94
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		18,673.28	18,602.65

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 RBI's concentration of credit/investment norms till 31.03.2022. Considering Company's business model and strategic positioning being a Government Company, the matter for exemption is under consideration of RBI and the response is awaited. In view of above, the Company is continuing its operations in respect of Central/State Government entities as per Ministry of Power approved Credit Concentration Norms in line with its Board of Directors approval.

In respect of Private sector entities, PFC is following RBI's concentration of credit/investment norms.

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 2021-22 and FY 2020-21.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

53.3 Details of registrations with 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 2021-22, NSE and BSE have levied fine on the Company for non-compliance in regard to composition of the Board of Directors, Audit Committee and Nomination & Remuneration Committee of the Board of Directors.

The Company had taken up the matter with Ministry of Power to expedite the process of appointment of balance number of Independent Directors.

The President of India had ordered appointment of three Independent Directors (including one Independent Woman Director) vide Ministry of Power communication dated 15.11.2021. Thus, the Company is in compliance in regard to composition of the Board of Directors, Audit Committee and Nomination & Remuneration Committee of the Board of Directors.

Accordingly, Company vide its letters dated 29.03.2022 had requested both the exchanges to waive the above said penalty. Revert on the matter is awaited.

During the previous year, NSE & BSE had levied fine on the Company for the similar reason. However, BSE vide its email dated September 24, 2020 and April 19, 2021 has waived the penalty imposed for the previous year. Whereas, NSE vide letter/e-mail dated 08.12.2021 had communicated that waiver can be considered after complying with the requirement.

53.5 Credit Ratings

53.5.1 Ratings assigned by domestic credit rating agencies as at 31.03.2022:

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 by international credit rating agencies as at 31.03.2022:

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.

Notes to the Standalone Financial Statements

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53.6 Provisions, Contingencies and Impairment loss allowances debited to Standalone Statement of Profit and Loss

(₹ in crore)

Sr. No.	Particulars	FY 2021-22	FY 2020-21
1	Impairment loss allowance towards loans, investments acquired under loan settlement, letter of comfort and guarantees *	2,146.86	3,494.35
2	Impairment loss allowance on other financial assets	2.33	2.05
3	Impairment loss allowance on investment	72.95	-
4	Provision made towards Income tax	2,382.86	2,792.03

* including write off and impairment on investment acquired under loan settlement of ₹ 1,396.13 crore (Previous year ₹ 2860.60 crore) and corresponding reversal of impairment loss allowance of ₹ 1,817.78 crore (Previous year ₹ 3017.25 crore).

53.7 Draw Down from reserves

Reference may be made to Note 24.

53.8 Others

- The Company is preparing Consolidated Financial Statements in accordance with Ind AS – 110 'Consolidated Financial Statements'.
- The Company does not have any Overseas Assets in the form of Joint Ventures/Subsidiaries abroad.
- 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 2021-22

No complaints have been received by the Company from its borrowers during the year ended 31.03.2022. (Previous year Nil).

54. Information/Particulars as set out in Annex IV of RBI's Master Direction dated 01.09.2016 applicable to the Company, as updated from time to time :

(₹ in crore)

Particulars	Amount as on 31.03.2022		Amount as on 31.03.2021	
	Outstanding	Overdue	Outstanding	Overdue
(1) Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid:				
(a) Bonds : Secured	17,980.13	-	15,617.62	-
: Unsecured	2,21,335.61	-	2,33,619.99	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(i) Rupee Term Loans	65,507.07	-	61,332.50	-
(ii) Foreign Currency Loans	22,000.10	-	19,013.86	-
(d) Inter-corporate loans & borrowings	-	-	-	-
(e) Commercial Paper	-	-	3,080.23	-
(f) Public Deposits	-	-	-	-
(g) Others	-	-	-	-
(i) Short-Term Borrowings	228.62	-	683.23	-

Notes to the Standalone Financial Statements

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Assets Side	Amount as on 31.03.2022	Amount as on 31.03.2021
(2) Break-up of Loans and Advances including bills receivables (other than those included in (3) below) (Net of Provisions) :		
(a) Secured	1,87,185.54	1,91,256.29
(b) Unsecured	1,85,949.07	1,79,559.82
(c) Less: Impairment loss allowance	(17,271.30)	(16,410.98)
(d) Loans and advances (net of provision)	3,55,863.31	3,54,405.13
(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
(b) Operating lease	-	-
(4) Break-up of Investments (Net of Provisions)		
Investments carried at Cost/Amortised Cost		
1. Quoted		
(i) Shares		
(a) Equity	14,500.50	14,500.50
(ii) Government securities	98.69	-
2. Unquoted		
(i) Shares		
(a) Equity	0.90	246.40
(b) Preference	84.47	76.99
(c) Less: Impairment Loss allowance	(73.15)	(0.20)
(d) Unquoted Shares (net of Provision)	12.22	323.19
Investments carried at Fair Value		
1. Quoted		
(i) Shares		
(a) Equity	1,075.41	901.99
2. Unquoted		
(i) Shares		
(a) Equity	241.73	-
(b) Preference	-	96.19
(ii) Debentures and Bonds	155.72	151.63

(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 31.03.2022)			Amount Net of Provisions (as on 31.03.2021)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries and Associates	-	185.73	185.73	-	3,168.51	3,168.51
(b) Other related parties	0.48	-	0.48	0.57	-	0.57
2. Other than related parties	1,87,185.06	1,85,763.34	3,72,948.40	1,91,349.72	1,76,391.31	3,67,741.03
Total	1,87,185.54	1,85,949.07	3,73,134.61	1,91,350.29	1,79,559.82	3,70,910.11

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(6) Investor group-wise classification of all investments (at cost/amortised cost and fair value) in shares and securities (both quoted and unquoted)

Category	As on 31.03.2022		As on 31.03.2021	
	Break up value*	Book Value (Net of Provisions)	Break up value\$	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	26,824.33	14,500.65	22,825.70	14,500.65
(b) Companies in the same group	0.50	0.55	290.37	246.05
2. Other than related parties	1,583.07	1,583.07	1,226.80	1,226.80
Total	28,407.90	16,084.27	24,342.87	15,973.50

(7) Other Information

Particulars	Amount (as on 31.03.2022)	Amount (as on 31.03.2021)
(i) Gross Stage III Assets		
(a) Other than related parties	20,915.28	21,150.16
(ii) Net Stage III Assets		
(a) Other than related parties	6,570.91	7,733.80
(iii) Assets acquired in satisfaction of debt (Gross value of investment)	443.40	467.96

*In case of negative break-up value, Nil value has been considered.

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 as amended from time to time.

55.1 Funding Concentration based on significant counterparty (borrowings)

Particulars	Number of significant counterparties*	Amount (₹ crore)	% of Total Liabilities
As at 31.03.2022	7	59,447.08	17.74%
As at 31.03.2021	7	52,897.08	15.57%

*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 31.03.2022	
		Amount (₹ crore)	% of Total Borrowings
1	RTL from State Bank of India	10,999.98	3.44%
2	RTL from HDFC Bank	9,750.00	3.05%
3	RTL from National Small Savings Scheme (NSSF)	7,500.00	2.34%
4	RTL from Union Bank of India	6,675.00	2.09%
5	RTL from Canara Bank	6,200.00	1.94%
6	3.95% USD BONDS 2030	5,685.53	1.78%
7	RTL from Bank of Baroda	5,344.00	1.67%
8	8.65% Taxable Bond Series 126	5,000.00	1.56%
9	8.41% Taxable Bond Series 131 C	5,000.00	1.56%
10	7.62% Taxable Bond Series 171	5,000.00	1.56%

*Based on size of bond issuance/term loans from banks.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

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

55.3 Funding Concentration based on significant instrument/product

Sr. No.	Significant instrument /product	As at 31.03.2022		As at 31.03.2021	
		Amount (₹ crore)	% of Total Liabilities	Amount (₹ crore)	% of Total Liabilities
1	Debt Securities				
	- Infrastructure Bonds	38.51	0.01%	119.56	0.04%
	- Tax Free Bonds	8,983.03	2.68%	12,275.11	3.61%
	- 54EC Capital Gain Tax Exemption Bonds	3,998.82	1.19%	2,564.18	0.75%
	- Taxable Bonds	1,75,616.83	52.41%	1,86,226.10	54.82%
	- Foreign Currency Notes	34,378.78	10.26%	30,871.97	9.09%
	- Commercial Paper	-	-	3,080.23	0.91%
	Sub-Total (1)	2,23,015.97	66.56%	2,35,137.15	69.22%
2	Borrowings (other than Debt Securities)				
	- Foreign Currency Loans	128.07	0.04%	150.65	0.04%
	- Syndicated Foreign Currency Loans	21,781.52	6.50%	18,813.18	5.54%
	- Rupee Term Loan	58,262.48	17.39%	53,598.98	15.78%
	- Rupee Term Loan - Gol	7,500.00	2.24%	7,500.00	2.21%
	- Loan against Term Deposits	228.59	0.07%	683.04	0.20%
	- Working Capital Demand Loan/ Overdraft/ Cash Credit/ Line of Credit	-	-	-	-
	Sub-Total (2)	87,900.66	26.23%	80,745.85	23.77%
3	Subordinated Liabilities	9,211.50	2.75%	9,211.50	2.71%
	Sub-Total (3)	9,211.50	2.75%	9,211.50	2.71%
	Total (1+2+3)	3,20,128.13	95.54%	3,25,094.50	95.70%

55.4 Stock Ratios

Sr. No.	Particulars	% to total public funds	% to total liabilities	% to total assets
As at 31.03.2022				
1	Non-convertible debentures (original maturity less than 1 year)	-	-	-
2	Commercial papers	-	-	-
3	Other short-term liabilities	0.07%	0.07%	0.06%
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%

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

55.5 Refer Note 40.2 for Institutional set up for management of liquidity risk in the Company.

55.6 Liquidity Coverage Ratio

(₹ in crore)

Particulars	Quarter ended 31.03.2022		Quarter ended 31.12.2021				Quarter ended 30.09.2021	
			From 01.10.2021 to 30.11.2021		From 01.12.2021 to 31.12.2021			
	Total Unweighted Value (Average)	Total weighted Value (Average)	Total Unweighted Value (Average)	Total weighted Value (Average)	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)	3,460.28	3,460.28	1,197.07	1,197.07	1,643.33	1,643.33	1,723.60	1,723.60
Cash Outflows								
2 Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
3 Other contractual funding obligations	5,827.99	6,702.19	2,882.16	3,314.48	3,717.79	4,275.46	7,459.28	8,578.18
4 Other contingent funding obligations	6,920.18	7,958.20	5,445.29	6,262.08	5,808.74	6,680.05	4,416.87	5,079.40
5 TOTAL CASH OUTFLOWS	12,748.17	14,660.39	8,327.45	9,576.57	9,526.53	10,955.51	11,876.15	13,657.58
Cash Inflows								
6 Lines of credit – Credit or liquidity facilities or other contingent funding facilities	6,122.75	4,592.06	8,248.64	6,186.48	7,765.19	5,823.90	8,276.46	6,207.34
7 Inflows from fully performing exposures	5,617.12	4,212.84	4,257.79	3,193.34	7,604.30	5,703.23	5,247.89	3,935.92
8 Other cash inflows	117.81	88.36	300.08	225.06	121.12	90.84	89.48	67.11
9 TOTAL CASH INFLOWS	11,857.68	8,893.26	12,806.50	9,604.87	15,490.62	11,617.96	13,613.83	10,210.37
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
10 TOTAL HQLA		3,460.28		1,197.07		1,643.33		1,723.60
11 TOTAL NET CASH OUTFLOWS [(Total Weighted Cash Outflows)- Minimum of (75% of Total Weighted Cash outflow or Total Weighted Cash inflows)]		5,767.13		2,394.14		2,738.88		3,447.21
12 LIQUIDITY COVERAGE RATIO (%)		60.00%		50.00%		60.00%		50.00%

^(a)The Company is having adequate HQLA. However, for the above disclosure, HQLA amount required to meet the required LCR level of 60% (w.e.f 01.12.2021) and 50% (up to 30.11.2021) has been considered.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in crore)

Particulars	Quarter ended 30.06.2021		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)	Total Unweighted Value (Average)	Total weighted Value (Average)
High Quality Liquid Assets						
1 Total High Quality Liquid Assets (HQLA) (b)	1,211.59	1,211.59	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	3,860.18	4,439.21	4,008.29	4,609.54	2,940.22	3,381.25
4 Other contingent funding obligations	4,132.23	4,752.07	2,990.66	3,439.26	2,155.96	2,479.35
5 TOTAL CASH OUTFLOWS	7,992.42	9,191.28	6,998.95	8,048.80	5,104.33	5,869.97
Cash Inflows						
6 Lines of credit – Credit or liquidity facilities or other contingent funding facilities	2,786.31	2,089.73	-	-	-	-
7 Inflows from fully performing exposures	6,231.83	4,673.87	6,717.70	5,038.28	8,787.09	6,590.32
8 Other cash inflows	6.00	4.50	297.85	223.39	4.01	3.01
9 TOTAL CASH INFLOWS	9,024.14	6,768.10	7,015.55	5,261.67	8,791.10	6,593.33
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
10 TOTAL HQLA		1,211.59		1,393.57		733.75
11 TOTAL NET CASH OUTFLOWS [(Total Weighted Cash Outflows)- Minimum of (75% of Total Weighted Cash outflow or Total Weighted Cash inflows)]		2,423.18		2,787.14		1,467.49
12 LIQUIDITY COVERAGE RATIO (%)		50.00%		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.

55.6.1 RBI vide its Master Direction-NBFC- Systemically Important Non-Deposit Taking Company, 2016 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 31.03.2022, data has been presented as simple averages of daily observations over the quarter.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

55.6.2 The position of HQLA holding as on 31.03.2022 is as follows

HQLA items	% of Overall HQLA As at 31.03.2022
Assets without Haircut	
Cash and Cash Equivalents	93.75%
G-Sec	2.86%
Assets with 15% Haircut	-
Assets with 50% Haircut	
Coal India Ltd. shares	3.39%
Total	100.00%

56. There are no reportable cases of loans transferred/ acquired during the FY 2021-22 (Previous year Nil) under Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021.

57. 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 5, 9.1 to 9.4, 11.1, 39.1, 39.2, 40.1.3(iii), 40.1.3(vi), 40.1.3(vii), 40.1.5, 40.1.6, 40.1.7, 40.1.8, 40.3, 40.4, 49, 53, 54, 55 and 56.

58. Impact of COVID-19 on the Company

During the financial year ended 31.03.2022, India experienced two waves of COVID-19 pandemic following the spread of mutant corona virus variants. These waves led to the imposition of temporary lockdown/ curbs by Central/ State Governments that were subsequently lifted.

The Company believes that considering its high credit worthiness and well-established relationship with stakeholders, there will not be any significant impact of this pandemic in continuing the business operations, in maintaining its financial position, and in its ability to continue as a going concern.

The impact of this pandemic on the Company will, *inter alia*, continue to be dependent on future developments which are uncertain. The Company shall also continue to closely monitor any material changes arising from future economic conditions and potential impact on its business.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

59. The Company is a ‘Large Corporate’ in terms of the Chapter XII of SEBI Operational Circular dated 10.08.2021 on “Fund raising by Issuances of Debt Securities by Large Entities”. Disclosures required under the said circular is as under:

Particulars	FY 2021-22	FY 2020-21
Name of Company	Power Finance Corporation Limited	
CIN	L65910DL1986GOI024862	
Outstanding borrowings of company as on March 31 of FY (₹ in crore) (in line with Chapter XII of SEBI Operational Circular dated August 10, 2021)	2,63,611.19	2,71,495.44
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)	
Disclosure for FY 2021-22		
2-year block period	FY 2021-22, FY 2022-23	
Details of incremental borrowings: (₹ in crore)		
Incremental borrowing done in FY(2021-22) (a)	28,671.83	
Mandatory borrowing to be done through issuance of debt securities in FY (2021-22) (b) = (25% of a)	7,167.96	
Actual borrowings done through debt securities in FY (2021-22) (c)	14,666.83	
Shortfall in the borrowing through debt securities if any, for FY 2020-21 carried forward to FY 2021-22 (d) = (b) – (c) {If calculated value is zero or negative, write “Nil”}	Nil	
Quantum of (d), which has been met from (c) (e)	N.A.	
Shortfall, If any, in the mandatory borrowing through debt securities for FY (2020-21) {after adjusting for any shortfall in borrowing for FY (2020-21) which was carried forward to FY (2021-22)} (f) = (b)-[(c)-(e)] {If calculated value is zero or negative, write “Nil”}	Nil	
Details of penalty to be paid ,if any, in respect to previous block		
2-year block period	FY 2020-21, FY 2021-22	
Amount of fine to be paid for the block ,if applicable Fine= 0.2% of {(d)-(e)}	N.A.	
Disclosure for FY 2020-21		
Details of incremental borrowings: (₹ in crore)		
Incremental borrowing done in FY (a)	66,732.37	
Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	16,683.09	
Actual borrowings done through debt securities in FY (c)	46,332.37	
Shortfall in the mandatory borrowing through debt securities, if any (d) = (b)-(c)	NIL	
Reasons for shortfalls	N.A.	

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

60. Disclosure in compliance with Regulation 52 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

Particulars	As at /Year ended 31.03.2022	As at /Year ended 31.03.2021
Net Debt to Equity Ratio (times)	5.38	6.13
Outstanding Redeemable Preference Shares	-	-
Capital redemption reserve/debenture redemption reserve	-	-
Net Worth (₹ in crore)	59,350.28	52,393.12
Total Debt to Total Assets (times)	0.81	0.83
Operating Margin (%)	31.60%	26.99%
Net Profit Margin (%)	25.97%	22.36%

Notes:

- Net debt=Principal outstanding of {Debt Securities + Borrowings (other than debt securities) + Subordinated Liabilities} less cash and cash equivalents.
- Net worth = Equity Share Capital + Other Equity.
- Total debt to Total assets = Principal outstanding of {Debt Securities + Borrowings (other than debt securities) + Subordinated Liabilities}/Total assets.
- Operating Margin = (Profit before Tax - Other Income)/Total Revenue from operations.
- Net profit margin = Net profit After Tax/Total Income.
- Debt service coverage ratio, Interest service coverage ratio, Current ratio, Current Liability Ratio, Long term debt to working capital, Bad debts to Account receivable ratio, Debtors turnover, Inventory turnover ratio are not applicable to the Company.
- Other disclosures required under Regulation 52(4) are presented at Note no. 38, 39.1.

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.

Sd/-
(Manohar Balwani)
CGM & Company Secretary

For and on behalf of the Board of Directors

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 Dass Gupta & Associates
Chartered Accountants
Firm's Registration No. 000112N

For Prem Gupta & Company
Chartered Accountants
Firm's Registration No. 000425N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

Sd/-
CA Prem Behari Gupta
Partner
Membership No. 080245

Place: New Delhi
Dated: 25.05.2022

Independent Auditors' Report

TO THE MEMBERS OF POWER FINANCE CORPORATION LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPINION

We have audited the accompanying Consolidated 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"), and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2022, 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 Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated 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 Financial Statements and on the other financial information of the subsidiaries and associates, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its associates as at March 31, 2022, of consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

2. 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 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated 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's 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 Financial Statements.

3. Emphasis of matter

- We draw attention to Note 46.1.2 of the Consolidated Financial Statements regarding the provision of impairment allowance in respect of loan assets, undisbursed letter of comfort and guarantee. The Company and one of its subsidiaries has recognised expected credit loss in respect of loan assets, undisbursed letter of comfort and guarantee as required under Ind AS 109, on the basis of documents provided by independent expert agency appointed by them. Since the calculation parameters require certain technical and professional expertise, we have relied upon the basis of determination of impairment allowance in so far as it relates to technical aspects/parameters considered by the said independent expert agency and management's judgement on the same.
- We draw attention to Note 57 of the Consolidated Financial Statements regarding the impact of COVID-19 pandemic on the Group. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the Group to continue as a going concern. Nevertheless, the impact in sight of involvement of pandemic in future period is uncertain and could impact the impairment allowance in future years.

Our opinion is not modified in respect of the above said matters.

4. KEY AUDIT MATTERS

Key audit matters ("KAM") are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated 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
(i)	Credit impairment of financial instruments – Loan Assets <p>The Holding Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain guidelines and procedures in respect of criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment.</p> <p>Impairment loss measurement requires use of statistical models to estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These models are key driver to measure Impairment loss.</p> <p>The key indicators underlying for assessment of impairment allowance are appraised on the ongoing basis by the management.</p> <p>The most significant areas where we identified greater levels of management judgement are:</p> <p>Significant Increase in Credit Risk (SICR) – Company has classified SICR based on the indicator defined in Ind AS, estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Individually assessed Stage 3 carrying value. The carrying value of loans and advances to borrowers may be materially misstated if individual impairments are not appropriately estimated based upon certain estimates, future cash flow and asset valuations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation & uncertainty. In view of the significance of the amount of loan assets in the Consolidated Financial Statements as a percentage of total assets, impairment of loan assets there on has been considered as Key Audit Matter in our audit.</p>	Our audit procedures included: <ul style="list-style-type: none"> 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. 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. <p>We considered the credit impairment charge and provision recognised and the related disclosures to be acceptable & satisfactory.</p>
(ii)	Fair Valuation of Derivative financial instruments <p>The Holding Company enters into derivative contracts in accordance with RBI guidelines to mitigate its currency and interest rate risk in accordance with Company's board approved currency risk management policy.</p> <p>Derivative contracts are either categorised at Fair Value through P&L (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.</p> <p>We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to material exposure and the fact that the inappropriate application of these requirements/assumptions/estimate by contracting bank could lead to a material effect on the income statement.</p>	Our audit procedures included: <ul style="list-style-type: none"> 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 March 31, 2022 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.

The following key audit matters with respect audit opinion on the financial statement of Company's subsidiary REC Limited has been reported by the component auditors vide their report dated May 13, 2022 and has been reproduced by us as under:

Sr. No.	Key Audit Matter	Auditor's Response
1.	Impairment allowance of Loan Assets – <p>(Refer Note No. 52.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.14)</p> <p>The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment.</p> <p>Impairment allowance is measured as product of the Probability of Default, Exposure at Default and Loss Given Default being the key parameters for assessing the impairment allowance.</p> <p>The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management.</p> <p>Further the management has adopted a methodology which in addition to the model adopted as above is further analysed on case to case basis and wherever impairment impact need to be changed the same is considered in the financial statements.</p> <p>Since the Company is a Non-Banking Finance Company (NBFC) involved in business of financing and if any of the key parameter/ criteria/ assumptions mentioned as above is applied improperly, it can result in impacting the carrying value of loan assets materially either individually or collectively. In view of the significance of the amount of loan assets in the standalone Ind AS Financial Statements i.e. 90.52% of total assets, the audit procedure for impairment of loan assets has been considered as Key Audit Matter in our audit.</p>	We have applied following audit procedures in this regard <ol style="list-style-type: none"> According to the provisions of Ind AS 109 "Financial Instruments", we have obtained the report of the external agency and verified the criterion/framework with various regulatory updates along with Company's internal guidelines and procedures in respect of the impairment allowance. Verification of loan assets on test check basis covering substantial part of total loans with respect to monitoring thereof for recovery/performance aspects and assessment of the loan impairment considering management perception on the same. 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. Assessment of impairment based upon performance of the loan assets is carried out on the basis of available documents comprising loan papers, financial data, valuation reports, progress report, periodical financial information, information on public domain, procedure applied by the management e.g. inspection of loans, physical verification, assessing borrower past records etc. Recoveries in the loan assets are verified to ascertain level of stress thereon and impact as impairment allowance on financial statement. We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases. Components and calculations in the study for impairment allowance carried out by external agency are relied upon by us and test checks are carried out for the same. Such components are credit rating of borrowers, calculation of probability of default/loan given defaults etc. Our audit procedure in the same are limited in view of reliance on report of the external agency. Further, the Management, pursuing a Board approved methodology reviews the impairment allowance in the report of the external agency and enhanced/reduced the impairment on case to case basis as management overlay. We have obtained a detailed analysis from the management for such changes. Our audit procedure in this regard is constrained by the management appraisal and we have relied upon the same. Comparison of ECL with the amount of provisioning as required in terms of Income Recognition, Assets classification and provisioning norms (IRACP) of Reserve Bank of India in pursuance of RBI Notification No. DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020.

Sr. No.	Key Audit Matter	Auditor's Response
2.	<p>Fair valuation of Derivative Financial Instruments</p> <p>(Refer Note No. 9 to the standalone Ind AS Financial Statements read with accounting policy No. 3.13)</p> <p>To mitigate the Company's exposure to foreign currency risk and interest rate risk, non-INR cash flows are monitored and derivative contracts are entered into in accordance with the Company's board approved risk management policies and RBI guidelines.</p> <p>The Company has applied hedge accounting requirements as per Ind AS 109 'Financial Instruments' wherein certain derivative contracts have been designated as hedging instruments in 'Cash flow hedge' relationships. These arrangements have been entered into to mitigate foreign currency exchange risk and interest rate risk arising from certain debt instruments denominated in foreign currency.</p> <p>The derivatives are measured at fair value as per Ind AS 109. Mark to market gain/loss on these derivatives are recognised in the other comprehensive income for cash flow hedges.</p> <p>In view of significance and impact on financial statements we have identified it as a key audit matter.</p>	<p>We have applied following audit procedure in this regard</p> <p>a) Discussing and understanding management's perception and studying policy of the Company for risk management. Motive of derivative transactions are studied and observed underlying exposure is not more than the volume of derivatives.</p> <p>b) Verification of fair value of derivative in terms of Ind AS 109.</p> <p>c) Testing the accuracy and completeness of derivative transactions.</p> <p>d) Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>e) Obtained details of various financial derivative contracts as outstanding as on March 31, 2022.</p> <p>f) Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p> <p>g) We also obtained confirmations from the banks with whom such financial derivative contracts have been entered into and independently compared the valuation so arrived at by the contracting banks.</p> <p>h) Additionally, we have verified the accounting of gain/loss on mark to market basis in the other comprehensive income for cash flow hedges.</p> <p>i) Assessing whether the financial statement disclosures appropriately reflect the Company's exposure to derivatives valuation risks with reference to the requirements of the prevailing accounting standards and Reserve Bank of India Guidelines.</p>
5.	<p>INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON</p> <p>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 Financial Statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this Auditor's report.</p> <p>Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the Consolidated 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 Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>When we read the other information, if we conclude that there is a material misstatement therein, we are required to</p>	<p>communicate the matter to those charged with governance and take appropriate actions if required.</p> <p>6. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS</p> <p>The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated 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 in accordance with the Ind AS and other accounting principles generally accepted in India. The respective board of directors of the companies included in the Group and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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</p>

the Consolidated 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 Financial Statements by the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates 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 are responsible for overseeing the financial reporting process of the Group and of its associates.

7. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated 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 to express an opinion on the Consolidated Financial statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated 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 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.

8. OTHER MATTERS

- (a) We did not audit the Financial Statements/financial information of two subsidiaries whose Financial Statements/financial information reflect total assets of ₹ 4,11,090.61 crore as at March 31, 2022, total revenues of ₹ 39,083.73 crore and net cash flows amounting to ₹ (1,016.94) crore for the year ended on that date, as considered in the consolidated Financial Statements. These 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 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.
- (b) The consolidated Financial Statements also include unaudited financial Statements/other financial information in respect of one jointly controlled entity and fifteen associates (including three associates which are under process of striking off), whose Financial Statements reflect Group's share of net profit of ₹ (22.40) crore for the year ended March 31, 2022 (up to date of cessation of joint control for joint venture entity), as considered in the consolidated 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 associates and jointly controlled entity, is based solely on such unaudited 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.
- (c) The Consolidated financial information of the Company for the year ended March 31, 2021 included in the Consolidated Financial Statements, were audited by joint statutory auditors of the Company, one of whom was predecessor audit firm, and they had expressed an unmodified opinion on Consolidated Financial Statements vide their report dated June 15, 2021.

Our opinion on the Consolidated 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

Financial Statements/financial information certified by the Management.

9. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- I. 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, 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 Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated 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 Financial Statements.
- (d) In our opinion and to the best our information and explanation given to us, the aforesaid Consolidated 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 June 5, 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, & 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 June 5, 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 & 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 (as amended), in our opinion and to the best of our

information and according to the explanations given to us:

- i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, - Refer Note 52 to the Consolidated Financial Statements;
- ii. The group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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 and associate companies, incorporated in India.
- iv. (a) The Management of the Group has represented (Refer Note 12.4), that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group, ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management of the Group, has represented (Refer Note 12.4) that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the

Group, shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
- v. As stated in Note 29.2(iii) to the Consolidated Financial Statements :
- (a) The final dividend proposed in the previous year, declared and paid by the Company during the year declared is in compliance with section 123 of the Companies Act, 2013.
- (b) The interim dividend declared and paid during the year and until the date of this report is in compliance with section 123 of the Companies Act, 2013.
- (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- II. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government in terms of sub-section (11) of section 143 of the Companies Act, 2013, to be included in the Auditor's report, on the basis of examination of the CARO reports of the subsidiaries included in the Consolidated Financial Statements, no qualifications or adverse remarks have been reported by the respective auditors.

FOR DASS GUPTA & ASSOCIATES

Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA NARESH KUMAR
Partner
Membership No. 082069
UDIN : 22082069AJORTX9615

Place: New Delhi
Dated: May 25, 2022

FOR PREM GUPTA & COMPANY

Chartered Accountants
Firm's Registration No.: 000425N

Sd/-
CA PREM BEHARI GUPTA
Partner
Membership No. 080245
UDIN: 22080245AJQOT2276

Annexure A

to the Independent Auditors' Report on the Audit of the Consolidated Financial Statements

(Referred to in Para I(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, 2022)

Report on the Internal Financial Controls with reference to Consolidated 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 Financial Statements of **Power Finance Corporation Limited** (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiary companies, and its associate companies, which are companies incorporated in India, as of that date.

1. MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary companies, and its associate companies 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, 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.

2. AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiary companies, and its associate companies, 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 Financial Statements and their operating effectiveness. Our audit of internal financial control with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated 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 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 Financial Statements.

3. MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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 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 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 Financial Statements.

4. 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 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 Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

5. OPINION

In our opinion, the Holding Company, its subsidiary companies, its associate companies, which are companies incorporated in India have, in all material respects, an internal financial controls system with reference to

Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2022, 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.

6. 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 Financial Statements in so far as applicable to two subsidiary companies is based on the corresponding reports of the auditors of such companies incorporated in India and in respect of fifteen associates, we have relied on the explanation provided by the management of holding company in absence of report on Internal Financial Controls of such entities. In our opinion, the same is not considered material for the Consolidated Financial Statement of the Group and its associates.

FOR DASS GUPTA & ASSOCIATES

Chartered Accountants
Firm's Registration No.: 000112N

Sd/-

CA NARESH KUMAR

Partner

Membership No. 082069

UDIN : 22082069AJORTX9615

Place: New Delhi

Dated: May 25, 2022

FOR PREM GUPTA & COMPANY

Chartered Accountants
Firm's Registration No.: 000425N

Sd/-

CA PREM BEHARI GUPTA

Partner

Membership No. 080245

UDIN: 22080245AJQOT2276

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, 2022

The preparation of consolidated financial statements of Power Finance Corporation Limited for the year ended 31 March 2022 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 25 May 2022.

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 31 March 2022 under Section 143 (6) (a) read with Section

129 (4) of the Act. We conducted a supplementary audit of the financial statements of Power Finance Corporation Limited, REC Limited, REC Power Development and Consultancy Limited and Bidar Transmission Limited but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities listed in Annexure 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: July 25, 2022

Annexure A

List of Subsidiaries, Associates Companies and Jointly Controlled Entities of Power Finance Corporation Limited whose financial statements were not audited by the Comptroller and Auditor General of India

A. Subsidiaries Companies:

1. PFC Consulting Limited

B. Associate Companies and Joint Ventures:

1. Sakhigopal Integrated Power Company Limited
2. Ghogarpalli Integrated Power Company Limited
3. Coastal Karnataka Power Limited
4. Coastal Maharashtra Mega Power Limited
5. Jharkhand Infrapower Limited
6. Chhattisgarh Surguja Power Limited
7. Odisha Infrapower Limited
8. Orissa Integrated Power Limited
9. Cheyyur Infra Limited
10. Coastal Tamil Nadu Power Limited
11. Bihar Infrapower Limited
12. Bihar Mega Power Limited
13. Deoghar Infra Limited
14. Deoghar Mega Power Limited
15. Tatiya Andhra Mega Power Limited
16. Ananthpuram Kurnool Transmission Limited
17. Khetri Narela Transmission Limited
18. Bhadla Sikar Transmission Limited
19. Mohanlalganj Transmission Limited
20. Kishtwar Transmission Limited
21. Bijawar-Vidhrbha Transmission Limited
22. Tanda Transmission Company Limited
23. Shongtong Karcham-Wangtoo Transmission Limited
24. ER NER Transmission Limited
25. Koderma Transmission Limited
26. MP Power Transmission Package I Limited
27. Rajgarh Transmission Limited
28. Chandil Transmission Limited
29. Dumka Transmission Limited
30. Mandar Transmission Limited



Consolidated Balance Sheet

as at March 31, 2022

(₹ in crore)				
Sr. No.	Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
ASSETS				
1	Financial Assets			
(a)	Cash and Cash Equivalents	8	914.24	4,927.74
(b)	Bank Balance other than included in Cash and Cash Equivalents	9	5,770.26	3,274.82
(c)	Derivative Financial Instruments	10	8,590.73	3,562.67
(d)	Trade Receivables	11	125.63	167.61
(e)	Loans	12	7,32,850.76	7,22,386.84
(f)	Investments (Other than accounted for using equity method)	13A	3,773.51	2,950.48
(g)	Other Financial Assets	14	29,820.35	29,779.87
	Total Financial Assets (1)		7,81,845.48	7,67,050.03
2	Non-Financial Assets			
(a)	Current Tax Assets (Net)	15	495.25	525.32
(b)	Deferred Tax Assets (Net)	43	7,315.37	6,461.03
(c)	Investment Property	16	-	0.01
(d)	Property, Plant and Equipment	17	668.94	297.75
(e)	Capital Work-in-Progress	17	53.36	335.67
(f)	Intangible Assets under development	17	-	0.77
(g)	Other Intangible Assets	17	4.41	6.39
(h)	Right of Use Assets	18	45.83	37.17
(i)	Other Non-Financial Assets	19	551.68	411.43
(j)	Investments accounted for using equity method	13B	0.50	548.35
	Total Non-Financial Assets (2)		9,135.34	8,623.89
3	Assets Classified as held for sale	20	19.45	33.16
	Total Assets (1+2+3)		7,91,000.27	7,75,707.08
LIABILITIES AND EQUITY				
Liabilities				
1	Financial Liabilities			
(a)	Derivative Financial Instruments	10	656.39	1,340.35
(b)	Trade Payables	21		
	(i) Total outstanding dues of Micro, Small and Medium Enterprises		1.11	0.01
	(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		48.64	70.76
(c)	Debt Securities	22	4,49,731.56	4,80,080.65
(d)	Borrowings (other than Debt Securities)	23	1,94,616.98	1,63,344.42
(e)	Subordinated Liabilities	24	16,127.74	16,257.09
(f)	Other Financial Liabilities	25	32,598.89	32,065.25
	Total Financial Liabilities (1)		6,93,781.31	6,93,158.53
2	Non-Financial Liabilities			
(a)	Current Tax Liabilities (Net)	15	219.15	140.68
(b)	Provisions	26	356.55	272.28
(c)	Other Non-Financial Liabilities	27	368.10	345.26
	Total Non-Financial Liabilities (2)		943.80	758.22
3	Liabilities directly associated with assets classified as held for sale	20	0.01	0.08
	Total Liabilities (1+2+3)		6,94,725.12	6,93,916.83

Consolidated Balance Sheet

as at March 31, 2022

(₹ in crore)				
Sr. No.	Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
4	Equity			
(a)	Equity Share Capital	28	2,640.08	2,640.08
(b)	Other Equity	29	69,036.16	58,127.40
	Equity attributable to owners of the Company (a+b)		71,676.24	60,767.48
(c)	Non-Controlling Interest	30	24,598.91	21,022.77
	Total Equity (4)		96,275.15	81,790.25
	Total Liabilities and Equity (1+2+3+4)		7,91,000.27	7,75,707.08

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 Dass Gupta & Associates
Chartered Accountants
Firm's Registration No.: 000112N

For Prem Gupta & Company
Chartered Accountants
Firm's Registration No.: 000425N

Place: New Delhi
Date : May 25, 2022

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

Sd/-
CA Prem Behari Gupta
Partner
Membership No. 080245

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

(₹ in crore)				
Sr. No.	Particulars	Note No.	Year ended 31.03.2022	Year ended 31.03.2021
	Revenue from Operations			
(i)	Interest Income	31	74,887.12	70,845.58
(ii)	Dividend Income	32	68.86	88.74
(iii)	Fees and Commission Income	33	1,069.58	490.36
(iv)	Other Operating Income	34	236.10	231.42
I.	Total Revenue from Operations		76,261.66	71,656.10
II.	Other Income	35	83.26	44.57
III.	Total Income (I+II)		76,344.92	71,700.67
	Expenses			
(i)	Finance Costs	36	44,708.78	44,683.52
(ii)	Net Translation/ Transaction Exchange Loss/ (Gain)	37	1,704.63	166.20
(iii)	Fees and Commission Expense	38	26.91	24.23
(iv)	Net Loss/(Gain) on Fair Value changes	39	(356.00)	(53.39)
(v)	Impairment on Financial Instruments	40	5,695.07	5,942.29
(vi)	Cost of Services Rendered		76.83	101.39
(vii)	Employee Benefit Expenses	41	406.57	370.82
(viii)	Depreciation, Amortisation and Impairment	17/18	34.77	25.46
(ix)	Corporate Social Responsibility Expenses		388.76	370.22
(x)	Other Expenses	42	253.98	185.44
IV.	Total Expenses		52,940.30	51,816.18
V.	Profit/(Loss) Before Exceptional Items and Tax (III-IV)		23,404.62	19,884.49
VI.	Exceptional Items		-	-
VII.	Share of Profit/(Loss) in Joint Venture and Associates		(22.40)	6.24
VIII.	Profit/(Loss) Before Tax (V-VI+VII)		23,382.22	19,890.73
	Tax Expense:	43		
(1)	Current Tax			
-	Current Year		5,501.89	5,321.55
-	Earlier Years		(40.01)	401.96
(2)	Deferred Tax Expense/(Income)		(847.87)	(1,548.98)
IX.	Total Tax Expense		4,614.01	4,174.53
X.	Profit/(Loss) for the year from Continuing Operations (VIII-IX)		18,768.21	15,716.20
XI.	Profit/(Loss) From Discontinued Operations (After Tax)		-	-
XII.	Profit/(Loss) for the year (from continuing and discontinued operations) (X+XI)		18,768.21	15,716.20
XIII.	Other Comprehensive Income			
(A)	(i) Items that will not be reclassified to Profit or Loss			
-	Re-measurement of Defined Benefit Plans		(13.40)	(18.52)
-	Net Gain/(Loss) on Fair Value of Equity Instruments		174.13	303.78
-	Share of Other Comprehensive Income/(Loss) in Joint Venture accounted for using equity method		(0.02)	(0.12)
(ii)	Income Tax relating to items that will not be reclassified to Profit or Loss			
-	Re-measurement of Defined Benefit Plans		3.47	4.72
-	Net Gain/(Loss) on Fair Value of Equity Instruments		(7.03)	(6.01)
	Sub-Total (A)		157.15	283.85

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

(₹ in crore)				
Sr. No.	Particulars	Note No.	Year ended 31.03.2022	Year ended 31.03.2021
(B)	(i) Items that will be reclassified to Profit or Loss			
-	Effective Portion of Gains and (Loss) in Cash Flow Hedge		900.02	53.17
-	Cost of Hedging Reserve		(947.33)	297.94
-	Share of Other Comprehensive Income/(loss) of Joint Venture accounted for using equity method		(0.17)	1.29
(ii)	Income Tax relating to items that will be reclassified to Profit or Loss			
-	Effective Portion of Gains and (Loss) in Cash Flow Hedge		(226.52)	(13.38)
-	Cost of Hedging Reserve		238.42	(74.98)
	Sub-Total (B)		(35.58)	264.04
	Other Comprehensive Income (A+B)		121.57	547.89
XIV.	Total Comprehensive Income for the year (XII+XIII)		18,889.78	16,264.09
	Profit for the year attributable to:			
-	Owners of the Company		14,014.79	11,747.83
-	Non-Controlling Interest		4,753.42	3,968.37
			18,768.21	15,716.20
	Other Comprehensive Income for the year			
-	Owners of the Company		148.99	331.07
-	Non-Controlling Interest		(27.42)	216.82
			121.57	547.89
	Total Other Comprehensive Income for the year			
-	Owners of the Company		14,163.78	12,078.90
-	Non-Controlling Interest		4,726.00	4,185.19
			18,889.78	16,264.09
XV.	Basic and Diluted Earnings Per Equity Share (Face Value ₹ 10/- each):	44		
(1)	For continuing operations (in ₹)		53.08	44.50
(2)	For discontinued operations (in ₹)		-	-
(3)	For continuing and discontinued operations (in ₹)		53.08	44.50

Notes annexed hereto form an integral part of the Consolidated Financial Statements

Sd/-
(Manohar Balwani)
CGM & Company Secretary

For and on behalf of Board of Directors

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 Dass Gupta & Associates
Chartered Accountants
Firm's Registration No.: 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

For Prem Gupta & Company
Chartered Accountants
Firm's Registration No.: 000425N

Sd/-
CA Prem Behari Gupta
Partner
Membership No. 080245

Place: New Delhi
Date : May 25, 2022

Consolidated Statement of Changes in Equity

for Year ended March 31, 2022



A. Equity Share Capital

Particulars	(₹ in crore)			
	Opening Balance	Changes in Equity Share Capital due to prior period errors	Changes during the period	Closing Balance
Issued, Subscribed and fully paid up:				
FY 2020-21	2,640.08	-	-	2,640.08
FY 2021-22	2,640.08	-	-	2,640.08

Refer Note 28 for detail

B. Other Equity

Particulars	Reserves and surplus						Other Comprehensive Income						Non-Controlling Interest		(₹ in crore)				
	Capital Reserve - Common Control	Capital Reserve - Change in share-holding in Joint Venture	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934	Special Reserve for Bad & doubtful debts u/s 36(1) of Income Tax Act, 1961	Special Reserve created (viii) of u/s 36(1) of Income Tax Act, 1961 upto Financial Year 1996-97	Special Reserve created and maintained (viii) of u/s 36(1) of Income Tax Act, 1961 from Financial Year 1997-98	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) Cash Flow Hedges		Costs of Hedging Reserve	Share of other Comprehensive Income of joint Venture and associates accounted using equity method	towards Share Holders	towards Instruments Entirely Equity in Nature
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
Changes in Accounting Policy / Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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
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)
Transfer to / from Retained Earnings	-	-	-	761.49	-	3,883.87	-	-	-	516.40	-	(7,731.14)	-	-	-	-	-	-	-
Transfer to / from General Reserve	-	-	2,569.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilisation of reserve against bad debts written off	-	-	-	(3,450.69)	-	-	-	-	-	3,868.24	(417.55)	-	-	-	-	-	-	-	-
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
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 March 31, 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	20,464.36	558.40 79,150.16

Particulars	Reserves and surplus										Other Comprehensive Income				Non-Controlling Interest		(₹ in crore)			
	Capital Reserve - Common Control	Capital Reserve - Change in share-holding in Joint Venture	Special Reserve created u/s 45-IC of Bank of India Act, 1934	Special Reserve for Bad & doubtful debts u/s 36(1) of Income-tax Act, 1961	Special Reserve created u/s 36(1) (viii) of Income Tax Act, 1961 upto Financial Year 1996-97	Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961 from Financial Year 1997-98	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve - KFW Loan	General Reserve	Impairment Reserve	Retained Earnings	Equity Instruments through comprehensive Income	Effective portion of Gain/(Loss) Cash Flow Hedges	Costs of Hedging Reserve	Share of other Comprehensive Income of Joint Venture and associates accounted using equity method		Attributable to owners of the parent	towards Equity Share Holders	towards Instruments of Equity of Nature
Changes in Accounting Policy / Prior Period Errors																				
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	14,014.79	-	-	-	-	14,014.79	4,753.42	-	18,768.21
Re-measurement of Defined Benefit Plans	-	-	-	-	-	-	-	-	-	-	-	(6.98)	-	-	-	-	(6.98)	(2.95)	-	(9.93)
Other Comprehensive Income / (Expense)	-	-	-	-	-	-	-	-	-	-	-	0.00	155.38	503.06	(501.74)	(0.73)	155.97	(24.47)	-	131.50
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	14,007.81	155.38	503.06	(501.74)	(0.73)	14,163.78	4,726.00	-	18,889.78
Dividends	-	-	-	-	-	-	-	-	-	-	-	(3,366.10)	-	-	-	-	(3,366.10)	(1,142.15)	-	(4,508.25)
Transfer to / from Retained Earnings	-	-	3,062.34	576.44	-	4,044.97	-	-	-	-	-	(7,683.75)	-	-	-	-	(0.00)	-	-	(0.00)
Transfer to / from General Reserve	-	(2.47)	-	-	-	-	-	-	2.47	-	-	-	-	-	-	-	-	-	-	-
Utilisation of reserve against bad debts written off	-	-	-	(1,303.94)	-	-	-	-	1,303.94	-	-	-	-	-	-	-	-	-	-	-
Additions / Deletion during the period (net)	-	-	-	-	-	-	129.94	1.42	-	-	(1.42)	-	(58.90)	-	-	-	129.94	8.46	-	138.40
Reclassification of gain/loss on sale of equity instrument measured at OCI	-	-	-	-	-	-	-	-	-	-	-	58.90	(58.90)	-	-	-	-	-	-	-
Issue of Perpetual Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coupon Payment on Perpetual Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	(17.96)	-	-	-	-	(17.96)	(16.16)	-	(34.12)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	(0.90)	-	-	-	-	(0.90)	-	-	(0.90)
Balance as at March 31, 2022	(13,461.00)	-	9,298.33	680.04	599.85	35,878.11	3,953.74	(806.07)	64.07	20,346.81	-	12,757.10	(74.23)	302.56	(503.16)	0.00	69,036.16	24,040.51	558.40	93,635.07

Notes annexed hereto form integral part of Consolidated Financial Statements.

For and on behalf of Board of Directors

Signed in terms of our report of even date attached

For Dass Gupta & Associates
Chartered Accountants
Firm's Registration No.: 000112N

For Prem Gupta & Company
Chartered Accountants
Firm's Registration No.: 000425N

Place : New Delhi	Sd/-	Sd/-	Sd/-
Date : May 25, 2022	(Manohar Balwani)	(Parminder Chopra)	(R. S. Dhillon)
	CGM & Company Secretary	Director (Finance)	Chairman and Managing Director
		DIN - 08530587	DIN - 00278074
			Membership No. 082069
			Partner
			CA Prem Behari Gupta
			Membership No. 080245

Consolidated Statement of Cash Flows

for the Year ended March 31, 2022

(₹ in crore)

Sr. No.	Description	Year ended 31.03.2022	Year ended 31.03.2021
I.	Cash Flow from Operating Activities:		
	Profit before Tax	23,382.22	19,890.73
	Adjustments for:		
	Loss on derecognition of Property, Plant and Equipment (net)	3.91	5.81
	Depreciation and Amortisation	34.78	25.45
	Interest expense on Zero Coupon Bonds and Commercial Papers	107.55	126.31
	Unrealised Foreign Exchange Translation Loss/(Gain)	(821.27)	819.96
	Net Change in Fair Value	(348.00)	(29.40)
	Impact of Effective Interest Rate on Loans	(9.74)	12.49
	Impairment on Financial Instruments	5,695.07	5,943.36
	Interest on Interest Subsidy Fund	1.13	1.41
	Provision for interest under Income Tax Act, 1961	1.91	24.90
	Excess Liabilities written back	(2.40)	(0.15)
	Provision for Retirement Benefits etc.	112.49	50.16
	Effective Interest Rate on Borrowings/ Debt Securities/ Subordinated Liabilities	(105.33)	234.47
	Interest on Income Tax Refund	-	(9.67)
	Share of Profit/Loss of Joint Venture accounted for using equity method	22.40	(6.24)
	Impairment Allowance on Assets Classified as Held for Sale	9.71	-
	Loss/(Gain) on derecognition of Assets held for sale (net)	(30.25)	-
	Interest Accrued on investments	(22.00)	-
	Operating profit before Working Capital Changes:	28,032.18	27,089.59
	Increase/Decrease:		
	Loans (Net)	(12,804.48)	(83,336.45)
	Other Financial and Non-Financial Assets	(2,852.51)	(3,015.58)
	Derivative	(4,584.30)	615.91
	Other Financial & Non-Financial Liabilities and Provisions	(817.12)	4,579.10
	Cash Flow before Exceptional Items	6,973.77	(54,067.43)
	Exceptional Items	-	-
	Cash Flow from Operations Before Tax	6,973.77	(54,067.43)
	Income Tax paid	(5,364.56)	(5,381.03)
	Income Tax Refund	23.26	305.85
	Net Cash Inflow from Operating Activities	1,632.47	(59,142.61)
II.	Cash Flow From Investing Activities:		
	Proceeds from disposal of Property, Plant and Equipment	0.48	0.97
	Purchase of Property, Plant and Equipment & Intangible Assets (including CWIP and Capital Advance)	(120.15)	(92.78)
	Finance Cost Capitalised	(5.10)	(22.04)
	Increase/(Decrease) in Other Investments	(273.02)	1,854.91
	Sale of assets held for sale	31.24	-
	Net Cash Inflow from Investing Activities	(366.55)	1,741.06
III.	Cash Flow From Financing Activities:		
	Raising of Bonds (including premium) (Net of Redemptions)	(33,444.88)	29,233.11
	Raising of Long-Term Loans (Net of Repayments)	15,603.25	19,838.32
	Raising of Foreign Currency Loans (Net of Repayments)	29,540.53	5,533.01
	Raising of Subordinated Liabilities (Net of Redemptions)	-	1,999.50
	Raising of Commercial paper (Net of Repayments)	(3,134.76)	195.00
	Raising of Working Capital Demand Loan/ OD/ CC/ Line of Credit (Net of Repayments)	(9,230.04)	6,076.34
	Coupon Expenses on Perpetual Debt Instruments entirely equity in nature	(45.60)	557.46
	Unclaimed Bonds (Net)	(58.28)	133.76
	Unclaimed Dividend (Net)	1.56	0.42
	Payment of Lease Liability	(2.95)	(0.73)
	Payment of Dividend	(4,508.25)	(3,142.11)
	Net Cash Inflow from Financing Activities	(5,279.42)	60,424.08

Consolidated Statement of Cash Flows

for the Year ended March 31, 2022

(₹ in crore)

Sr. No.	Description	Year ended 31.03.2022	Year ended 31.03.2021
	Net Increase/Decrease in Cash and Cash Equivalents	(4,013.50)	3,022.53
	Add: Cash and Cash Equivalents at beginning of the financial year	4,927.74	1,905.21
	Cash and Cash Equivalents at the end of the period	914.24	4,927.74
	Details of Cash and Cash Equivalents at the end of the period:		
	i) Balances with Banks (of the nature of cash and cash equivalents)		
	In current accounts	148.32	970.90
	In Term Deposit Accounts (original maturity up to 3 months)	765.90	3,956.72
	ii) Cheques, Drafts on hand including postage and Imprest	0.02	0.12
	Total Cash and Cash Equivalents at the end of the period	914.24	4,927.74

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 ₹ 291.27 crore (Previous year ₹ 412.31 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	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 March 31, 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
	Cash Flow During the Year	(33,444.88)	15,603.25	29,540.53	(3,134.76)	(9,230.04)	-	(665.92)
	Non-Cash Changes due to:							
	Adjustments	69.42	2,999.99	(42.45)	54.53	-	-	3,081.49
	Variation in Exchange Rates			(48.67)				(48.67)
	Closing Balance as at March 31, 2022	3,71,871.72	1,25,440.80	1,32,100.74	(0.00)	1,639.52	15,862.20	6,46,914.98

*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.

Notes annexed hereto form integral part of 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 Dass Gupta & Associates
Chartered Accountants
Firm's Registration No.: 000112N

For Prem Gupta & Company
Chartered Accountants
Firm's Registration No.: 000425N

Place: New Delhi
Date : May 25, 2022

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

Sd/-
CA Prem Behari Gupta
Partner
Membership No. 080245

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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). The Company has been conferred with 'Maharatna' Status by the Govt. of India in the FY 2021-22.

Equity shares of PFC are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited. Further, various debt securities of PFC are also listed on the Stock Exchanges.

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).

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 31.03.2022
				31.03.2022	31.03.2021	
Subsidiaries:						
1	REC Limited (RECL) *		India	52.63%	52.63%	Audited
2	PFC Consulting Ltd. (PFCCL)*		India	100%	100%	Audited
Joint Venture:						
1	Energy Efficiency Services Ltd. (EESL)	PFC's share through RECL Group's share	India	17.65%	24.97%	NA (Refer Note 5.1)
				15.68%	22.18%	
				33.33%	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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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 31.03.2022
			31.03.2022	31.03.2021	
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
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 Energy Efficiency Services Limited (EESL) was incorporated in 2009 as a Joint Venture (JV) of NTPC Ltd., Power Grid Corporation of India Ltd. (PGCIL), RECL and PFC. During the current financial year, amendments in the JV agreement were made vide Supplementary Agreement dated 01.09.2021, where by the substantive participative rights and privileges previously enjoyed by all the joint venture partners, through their right to affirmative vote on certain reserved matters stands withdrawn. Therefore, in absence of any joint control, EESL ceases to be a Joint Venture Company for the purpose of consolidation of financial statements.

Further, as on March 31, 2022, the Company along with its subsidiary RECL is holding 33.33 % stake in equity share capital of EESL. However, in the absence of any practical ability to direct the relevant activities as per the requirements of Ind AS 28 'Investment in Associates and Joint Ventures', the Company does not have any significant influence and EESL has not been considered as an associate company for purpose of consolidation of financial statements.

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 subsequently 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.

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 as applicable 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(i) Subsidiaries:

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the Company obtains the control (except for Business Combinations under Common Control).

The Company combines the financial statements of its subsidiaries on a line by line basis, adding together like items of assets, liabilities, equity, income and expenses. The carrying amount of the Company's investment in each subsidiary and the Company's portion of equity of each subsidiary are eliminated. Intercompany transactions, balances, unrealised gains on transactions between the Company and subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests (NCI) represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's shareholders. Non-controlling interests are initially measured at the proportionate share of the recognised amounts of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of the interest at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Consolidated Financial Statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's Standalone Financial Statements except as otherwise stated. When necessary, adjustments are made to the financial statements to bring their accounting policies in line with the Group's Significant Accounting Policies.

If the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in 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

- The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.
- Under hedge accounting, an entity can designate derivative contracts either as cashflow hedge or fair value hedge.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

- 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.

- Cash flow hedge

The hedging instruments which meets the qualifying criteria for hedge accounting are designated as 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 change in intrinsic value of hedging instruments is recognised in 'Effective Portion of Cash Flow Hedges'. The amounts recognised in such reserve are reclassified to the Consolidated Statement of Profit or Loss when the hedged item affects profit or loss. Further, the change in fair value of the time value of a hedging instruments is recognised in 'Cost of Hedging Reserve'. The amounts recognised in such reserve are amortised to the Consolidated Statement of Profit and Loss on a systematic basis. The gain or loss relating to ineffective portion is recognised immediately in Consolidated Statement of Profit and Loss.

- Fair Value Hedge

In line with the recognition of change in the fair value of the hedging instruments in the Consolidated Statement of Profit & Loss, the change in the fair value of the hedged item attributable to the risk hedged is recognised in the Consolidated Statement of Profit and Loss. Such changes are made to the carrying amount of the hedged item and are adjusted in Effective Interest Rate in the period when the hedging instrument ceases to exist. If the hedged item is derecognised, the unamortised fair value is recognised immediately in Consolidated Statement of Profit and Loss.

- Hedge accounting is discontinued when the hedging instrument expires, or terminated, or exercised, or when it no longer qualifies for hedge accounting.

- 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)

- 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

any fees, transaction costs and other premiums or discount that are integral part of the effective interest rate of a financial instrument.

Income is recognised in the Consolidated Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at FVTPL.

EIR is determined at the initial recognition of the financial asset. EIR is subsequently updated at every reset, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain/loss measured using the previous EIR as calculated before the modification, is recognised in the Consolidated Statement of Profit and Loss in period during which such renegotiations occur.

b) Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if both the following conditions are met:

- the objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

All fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in Reserve.

c) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

A financial asset is measured at FVTPL unless it is measured at amortised cost or FVTOCI, with all changes in fair value recognised in Consolidated Statement of Profit and Loss.

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

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" and as a cumulative deduction from gross carrying amount in the Consolidated Balance Sheet, wherever applicable.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

a) 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.

b) Impairment of financial assets, other than loan assets:

ECL on financial assets, other than loan assets, is measured at an amount equal to life time expected losses.

c) Financial assets are written off by RECL either partially or in their entirety only when it has stopped pursuing the recovery.

(iv) De-recognition of Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with all the substantial risks and rewards of ownership of the asset to another party. The renegotiation or modification of the contractual cash flows of a financial asset can also lead to derecognition of the existing financial asset.

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 Assets and Financial Liabilities

Financial Assets and Financial Liabilities are offset and the net amount is reported in the Balance Sheet when currently there is legally enforceable 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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 through 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.

- (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 derecognised.

6.7 Property, Plant and Equipment (PPE) and Depreciation

- (i) Items of PPE are initially recognised at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated. An item of PPE retired from active use and held for disposal is stated at lower of its book value or net realisable value.
- (ii) The expenditure incurred on improvement of leasehold premises is recognised at cost and is shown as "Leasehold Improvements" under PPE.
- (iii) In case of assets put to use, capitalisation is done on the basis of bills approved or estimated value of work done as per contracts where final bill(s) is/are yet to be received/approved subject to necessary adjustment in the year of final settlement.
- (iv) Cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance or servicing costs of PPE are recognised in Consolidated Statement of Profit and Loss as incurred.
- (v) Under-construction PPE is carried at cost, less any recognised impairment loss. Such PPE items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as of other assets, commences when the assets are ready for their intended use.
- (vi) Depreciation is recognised so as to write-off the cost of assets less their residual values# as per written down value method*, over the estimated useful lives that are similar to as prescribed in Schedule II to the Companies Act, 2013, except following:

Nature of PPE	Life of PPE
Cell phones	2 years (in case of PFC & PFCCL)
Lease hold 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) Depreciation on additions to/deductions from PPE during the year is charged on pro-rata basis from/ up to the date on which the asset is available for use/ disposed.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

- (viii) An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss.
- (ix) Capital expenditure directly attributable for Smart metering project are initially shown in 'Capital work-in-progress' (net of contribution from client) and capitalised as PPE when it is ready for use. Depreciation on items of PPE in smart metering project is recognised on pro-rata basis on Straight-Line Method over the useful life of assets not exceeding project implementation period of 9 years.
- (x) Items of PPE costing up to ₹ 5,000/- each are fully depreciated, in the year of purchase.
- (xi) 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 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

Notes to the Consolidated Financial Statements

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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 recoveries under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings are 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 (FVTPL), is recognised on accrual basis in accordance with the terms of the respective contract and is disclosed separately under the head 'Interest Income'.
- (iv) Rebate on account of timely payment of dues by borrowers is recognised on receipt of entire dues in time, in accordance with the terms of the respective contract and is netted 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) Income from Smart Metering services of PFCCCL are recognised when bills for meter rent is raised to the clients and right to receive such income is established. Income from project development management agency charges (PDMA) during project implementation period is recognised over the period of contract.

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for the year ended March 31, 2022

- (viii) 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.
- (ix) 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.
- (x) 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.
- (xi) Dividend on financial assets subsequently measured at fair value through profit and loss is recognised separately under the head 'Dividend Income'.
- (xii) Interest expense on financial liabilities subsequently measured at amortised cost is recognised using Effective Interest Rate (EIR) method.
- (xiii) Other income and expenses are accounted on accrual basis, in accordance with terms of the respective contract.
- (xiv) A Prepaid expense up to ₹ 1,00,000/- is recognised as expense upon initial recognition in the Consolidated Statement of Profit and Loss.

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, are capitalised. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

All other borrowing costs are charged to the Consolidated Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

6.14 Employee Benefits

- (i) Defined Contribution Plan
- Group's contribution paid/payable during the reporting period towards provident fund and pension are charged in the Consolidated Statement of Profit and Loss when employees have rendered service entitling them to the contributions.

- (ii) Defined Benefit Plan

The Group's obligation towards gratuity to employees and post-retirement benefits such as medical benefit, economic rehabilitation benefit and settlement allowance after retirement are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Actuarial gain/loss on re-measurement of gratuity and other post-employment defined benefit plans is recognised in Other Comprehensive Income (OCI). Past service cost is recognised in the Consolidated Statement of Profit and Loss in the period of a plan amendment.

- (iii) Other long-term employee benefits

The Group's obligation towards leave encashment, service award scheme is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These obligations are recognised in the Consolidated Statement of Profit and Loss.

- (iv) Short-term employee benefits

Short-term employee benefits such as salaries and wages are recognised in the Consolidated Statement of Profit and Loss, in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

- (v) Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognised at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost upon issuance of Loan, which is amortised on a straight-line basis over the expected remaining period of the loan. In case of change in expected remaining period of the loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

6.15 Income Taxes

Income Tax expense comprises of current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss, except when it relates to an item that is recognised in 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

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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 earlier 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.

6.16 Leases

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 recognises 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 for the principal portion are classified as Cash flow used in financing activities and lease payments for the interest portion are classified as Cash flow used in operating 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.

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Amount due from lessee under finance leases is recognised as receivable at an amount equal to the net investment of the Group in the lease. Finance income on the lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of lease at the reporting date.

6.17 Foreign Currency Transactions and Translations

The functional currency of the Group is Indian Rupees. Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction.

At the end of each reporting period, monetary items denominated in foreign currency are translated using exchange rates prevailing on the last day of the reporting period. Exchange differences on monetary items are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise. However, for the long-term monetary items recognised in the consolidated financial statements before April 1, 2018, such exchange differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term monetary item.

6.18 Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise 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 that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures. 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

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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 withdrawn. Accordingly, no deferred tax liability has been created on the said reserve.
- (ii) **Non-recognition of income on Credit Impaired Loan Assets**
As a matter of prudence, income on credit impaired loan assets is recognised as and when received and on accrual basis either on resolutions of stressed assets or when expected realisation is higher than the loan amount outstanding.
- (iii) **Amortisation of transaction cost on Credit Impaired Loans Assets**
Outstanding amount of unamortised transaction cost is credited to Consolidated 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), RECL and PFC. During the current financial year, amendments in the JV agreement were made vide Supplementary Agreement dated 01.09.2021, where by the substantive participative rights and privileges previously enjoyed by all the joint venture partners, through their right to affirmative vote on certain reserved matters stands withdrawn. Therefore,

in absence of any joint control, EESL ceases to be a Joint Venture Company for the purpose of consolidation of financial statements.

Further, as on March 31, 2022, the Company along with its subsidiary RECL is holding 33.33% stake in equity share capital of EESL. However, in the absence of any practical ability to direct the relevant activities as per the requirements of Ind AS 28 'Investment in Associates and Joint Ventures', the Company does not have any significant influence and EESL has not been considered as an associate company for the purpose of consolidation of financial statements..

- 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.
- (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.

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- (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.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

8. Cash and Cash Equivalents

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Balances with Banks (of the nature of cash and cash equivalents)		
-	In Current Accounts	148.32	970.90
-	In Term Deposit Accounts (original maturity up to 3 months)	765.90	3,956.72
(ii)	Cheques, Drafts on hand including Postage & Imprest	0.02	0.12
	Total Cash and Cash Equivalents	914.24	4,927.74

9. Bank Balance other than included in Cash and Cash Equivalents

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Earmarked Balances and Term Deposits with Banks for:		
-	Term Deposits Accounts – LAD (Refer Note 9.1)	245.84	683.32
-	Term Deposits Accounts – HQLA (Refer Note 9.2)	2,398.99	-
-	Unpaid Dividend	11.85	9.69
-	Unpaid - Bonds/Interest on Bonds etc.	91.19	146.36
-	Amount received under GoI scheme	1379.42	1534.55
-	Fixed Deposits with Banks – for Redemption of Debentures	225.33	-
-	Held as Margin money/against security deposits	0.27	0.25
(ii)	Deposit in compliance of Court	0.59	0.56
(iii)	Balance with Bank not available for use pending allotment of securities	1,291.54	856.62
(iv)	Term Deposits with Banks – More than 3 months but less than 12 months	10.99	6.66
(v)	Other Term Deposits	114.25	36.81
	Total Bank Balance other than included in Cash and Cash Equivalents	5,770.26	3,274.82

9.1 The Group has availed Loan against these Term Deposits (LAD) and is presented in Note 23 'Borrowings (other than Debt Securities).'

9.2 Term Deposits held for maintenance of High Quality Liquid Assets (HQLA) as per RBI.

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.

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Part - I

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022			As at 31.03.2021		
		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
-	Currency Swaps	14,979.27	1,112.54	48.37	14,615.29	980.06	121.08
-	Options	75,384.97	6,468.82	21.55	32,463.34	1,928.55	95.17
	Total Currency Derivatives:	90,364.24	7,581.36	69.92	49,496.01	2,913.94	256.78
(ii)	Interest Rate Derivatives						
-	Forward Rate Agreements and Interest Rate Swaps	51,171.39	1,009.37	255.22	43,621.27	648.73	805.24
	Total Interest Rate Derivatives	51,171.39	1,009.37	255.22	43,621.27	648.73	805.24
(iii)	Other Derivatives						
-	Reverse cross currency swaps	4,747.00	-	331.25	4,547.00	-	278.33
	Total Other Derivatives	4,747.00	-	331.25	4,547.00	-	278.33
	Total Derivative Financial Instruments [(i) + (ii) + (iii)]	1,46,282.63	8,590.73	656.39	97,664.28	3,562.67	1,340.35

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 31.03.2022			As at 31.03.2021		
		Notional Amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
(i)	Fair Value Hedging (Designated)						
-	Interest Rate Derivatives						
-	Forward Rate Agreements and Interest Rate Swaps	11,850.70	19.76	112.00	-	-	-
	Total Fair Value Hedging (Designated)	11,850.70	19.76	112.00	-	-	-
(ii)	Cash Flow Hedging (Designated):						
-	Currency Derivatives	84,292.31	6,746.43	69.92	38,765.58	1,957.56	216.25
-	Interest Rate Derivatives	22,031.03	313.96	84.42	21,508.88	4.10	496.50
	Total Cash Flow Hedging (Designated)	1,06,323.34	7,060.39	154.34	60,274.46	1,961.66	712.75
(iii)	Undesignated Derivatives						
	Total Undesignated Derivatives	28,108.59	1,510.58	390.05	37,389.82	1,601.01	627.60
	Total Derivative Financial Instruments [(i) + (ii)]	1,46,282.63	8,590.73	656.39	97,664.28	3,562.67	1,340.35

Notes to the Consolidated Financial Statements

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10.1 Details of Forward Rate Agreements/Interest Rate Swaps:

(₹ in crore)

Sr. No.	Description	As at 31.03.2022	As at 31.03.2021
(i)	Notional principal of swap agreements	51,171.39	43,621.27
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1,009.37	648.73
(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)	754.15	(156.51)

^(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 March 31, 2022 (as at March 31, 2021 Nil).

10.3 Quantitative Disclosures on Risk Exposure in Derivatives:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022			As at 31.03.2021		
		Currency Derivatives	Interest Rate Derivatives	Other Derivatives (Reverse cross currency swaps) ^(a)	Currency Derivatives	Interest Rate Derivatives	Other Derivatives (Reverse cross currency swaps) ^(a)
(i)	Derivatives (Notional Principal Amount)						
	For hedging	90,364.24	51,171.39 ^(b)	4,747.00	49,496.01	43,621.27 ^(b)	4,547.00
(ii)	Marked to Market Positions (MTM)						
	a) Asset (+MTM)	7,581.36	1,009.37	-	2,913.94	648.73	-
	b) Liability (-MTM)	69.92	255.22	331.25	256.78	805.24	278.33
(iii)	Credit Exposure	10,218.30	1,075.98	662.05	7,792.89	1,064.50	632.05
(iv)	Unhedged Exposures	41,736.51	2,319.39	-	54,470.11	3,444.15	-

^(a) as a strategy of cost reduction

^(b) Interest rate derivatives include derivatives on Rupee liabilities and also those held as strategy of cost reduction.

10.4 Refer Note 46.3 and 46.4 for Foreign Currency Risk Management and Interest Rate Risk Management respectively and Note 47 for disclosures related to hedge accounting.

11. Trade Receivables

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
	Trade Receivables		
(i)	- considered good - Secured (Gross)	31.08	27.54
(ii)	- considered good - Unsecured (Gross)	91.94	124.45
(iii)	less: Impairment loss allowance	(12.48)	(19.12)
(iv)	- which have Significant Increase in Credit Risk (Gross)	30.97	55.32
(v)	less: Impairment loss allowance	(15.88)	(20.58)
(vi)	- credit Impaired (Gross)	63.32	54.26
(vii)	less: Impairment loss allowance on Credit Impaired	(63.32)	(54.26)
	Total Trade Receivables	125.63	167.61

11.1 For details of impairment loss allowance on Trade Receivables Refer Note 46.1.13

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

11.2 Trade Receivables ageing schedule

(₹ in Crore)

Particulars	Outstanding as at 31st March 2022					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) - Undisputed Trade receivables						
- considered good	78.37	27.46	4.19	3.19	6.81	120.02
- which have significant increase in credit risk	-	-	19.35	14.56	-	33.91
- credit impaired	-	-	1.10	1.27	61.01	63.38
Sub- total (i)	78.37	27.46	24.64	19.02	67.82	217.31
(i) - Disputed Trade receivables						
- considered good	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-
Sub- total (ii)	-	-	-	-	-	-
Total (i+ii)	78.37	27.46	24.64	19.02	67.82	217.31

(₹ in Crore)

Particulars	Outstanding as at 31st March 2021					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) - Undisputed Trade receivables						
- considered good	111.74	29.30	0.85	3.19	6.81	151.89
- which have significant increase in credit risk	-	-	22.85	32.47	-	55.32
- credit impaired	-	-	0.87	0.97	52.42	54.26
Sub- total (i)	111.74	29.30	24.57	36.63	59.23	261.47
(ii) - Disputed Trade receivables						
- considered good	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-
Sub- total (ii)	-	-	-	-	-	-
(iii) Adjustment for PFCCL's audited & unaudited Financials						0.10
Total (i+ii+iii)	111.74	29.30	24.57	36.63	59.23	261.57

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'.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(A) Loans to Borrowers*			
(i)	- Rupee Term Loans (RTLs)	7,52,573.06	7,38,012.54
(ii)	- Buyer's Line of Credit	2,495.83	2,185.02
(iii)	- Working Capital Loans	2,658.59	4,038.98
(iv)	- Others	768.87	952.60
(v)	Principal Outstanding (i to iv)	7,58,496.35	7,45,189.14
(vi)	- Interest accrued but not due on Loans	5,467.27	5,876.97
(vii)	- Interest accrued & due on Loans	1,070.52	1,240.75
(viii)	- Unamortised Fee on Loans	(207.42)	(174.23)
	Gross Carrying Amount (v to viii) *	7,64,826.72	7,52,132.63

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for the year ended March 31, 2022

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
	Less: Impairment loss allowance	(31,975.96)	(29,745.79)
	Net Carrying Amount *	7,32,850.76	7,22,386.84
(B) Security-wise classification			
(i)	Secured by Tangible Assets	4,14,821.03	4,52,447.33
(ii)	Secured by Intangible Assets	-	-
(iii)	Covered by Bank/Government Guarantees	2,74,293.60	2,15,707.48
(iv)	Unsecured	75,712.09	83,977.82
	Gross Security-wise classification	7,64,826.72	7,52,132.63
	Less: Impairment loss allowance	(31,975.96)	(29,745.79)
	Net Security-wise classification	7,32,850.76	7,22,386.84
(C) I Loans in India			
(i)	Public Sector	6,70,548.18	6,53,770.87
(ii)	Private Sector	94,278.54	98,361.76
	Gross Carrying Amount of Loans in India	7,64,826.72	7,52,132.63
	Less: Impairment loss allowance	(31,975.96)	(29,745.79)
	Net Carrying Amount of Loans in India	7,32,850.76	7,22,386.84
(C) II Loans Outside India		-	-
	Less: Impairment loss allowance	-	-
	Net Carrying Amount of Loans Outside India	-	-
	Net Carrying Amount of Loans in India and Outside India	7,32,850.76	7,22,386.84

*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 March 31, 2022 except where loans have been recalled or pending before court/NCLT. Confirmations for 98.03 % of the said balances have been received. Out of the remaining loans amounting to ₹ 7,076.02 crore for which balance confirmations have not been received, 62.74 % loans are secured by tangible securities, 29.95 % by way of Government Guarantee/ Loans to Government and 7.31% are unsecured loans

In respect of RECL, loan balance confirmations for 93% of total loan assets as at March 31, 2022 have been received from the borrowers. Out of the remaining 7% loan assets amounting to ₹ 28,447.81 crore for which balance confirmations have not been received, 45% loans are secured by way of hypothecation of assets, 33% by way of Government Guarantee/ Loans to Government and 22% are unsecured loans.

12.2 The details of resolution plans implemented during the year by PFC and subsidiary RECL:

(₹ in crore)						
S. 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*
FY 2021-22						
1	Krishna Godavari Power Utilities Ltd.	Restructuring with change in ownership through NCLT	76.63	76.63	64.23	Loan stands settled as at March 31, 2022.
2	GVK Ratle Hydro Electric Project Pvt. Ltd.	One time settlement	1,116.65	851.93	462.65	Loan amount representing arbitration award of ₹ 304 crore with 100% impairment provisioning is appearing in books as at March 31, 2022.
3	Essar Power MP Ltd.	Restructuring with change in ownership through NCLT	2,689.55	1,462.78	1,455.17	Sustainable Loan amounting to ₹ 938.14 crore is continuing in books as at March 31, 2022.

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(₹ in crore)						
S. 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*
4	Astonfield Solar (Gujarat) Pvt. Ltd.	Restructuring with change in ownership through NCLT	25.85	23.47	15.78	Sustainable Loan amounting to ₹ 4.11 crore is continuing in books as at March 31, 2022.
5	RS India Wind Energy Private Limited	One time settlement	223.77	134.48	122.70	Loan stands settled as at March 31, 2022.
6	VS Lignite Power Private Limited	Resolution Plan approved under IBC proceedings	54.24	40.69	39.45	Loan amounting to ₹ 12.54 crore is appearing in books as at March 31, 2022
7	Lanco Babandh Power Limited	Liquidation order passed under IBC proceedings	1,200.55	1,146.53	1,160.16	Loan stands settled as at March 31, 2022.
8	Amrit Jal Ventures Private Limited	Resolution Plan approved under IBC proceedings	4.35	2.10	-	Loan stands settled as at March 31, 2022.
Total			5,391.59	3,738.61	3,320.14	
FY 2020-21						
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 were obtained under 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 were obtained under 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 were obtained under restructuring.
4	Ratnagiri Gas & Power Pvt. Ltd.	Composite Resolution Plan including One time settlement	207.05	66.59	66.59	Loan Account stands settled as at March 31, 2021.
5	Jal Power Corporation Ltd.	One time settlement	386.23	287.99	286.39	Loan Account stands settled as at March 31, 2021.
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 in FY 2020-21 refer Note 13A

12.3 In addition to the above, PFC has also approved settlement proposal with a borrower Narasimhaswamy Solar Generations Private Limited having loan outstanding amounting to ₹13.66 crore. PFC has provided time till 31.05.2022 to make payment of the total loan amount.

12.4 The Companies in the Group has not advanced or loaned or invested any funds which are material either individually or in the aggregate (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

The Companies in the Group has not received any fund which are material either individually or in the aggregate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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 31.03.2022					Total (1)+(4)+(5)
		Amortised Cost (1)	Designated at FVTOCI (2)	FVTPL (3)	Subtotal (4)=(2)+(3)	Others (5)	
(i)	Government Securities	1,473.20			-		1,473.20
(ii)	Debt securities	365.60		288.27	288.27		653.87
(iii)	Equity Instruments		1,459.61	175.31	1,634.92		1,634.92
(iv)	Preference Shares	113.19		-	-		113.19
(v)	Others		-		-		-
	Total Investments (Other than accounted for using equity method)	1,951.99	1,459.61	463.58	1,923.19	-	3,875.18
	Geography wise investment						
(i)	Investments Outside India	-	-	-	-	-	-
(ii)	Investments in India	1,951.99	1,459.61	463.58	1,923.19	-	3,875.18
	Gross Geography wise investment	1,951.99	1,459.61	463.58	1,923.19	-	3,875.18
	Less: Impairment loss allowance	(101.67)	-	-	-	-	(101.67)
	Net Geography wise investment	1,850.32	1,459.61	463.58	1,923.19	-	3,773.51

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2021					Total (1)+(4)+(5)
		Amortised Cost (1)	Designated at FVTOCI (2)	FVTPL (3)	Subtotal (4)=(2)+(3)	Others (5)	
(i)	Government Securities	649.08					649.08
(ii)	Debt securities	408.73		294.69	294.69		703.42
(iii)	Equity Instruments		1,272.16	83.56	1,355.72		1,355.72
(iv)	Preference Shares	103.08		139.18	139.18		242.26
(v)	Others		-		-		-
	Total	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

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 31.03.2022			As at 31.03.2021		
			Number	Face Value (₹)	Amount	Number	Face Value (₹)	Amount
(i)	Government Securities	Amortised Cost	14,39,32,800	100	1,473.20	6,25,00,000	100	649.08
(ii)	Debt Securities (HQLAs)	Amortised Cost	3,14,940	1000 to 1000000	259.39	3,14,940	1000 to 1000000	259.63
	Debt Securities (Other than HQLAs)							
	- Essar Power Transmission Company Limited - OCD Series 1	FVTPL	26,86,36,304	10	129.83	31,86,17,853	10	140.21
	- Essar Power Transmission Company Limited - OCD Series 2	FVTPL	11,48,94,246	10	55.75	13,69,00,996	10	60.20

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(₹ in crore)

Sr. No.	Particulars *	Measured at	As at 31.03.2022			As at 31.03.2021		
			Number	Face Value (₹)	Amount	Number	Face Value (₹)	Amount
	- Essar Power Transmission Company Limited - OCD Series 3	FVTPL	2,55,14,666	10	0.00	2,55,14,666	10	-
	- Suzlon Energy Limited - OCD	FVTPL	34,791	1,00,000	102.69	34,791	1,00,000	94.28
	- RKM Powergen Pvt. Ltd. - OCD Series A	FVTPL	63,31,99,420	100	0.00	63,31,99,420	100	-
	- RKM Powergen Pvt. Ltd. - OCD Series B	FVTPL	1,97,74,516	100	0.00	1,97,74,516	100	-
	- RKM Powergen Pvt. Ltd. - OCD Series AI	FVTPL	3,37,46,560	100	0.00	3,37,46,560	100	-
	- Ferro Alloys Corporation Limited - NCD	Amortised Cost	2,54,95,144	1,00,000	106.21	2,52,91,783	1,00,000	149.10
	Total Debt Securities				653.87			703.42
(iii)	Equity instruments							
	- PTC India Limited	Designated - FVTOCI	1,20,00,000	10	98.70	1,20,00,000	10	93.30
	- Coal India Limited	Designated - FVTOCI	1,39,64,530	10	255.62	1,39,64,530	10	182.03
	- NHPC Limited (Refer Note 13.4)	Designated - FVTOCI	20,51,30,167	10	570.26	38,97,75,446	10	953.00
	- Power Exchange India Limited	Designated - FVTOCI	32,20,000	10	-	32,20,000	10	-
	- Energy Efficiency Services Limited	Designated - FVTOCI	46,36,00,000	10	456.47	-	-	-
	- Suzlon Energy Limited	Designated - FVTOCI	8,46,15,798	2	77.42	8,46,15,798	2	42.31
	- Housing and Urban Development Corporation Ltd.	Designated - FVTOCI	3,47,429	10	1.14	3,47,429	10	1.52
	- 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	175.31	32,76,95,820	10	83.56
	- RKM PowerGen Pvt. Ltd.	FVTPL	58,57,06,587	10	-	58,57,06,587	10	-
	Total Equity instruments				1,634.92			1,355.72
(iv)	Preference Shares							
	- Raipur Energen Limited - RPS	Amortised Cost	59,82,371	100	11.52	59,82,371	100	10.35
	- RattanIndia Power Limited - RPS	Amortised Cost	10,16,70,764	10	101.67	10,16,70,764	10	92.73
	- RattanIndia Power Limited - OCCRPS	FVTPL	15,32,97,013	10	-	15,32,97,013	10	139.18
	- Suzlon Global Services Limited - CCPS	FVTPL	38,161	1,00,000	-	38,161	1,00,000	-
	Total Preference Shares				113.19			242.26
(v)	Others							
	- Units of "Small is Beautiful" Fund	Designated - FVTOCI	-	-	-	1,23,04,700	10	-
	Total - Units of "Small is Beautiful" Fund				-			-
	Total Investments (Other than accounted for using equity method)				3,875.18			2,950.48
	Less: Impairment Loss Allowance				(101.67)			-
	Net Investments (Other than accounted for using equity method)				3,773.51			2,950.48

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

* Refer Note 48 for fair value of instruments measured at FVTPL or FVTOCI



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13B. Investments accounted for using equity method

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Joint Venture		
	- Energy Efficiency Services Limited (Refer Note 13.3) [46,36,00,000 equity shares of ₹ 10 each; previous year 46,36,00,000 equity shares of ₹ 10 each]	-	547.85
(ii)	Associates (Refer Note 13.2)		
	- Ultramega Power Projects/Independent Transmission Projects [8,10,000 equity shares of ₹ 10 each; previous year 8,20,000 equity shares of ₹ 10 each]	0.50	0.50
	Sub-Total	0.50	548.35
	Less: Impairment loss allowance	-	-
	Total Investments accounted for using equity method	0.50	548.35

13.1 Movement of impairment loss allowance on investments

(₹ in crore)		
Particulars	FY 2021-22	FY 2020-21
Opening Balance	-	-
Add: Impairment loss allowance recognised during the year	101.67*	-
Less: Reversal of excess impairment loss allowance during the year	-	-
Closing Balance	101.67	-

* Impairment loss allowance on Redeemable preference shares of Rattan India Power Ltd.

13.2 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 PFCL, being the bid process coordinator for transmission schemes.

(₹ in crore)			
Sr. No.	Name of investee company	As at 31.03.2022	As at 31.03.2021
(i)	Chhattisgarh Surguja Power Limited ⁽¹⁾	-	-
(ii)	Coastal Karnataka Power Limited	-	-
(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)	Cheyur 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

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13.3 During the current year ended March 31, 2022, pursuant to Board of Directors Resolution dated 30.08.2021, amendment in JV agreement was made in respect of Energy Efficiency Services Limited (EESL) amongst all the JV partners i.e. NTPC Limited, PFC, REC and Power Grid Corporation of India Limited (PGCIL) vide Supplementary Agreement dated 01.09.2021. Due to this amendment, EESL ceases to be a jointly controlled entity under Ind AS framework for PFC and RECL w.e.f 01.09.2021 and accordingly investments in EESL has been classified at FVTOCI.

13.4 At initial recognition, companies in the Group made an irrevocable election to present subsequent changes in the fair value of certain equity instruments in other comprehensive income. 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.

Details of FVTOCI instruments derecognised during the year:

(₹ in crore)			
Details of investment	No. of shares/ units derecognised	Fair Value as on date of derecognition	Cumulative gain/ (loss) on derecognition
FY 2021-22			
NHPC Limited ⁽¹⁾	18,46,45,279	510.44	108.28
'Small is Beautiful' Fund ⁽²⁾	1,23,04,400	1.50	(10.80)
Total			97.48
FY 2020-21			
NHPC Limited ⁽¹⁾	2,00,00,000	50.54	6.98
Indian Energy Exchange Limited	1,22,71,211	249.92	248.69
Total			255.67

⁽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 above on aggregate basis.

⁽²⁾Pursuant to the completion of liquidation proceedings of 'Small is Beautiful' Fund; 1,23,04,400 units of the 'Small is Beautiful' Fund held by PFC and RECL have been derecognised from the books.

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

13.5 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 31.03.2022	As at 31.03.2021
(i)	Recoverable on account of Government of India Serviced Bonds	29,356.50	29,352.69
(ii)	Advances to Associates	181.81	166.18
(iii)	Advances to Employees	1.24	0.92
(iv)	Loans to Employees	152.59	139.23
(v)	Others	244.18	232.22
	Less: Impairment loss allowance on Others	(115.97)	(111.37)
	Total Other Financial Assets	29,820.35	29,779.87

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14.1 Detail of Loans & Advances to KMPs (Included in Note 14 (iii) & (iv) above):

(₹ in crore)		
Sr. No.	Particulars	
	As at 31.03.2022	As at 31.03.2021
(i)	Loans & Advances to KMPs (including interest accrued)	0.66 0.85

14.2 Movement of Impairment on Other Financial Assets

(₹ in crore)		
Sr. No.	Particulars	
	FY 2021-22	FY 2020-21
(i)	Opening balance	111.37 51.64
(ii)	Add : Creation during the year	14.24 69.27
(iii)	Less : Reversal during year	(9.64) (9.54)
	Closing balance	115.97 111.37

15. Current Tax Assets/Liabilities (Net)

(₹ in crore)		
Sr. No.	Particulars	
	As at 31.03.2022	As at 31.03.2021
(i)	Advance income tax and TDS net of Provision	413.54 456.62
(ii)	Tax Deposited on income tax demands under contest	81.71 68.70
	Total Current Tax Assets (Net)	495.25 525.32
(i)	Provision for income tax net of Advance Tax	218.90 140.43
(ii)	Provision for income tax for demand under contest	0.25 0.25
	Total Current Tax Liabilities (Net)	219.15 140.68

16. Investment Property*

(₹ in crore)				
Particulars	Opening balance	Additions during the period	Sales/ adjustment during the period	Closing balance
FY 2020-21	0.01	-	-	0.01
FY 2021-22	0.01	-	(0.01)	-

*pertains to PFC's subsidiary REC Ltd.

16.1 PFC's subsidiary REC Ltd. had classified the land held for undeterminable future use as investment property and didn't earn any rental income on it. The same has been sold during the year.

16.2 Fair value of investment property:

(₹ in crore)		
Particulars	As at 31.03.2022	As at 31.03.2021
Carrying Value	-	0.01
Fair Value	-	0.90

16.3 PFC's subsidiary REC Ltd. obtains independent valuations for its investment properties at least annually. The fair values of investment property is determined by an independent registered valuer and the main inputs used are circle rates and current prices of similar properties. All resulting fair value estimates for investment property are included in Level 3.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

17. Property, Plant and Equipment, Capital Work-in-Progress (CWIP), Intangible assets under development and Other Intangible assets

Particulars	(₹ in crore)									
	Freehold Land	Buildings	Plant & Equipment	EDP Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Leasehold Improvements	Total	
Gross Carrying Amount										
Operating Balance as at 01.04.2020	113.77	56.66	-	42.12	43.07	27.72	0.52	4.14	288.00	24.33
Additions/Adjustments	-	98.66	-	12.71	12.25	13.05	-	-	136.67	0.17
Borrowing Cost Capitalised	-	-	-	-	-	-	-	-	-	-
Less :Deductions/Adjustments	-	-	-	6.66	10.42	1.48	-	2.48	21.04	0.01
Closing Balance as at March 31, 2021	113.77	155.32	-	48.17	44.90	39.29	0.52	1.66	403.63	24.49
Additions/Adjustments	-	303.73	19.90	11.62	18.14	52.90	0.10	-	406.39	1.02
Borrowing Cost Capitalised	-	-	-	-	-	-	-	-	-	-
Less :Deductions/Adjustments	-	3.30	-	3.63	8.63	4.47	0.09	-	20.12	0.33
Closing Balance as at March 31, 2022	113.77	455.75	19.90	56.16	54.41	87.72	0.53	1.66	789.90	25.18
Accumulated Depreciation/Amortisation										
Operating Balance as at 01.04.2020	-	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
Less :Reversal on Assets Sold/ Written off from books	-	-	-	5.31	6.81	0.40	-	1.70	14.22	0.01
Closing Balance as at March 31, 2021	-	22.86	-	32.55	29.37	19.13	0.44	1.53	105.88	18.10
For the period	-	5.49	0.95	8.88	7.76	5.63	0.07	0.12	28.90	3.00
Less :Reversal on Assets Sold/ Written off from books	-	1.27	-	2.89	6.92	2.65	0.09	-	13.82	0.33
Closing Balance as at March 31, 2022	-	27.08	0.95	38.54	30.21	22.11	0.42	1.65	120.96	20.77
Net Carrying Amount										
As at March 31, 2021	113.77	132.46	-	15.62	15.53	20.16	0.08	0.13	297.75	6.39
As at March 31, 2022	113.77	428.67	18.95	17.62	24.20	65.61	0.11	0.01	668.94	4.41

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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 Companies in the Group reviews the estimated useful life, residual values and depreciation method of Property, Plant & Equipment and Intangible Assets at the end of each financial year and changes in estimates, if any, are accounted prospectively. Details of useful life of Property Plant & Equipment and Intangible Assets are as under:

Category	EDP Equipment								Intangible Assets
	Building	Servers and networks	End user devices i.e. desktops, laptops etc.	Office Equipment	Cell Phone	Furniture and Fixture	Vehicles	Plant & Equipment	
Useful Life (in Years)	60	6	3	5	2	10	8	15	5
Residual value as a % of original Cost	5%	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:

Particulars	(₹ in crore)	
	As at 31.03.2022	As at 31.03.2021
Gross Carrying Value	4.12	4.12
Net Carrying Value	3.43	3.45

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:

Particulars	(₹ in crore)	
	As at 31.03.2022	As at 31.03.2021
Gross Carrying Value	3.30	3.30
Net Carrying Value	2.27	2.31

17.5 In case of PFC's Subsidiary REC Ltd., As on March 31, 2022, 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:

Particulars	As at 31.03.2022		As at 31.03.2021	
	Land	Building	Land	Building
Gross Carrying Value	-	4.59	-	4.59
Net Carrying Value	-	2.01	-	2.07

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 7.94% (Previous year 8%) for the REC Ltd. in terms of Ind AS 23 'Borrowing Costs'.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

18. Right-of-use Assets

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2022	As at 31.03.2021
(i)	Opening Balance of Leasehold Land	37.17	42.07
(ii)	Additions	11.95	0.24
(iii)	Less: Disposal/Adjustment	(0.42)	(1.58)
(iv)	Less: Depreciation*	(2.87)	(3.56)
	Closing Balance of Leasehold Land	45.83	37.17

*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

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2022	As at 31.03.2021
(i)	Prepaid Expenses	7.33	9.79
(ii)	Deferred Employee Costs	58.63	61.50
(iii)	Capital Advances	339.18	158.97
(iv)	Excess Spent - CSR Expenses	0.48	43.42
(v)	Other assets	146.06	137.75
	Total Other Non-Financial Assets	551.68	411.43

20. Assets Classified as held for sale*

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2022	As at 31.03.2021
(A)	Assets classified as held for sale		
(i)	Investment in associates (Refer Note 20.1)	0.46	0.66
(ii)	Loan to associates (Refer Note 20.2)	27.84	32.50
(iii)	Provision for impairment on assets classified as held for sale	(9.71)	-
	Sub-Total (i+ii+iii)	18.59	33.16
(B)	Asset Classified as Held for Sale - Building	0.86	-
	Total (A+B)	19.45	33.16
(C)	Liabilities directly associated with assets classified as held for sale		
(i)	Less : Payable to associates (Refer Note 20.3)	0.01	0.08
	Total (C)	0.01	0.08
	Disposal Group - Net assets (A+B-C)	19.44	33.08

*Pertains to PFC's Subsidiaries - REC Ltd. and PFC Consulting Ltd.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

20.1 Investment in associates

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
	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	0.05
(vi)	MP Power Transmission Package I Limited	0.05	0.05
(vii)	Rajgarh Transmission Limited	0.05	0.05
(viii)	ER NER Transmission Limited	0.05	-
(ix)	Mohanlalganj Transmission Limited	0.01	-
(x)	Chhatarpur Transmission Limited	0.01	-
(xi)	Kishtwar Transmission Limited	0.01	-
(xii)	Khetri Narela Transmission Ltd.	0.01	0.01
(xiii)	Ananthpuram Kurnool Transmission Ltd.	0.01	0.01
(xiv)	Badla Sikar Transmission Ltd.	0.01	0.01
(xv)	Koppal Narendra Transmission Ltd.	-	0.01
(xvi)	Karur Transmission Ltd.	-	0.01
(xvii)	Sikar-II Aligarh Transmission Ltd.	-	0.01
(xviii)	Gadag Transmission Limited	-	0.05
(xix)	Kallam Transmission Limited	-	0.05
(xx)	MP Power Transmission Package II Limited	-	0.05
(xxi)	Fatehgarh Badla Transco Limited	-	0.05
(xxii)	Sikar Transmission Limited	-	0.05
	Total	0.46	0.66

20.2 Loan to Associates

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Chandil Transmission Ltd.	2.54	2.53
(ii)	Dumka Transmission Ltd.	2.48	2.47
(iii)	Mandar Transmission Ltd.	2.22	2.21
(iv)	Koderma Transmission Ltd.	2.28	2.27
(v)	MP Power Transmission Package I Limited	1.99	1.07
(vi)	Rajgarh Transmission Limited	0.28	-
(vii)	ER NER Transmission Limited	0.28	-
(viii)	Receivable from SPV- Yet to Incorporate	0.76	-
(ix)	Khetri Narela Transmission Ltd.	4.42	2.68
(x)	Ananthpuram Kurnool Transmission Ltd.	0.82	0.71
(xi)	Badla Sikar Transmission Ltd.	4.36	3.93
(xii)	Kishtwar Transmission Limited	1.15	-
(xiii)	Mohanlalganj Transmission Limited	2.95	-
(xiv)	Chhatarpur Transmission Limited	0.28	-
(xv)	Fatehgarh Bhadla Transco Limited	-	0.91
(xvi)	Kallam Transmission Limited	-	0.11
(xvii)	MP Power Transmission Package II Limited	-	1.09

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(xviii)	Sikar New Transmission Limited	-	0.77
(xix)	Gadag Transmission Limited	-	0.02
(xx)	Vapi II North Lakhimpur Transmission Ltd.	-	-
(xxi)	Koppal Narendra Transmission Ltd.	-	4.27
(xxii)	Karur Transmission Ltd.	-	3.08
(xxiii)	Sikar-II Aligarh Transmission Ltd.	-	4.38
	Amount receivable from ITP under Incorporation		
(xxiv)	ITP47- Transmission system for evacuation of power from REZ in Rajasthan (20 GW) under phase III Part A1	0.09	-
(xxv)	ITP48- Transmission system for evacuation of power from REZ in Rajasthan (20GW) under Phase-III Part A3	0.09	-
(xxvi)	ITP49- Transmission system for evacuation of power from REZ in Rajasthan (20GW) under Phase-III Part B1	0.14	-
(xxvii)	ITP50- Transmission system for evacuation of power from REZ in Rajasthan (20GW) under Phase-III Part G	0.26	-
(xxviii)	ITP51- Transmission system for evacuation of power from REZ in Rajasthan (20GW) under Phase-III Part H	0.17	-
(xxix)	ITP52- Creation of 400/220 kV, 2x315 MVA S/S at Siot, Jammu & Kashmir	0.25	-
(xxx)	ITP53- 400 kV Khandukhal (Srinagar)/Rampura (Kashipur) D/c line	0.02	-
	Total	27.84	32.50

20.3 Liabilities directly associated with assets classified as held for sale

			(₹ in crore)
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Bidar Transmission Limited	0.01	0.03
(ii)	Rajgarh Transmission Limited	-	0.05
	Total	0.01	0.08

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'.

20.5 Jharkhand Urja Sancharan Nigam Limited (JUSNL) has cancelled RFQ and RFP of transmission projects (Chandil Transmission Limited , Dumka Transmission Limited , Mandar Transmission Limited & Koderma Transmission Limited) in State of Jharkhand. These projects have been kept in abeyance w.e.f. 01.10.2020. RECPDCL vide letters dated 14.10.2020, 06.11.2020 and 28.07.2021 has communicated JUSNL regarding recovery of expenses incurred on these SPVs. However, no communication has been received from JUSNL in this regard. As the bidding process of these SPVs has been cancelled and there is less probability of recovery of expenses already incurred, hence as an accounting prudence provision for impairment loss of approx. Rs 9.71 crore has been created.

20.6 With a view to monetise its idle assets, during the year the Company has disposed certain residential building units through e-auction process, with carrying value ₹ 1.18 crore (Previous year Nil), classified under "Assets classified as held for sale" as required under Ind-AS 105. Such sale has resulted in gain of ₹ 30.19 crore during the current year (Previous year Nil).

Further, residential building units with carrying value ₹ 0.86 crore (Previous year Nil) classified under "Assets classified as held for sale" are pending for disposal as at March 31, 2022. The process for their disposal is expected to be completed during the year 2022-23 through e-auction process.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

21. Trade Payables

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
	Trade Payables		
(i)	Total outstanding dues of Micro, Small and Medium Enterprises	1.11	0.01
(ii)	Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	48.64	70.76
	Total Trade Payables	49.75	70.77

21.1 Trade Payables ageing schedule

(₹ in Crore)

Particulars	Outstanding as at 31st March 2022					Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME						
- Disputed	-	-	-	-	-	-
- Others	1.11	-	-	-	-	1.11
Sub-total (i)	1.11	-	-	-	-	1.11
(i) Other than MSME						
- Disputed	-	-	-	-	-	-
- Others	27.11	8.40	11.35	1.78		48.64
Sub-total (ii)	27.11	8.40	11.35	1.78		48.64
Total (i+ii)	28.22	8.40	11.35	1.78		49.75

(₹ in Crore)

Particulars	Outstanding as at 31st March 2021					Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME						
- Disputed	-	-	-	-	-	-
- Others	0.22	-	-	-	-	0.22
Sub-total (i)	0.22	-	-	-	-	0.22
(ii) Other than MSME						
- Disputed	-	-	-	-	-	-
- Others	45.53	14.40	10.33	1.77		72.03
Sub-total (ii)	45.53	14.40	10.33	1.77		72.03
(iii) Adjustment for PFCCL's audited & unaudited Financials						(1.48)
Total (i+ii)	45.75	14.40	10.33	1.77		70.77

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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 31.03.2022	As at 31.03.2021
(i)	Bonds/Debenture		
	- Infrastructure Bonds (Refer Note 22.1)	42.47	130.63
	- Tax Free Bonds (Refer Note 22.2)	20,746.33	24,878.08
	- 54 EC Capital Gain Tax Exemption Bonds (Refer Note 22.3)	28,144.95	19,829.15
	- Taxable Bonds (Refer Note 22.4)	3,21,646.43	3,59,552.70
	- Foreign Currency Notes (Refer Note 22.5)	64,701.63	57,333.68
(ii)	Commercial Paper (Refer Note 22.6)	-	3,080.23
(iii)	Bond Application Money (Refer Note 22.7)	1,291.54	856.62
(iv)	Total Principal Outstanding of Debt Securities (i +ii+iii)	4,36,573.35	4,65,661.09
(v)	Interest accrued but not due on above	14,027.33	15,436.98
(vi)	Unamortised Transaction Cost on above	(869.12)	(1,017.42)
	Total Debt Securities (iv to vi)	4,49,731.56	4,80,080.65
	Geography wise Debt Securities		
(i)	Debt Securities in India	3,85,129.26	4,23,030.17
(ii)	Debt Securities outside India	64,602.30	57,050.48
	Total Geography wise Debt Securities	4,49,731.56	4,80,080.65

22.1 Details of Infrastructure Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2022	31.03.2021			
In case of PFC							
1	Infrastructure Bonds (2011-12) - Series I	8.50%	-	21.85			
2	Infrastructure Bonds (2011-12) - Series II	8.50%	-	36.35			
3	Infrastructure Bonds Private Placement Series I	8.43%	-	7.39	- 22.8	Repaid in FY 2021-22	
4	Infrastructure Bonds Private Placement Series II	8.43%	-	15.47			
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	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
8	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
9	Infrastructure Bonds 86 C Series	8.72%	0.87	0.87	30.03.2027		Redeemable at par on a date falling Fifteen years from the date of allotment
10	Infrastructure Bonds 86 D Series	8.72%	2.40	2.40	30.03.2027		Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
Sub-Total (A)			38.51	119.56			



Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2022	31.03.2021			
In case of PFC's Subsidiary REC Ltd.							
1	Series-II (2011-12) Cumulative	8.95%	-	5.73	-		Repaid in FY 2021-22
2	Series-II (2011-12) Annual	8.95%	-	1.38			
3	Series-II (2011-12) Cumulative	9.15%	2.83	2.83			
4	Series-II (2011-12) Annual	9.15%	1.13	1.13	15.02.2027		Redeemable on the date falling 15 years from the date of allotment
Sub - Total (B)			3.96	11.07			
Total (A+B)			42.47	130.63			

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
			31.03.2022	31.03.2021			
In case of PFC							
1	Tax Free Bonds Series 79A	7.51%	-	205.23			Repaid in FY 2021-22
2	Tax Free Bond Series 80A	8.09%	-	334.31			
3	Tax Free Bonds (2011-12) Public Issue	8.20%	-	2,752.55			
4	Tax Free Bond Series 94A	7.21%	255.00	255.00	22.11.2022	22.8	Redeemable at par on maturity
5	Tax Free Bonds Series 95A	7.22%	30.00	30.00	29.11.2022		
6	Tax Free Bonds (2012-13) Tranch I Series 1	7.69%	140.23	145.66	04.01.2023		
7	Tax Free Bonds (2012-13) Tranch I Series 1	7.19%	202.52	197.09	04.01.2023		
8	Tax Free Bonds (2012-13) Tranch II	7.38%	41.43	43.25	28.03.2023		
9	Tax Free Bonds (2012-13) Tranch II	6.88%	54.72	52.90	28.03.2023		
10	Tax Free Bonds Series 107A	8.01%	113.00	113.00	30.08.2023		
11	Tax Free Bonds Series 1B	8.43%	335.47	335.47	16.11.2023	22.10	
12	Tax Free Bonds Series 1A	8.18%	325.07	325.07	16.11.2023		
13	Tax Free Bonds Series 136	7.16%	300.00	300.00	17.07.2025		
14	Tax Free Bonds (2015-16) Series 1B	7.36%	79.35	79.35	17.10.2025		
15	Tax Free Bonds (2015-16) Series 1A	7.11%	75.09	75.09	17.10.2025		
16	Tax Free Bond Series 79-B	7.75%	217.99	217.99	15.10.2026		
17	Tax Free Bond Series 80-B	8.16%	209.34	209.34	25.11.2026		
18	Tax Free Bonds (2011-12) Public Issue	8.30%	1,280.58	1,280.58	01.02.2027		
19	Tax Fee Bond Series 94B	7.38%	25.00	25.00	22.11.2027	22.8	
20	Tax Free Bonds Series 95B	7.38%	100.00	100.00	29.11.2027		
21	Tax Free Bonds (2012-13) Tranch-I Series 2	7.86%	185.78	194.28	04.01.2028		
22	Tax Free Bonds (2012-13) Tranch-I Series 2	7.36%	171.22	162.72	04.01.2028		

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2022	31.03.2021			
23	Tax Free Bonds (2012-13) Tranch II	7.54%	56.97	58.96	28.03.2028	22.10	Redeemable at par on maturity
24	Tax Free Bonds (2012-13) Tranch II	7.04%	12.24	10.25	28.03.2028		
25	Tax Free Bonds Series 107-B	8.46%	1,011.10	1,011.10	30.08.2028		
26	Tax Free Bonds Series 2-B	8.79%	353.32	353.32	16.11.2028		
27	Tax Free Bonds Series 2-A	8.54%	932.70	932.70	16.11.2028		
28	Tax Free Bonds (2015-16) Series 2-B	7.52%	45.18	45.18	17.10.2030		
29	Tax Free Bonds (2015-16) Series 2-A	7.27%	131.33	131.33	17.10.2030		
30	Tax Free Bonds Series 3-B	8.92%	861.96	861.96	16.11.2033		
31	Tax Free Bonds Series 3-A	8.67%	1,067.38	1,067.38	16.11.2033		
32	Tax Free Bonds (2015-16) Series 3-B	7.60%	155.48	155.48	17.10.2035		
33	Tax Free Bonds (2015-16) Series 3-A	7.35%	213.58	213.57	17.10.2035		
Sub - Total (A)			8,983.03	12,275.11			

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		For Security, Refer Note	Redemption details
			31.03.2022	31.03.2021		
In case of PFC's Subsidiary REC Ltd.						
1	Series 2012-13 Series 2A & 2B	7.21% to 7.38%	500.00	500.00	21.11.2022	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
2	Series 2012-13 Tranche 1	7.22% to 7.88%	2,007.35	2,007.35	19.12.2022	Redeemable at par on maturity
3	Series 2012-13 Tranche 2	6.88% too 7.54%	131.06	131.06	27.03.2023	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 .
4	Series 2013-14 Series 3A & 3B	8.01% to 8.46%	1,350.00	1,350.00	29.08.2023	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
5	Series 2013-14 Tranche 1	8.01% to 8.76%	3,410.60	3,410.60	25.09.2023	Redeemable at par. Bonds amounting to ₹ 575.06 crore are redeemable on 25.09.2023, ₹ 2,810.26 crore are redeemable on 25.09.2028 and ₹ 55.28 crore are redeemable on 26.09.2033
6	Series 2013-14 Series 4A & 4B	8.18% to 8.54%	150.00	150.00	11.10.2023	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
7	Series 2013-14 Tranche 2	8.19% to 8.88%	1,057.40	1,057.40	22.03.2024	Redeemable at par. Bonds amounting to ₹ 419.32 crore are redeemable on 22.03.2024, ₹ 530.42 crore are redeemable on 23.03.2029 and ₹ 109.66 crore are redeemable on 24.03.2034
8	Series 2015-16 Series 5A	7.17%	300.00	300.00	23.07.2025	Redeemable at par on maturity
9	Series 2015-16 Tranche 1	6.89% to 7.43%	696.56	696.56	05.11.2025	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 ₹ 421.17 crore are redeemable on 05.11.2035
10	Series 2011-12	7.93% to 8.32%	2,160.33	3,000.00	29.03.2027	Redeemable at par on maturity
Sub - Total (B)			11,763.30	12,602.97		
Total (A+B)			20,746.33	24,878.08		

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for the year ended March 31, 2022

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
			31.03.2022	31.03.2021		
In case of PFC						
1	Series II (FY 2018-19)	5.75%	491.95	491.95	22.10	Redeemable at par during FY 2023-24
2	Series III (FY 2019-20)	5.75%	1,134.44	1,134.44		Redeemable at par during FY 2024-25
3	Series IV (FY 2020-21)	5.75%	252.38	252.38		Redeemable at par during FY 2025-26
4	Series IV (FY 2020-21)	5.00%	685.41	685.41		Redeemable at par during FY 2025-26
5	Series IV (FY 2021-22)	5.00%	1,434.65	-		Redeemable at par during FY 2026-27
Sub - Total (A)			3,998.83	2,564.18		
In case of PFC's Subsidiary REC Ltd.						
1	Series XII (2018-19)	5.75%	6,651.77	4,455.48		Redeemable at par during FY 2023-24
2	Series XIII (2019-20)	5.75%	6,157.72	6,157.72		Redeemable at par during FY 2024-25
3	Series XIV (2020-21)	5.75% and 5%	5,312.07	6,651.77		Redeemable at par during FY 2025-26
4	Series XV (2021-22)	5.00%	6,024.56	-		Redeemable at par during FY 2026-27
Sub - Total (B)			24,146.12	17,264.97		
Total (A+B)			28,144.95	19,829.15		

22.4 The details of Taxable Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2022	31.03.2021			
In case of PFC							
1	Series 173-B	7.73%	-	1,325.00	-		Repaid in FY 2021-22
2	Series 175	7.75%	-	600.00			
3	Series 73	9.18%	-	1,000.00			
4	Series 146	8.05%	-	300.00			
5	Series 28	8.85%	-	600.00			
6	Series 74	9.70%	-	1,693.20			
7	Series 75-C	9.61%	-	2,084.70			
8	Series 115 III	9.20%	-	700.00			
9	Series - 76-A	9.36%	-	2,589.40			
10	Series 150-A	7.50%	-	2,660.00			
11	Series 151-A	7.47%	-	2,260.00			
12	Series 153	7.40%	-	1,830.00			
13	Series 123 C	8.66%	-	200.00			
14	Series 124 B	8.55%	-	1,200.00			
15	Series 154	7.27%	-	1,101.00			
16	Series 183	8.18%	-	3,751.20			
17	Series 88 C	9.48%	184.70	184.70	15.04.2022	Redeemable at par on maturity	
18	Series 187 A	8.20%	1,605.00	1,605.00	27.05.2022		
19	Series 168-A	7.28%	1,950.00	1,950.00	12.06.2022		
20	Series 169-A	7.10%	3,395.00	3,395.00	08.08.2022		
21	Series 181	8.45%	2,155.00	2,155.00	11.08.2022		
22	Series 191	7.35%	3,735.00	3,735.00	15.10.2022		
23	Series 170-A	7.35%	800.00	800.00	22.11.2022		
24	Series 176-B	7.99%	1,295.00	1,295.00	20.12.2022		

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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
			31.03.2022	31.03.2021			
25	Zero Coupon Unsecured Taxable Bonds 2022-XIX Series	-	707.97	654.92	30.12.2022		Redeemable at par on maturity
26	Series 100 B	8.84%	1,310.00	1,310.00	04.03.2023		
27	Series 102 A (II)	8.90%	403.00	403.00	18.03.2023		
28	Series 194	7.04%	1,400.00	1,400.00	14.04.2023		
29	Series 85 D	9.26%	736.00	736.00	15.04.2023		
30	Series 199A	6.83%	1,970.00	1,970.00	24.04.2023		
31	Series 198	6.98%	3,160.00	3,160.00	20.04.2023		
32	Series 202A	6.75%	2,145.00	2,145.00	22.05.2023		
33	Series 203A	6.72%	2,206.00	2,206.00	11.06.2023		
34	Series 206	5.47%	3,000.00	3,000.00	19.08.2023		
35	Secured Public Issue (2020-21) tranche I Series I Category III-IV	4.80%	1.95	1.95	22.01.2024	22.10	
36	Series 188	8.10%	691.10	691.10	04.06.2024		
37	Series 211 (3M TB Link)	4.38%	1,985.00	-	02.08.2024		
38	Series 57-C	8.60%	866.50	866.50	07.08.2024		
39	Series 117 Option B	9.37%	855.00	855.00	19.08.2024		
40	Series 118 Option B II	9.39%	460.00	460.00	27.08.2024		
41	Series Option 120 B	8.98%	950.00	950.00	08.10.2024		
42	Series 120 Option A	8.98%	961.00	961.00	08.10.2024		
43	Series 192	7.42%	3,000.00	3,000.00	19.11.2024		
44	Series 124 C	8.48%	1,000.00	1,000.00	09.12.2024		
45	Series 61	8.50%	351.00	351.00	15.12.2024		
46	Series 125	8.65%	2,826.00	2,826.00	28.12.2024		
47	Series 126	8.65%	5,000.00	5,000.00	04.01.2025		
48	Series 62-B	8.80%	1,172.60	1,172.60	15.01.2025		
49	Series 128	8.20%	1,600.00	1,600.00	10.03.2025		
50	Series 63-III	8.90%	184.00	184.00	15.03.2025		
51	Series 131-C	8.41%	5,000.00	5,000.00	27.03.2025		
52	Series 64	8.95%	492.00	492.00	30.03.2025		
53	Series 204A	5.77%	900.00	900.00	11.04.2025		
54	Series 130-C	8.39%	925.00	925.00	19.04.2025		
55	Series 199B	7.16%	1,320.00	1,320.00	24.04.2025		
56	Series 65 III	8.70%	1,337.50	1,337.50	14.05.2025		
57	Series 202B	7.17%	810.00	810.00	22.05.2025		
58	Series 66-B	8.75%	1,532.00	1,532.00	15.06.2025		
59	Series 210A - STRPP1	6.35%	405.60	-	30.06.2025		
60	Series 208	6.50%	2,806.00	2,806.00	17.09.2025		
61	Series 141-B	8.40%	1,000.00	1,000.00	18.09.2025		
62	Series 71	9.05%	192.70	192.70	15.12.2025		
63	Secured Public Issue (2020-21) Tranche I Series II Category I-II	5.65%	27.05	27.05	22.01.2026	22.10	
64	Secured Public Issue (2020-21) Tranche I Series II Category III-IV	5.80%	3.50	3.50	22.01.2026	22.10	
65	Series 147	8.03%	1,000.00	1,000.00	02.05.2026		

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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
			31.03.2022	31.03.2021			
66	Series 210A - STRPP2	6.35%	540.80	-	30.06.2026		
67	Series - 76-B	9.46%	1,105.00	1,105.00	01.08.2026		
68	Series 150-B	7.63%	1,675.00	1,675.00	14.08.2026		
69	Series 212A	6.09%	2,450.00		27.08.2026		
70	Series - 77-B	9.45%	2,568.00	2,568.00	01.09.2026		
71	Series 151-B	7.56%	210.00	210.00	16.09.2026		
72	Series 152	7.55%	4,000.00	4,000.00	25.09.2026		
73	Series 155	7.23%	2,635.00	2,635.00	05.01.2027		
74	Series 168-B	7.44%	1,540.00	1,540.00	12.06.2027		
75	Series 210A - STRPP3	6.35%	405.60	-	30.06.2027		
76	Series 169-B	7.30%	1,500.00	1,500.00	07.08.2027		
77	Series 170-B	7.65%	2,001.00	2,001.00	22.11.2027		
78	Series 171	7.62%	5,000.00	5,000.00	15.12.2027		
79	Series 172	7.74%	850.00	850.00	29.01.2028		
80	Series 101 B	9.00%	1,370.00	1,370.00	11.03.2028		
81	Series 102 A (III)	8.90%	403.00	403.00	18.03.2028		
82	Series 103	8.94%	2,807.00	2,807.00	25.03.2028		
83	Series 177	7.85%	3,855.00	3,855.00	03.04.2028		
84	Series 178	8.95%	3,000.00	3,000.00	10.10.2028		
85	Series 179-A	8.67%	1,007.40	1,007.40	19.11.2028		
86	Series 187 B	8.85%	1,982.10	1,982.10	27.05.2029		
87	Series 118 Option B III	9.39%	460.00	460.00	27.08.2029		
88	Series193	7.93%	4,710.50	4,710.50	31.12.2029		
89	Series 196R1	7.41%	1,500.00	1,500.00	25.02.2030		
90	Series 196	7.41%	2,500.00	2,500.00	25.02.2030		
91	Series 195	7.86%	1,100.00	1,100.00	12.04.2030		
92	Series 200	7.40%	2,920.00	2,920.00	08.05.2030		
93	Series 197	7.41%	5,000.00	5,000.00	15.05.2030		
94	Series 203B	7.75%	3,318.00	3,318.00	11.06.2030		
95	Series 66-C	8.85%	633.00	633.00	15.06.2030		
96	Series 201	7.68%	3,101.30	3,101.30	15.07.2030		
97	Series 202C	7.79%	1,936.00	1,936.00	22.07.2030		
98	Series 205A	7.05%	1,610.10	1,610.10	09.08.2030		
99	Series 71	9.05%	192.70	192.70	15.12.2030		
100	Series 207R1	7.04%	2,549.10	2,549.10	16.12.2030		
101	Series 207	7.04%	1,097.40	1,097.40	16.12.2030		

Redeemable at par on maturity

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	For Security, Refer Note	Redemption details
			31.03.2022	31.03.2021			
102	Secured Public Issue (2020-21) Tranche I Series V Category III-IV	"6.83% (10YR GSEC Link)"	1,250.73	1,250.73	22.01.2031		
103	Secured Public Issue (2020-21) Tranche I Series V Category I-II	"6.58% (10YR GSEC Link)"	10.35	10.35	22.01.2031		
104	Secured Public Issue (2020-21) Tranche I Series IV Category III-IV	7.00%	1,635.53	1,635.53	22.01.2031		
105	Secured Public Issue (2020-21) Tranche I Series IV Category I-II	6.80%	33.67	33.67	22.01.2031		
106	Secured Public Issue (2020-21) Tranche I Series III Category III-IV	6.82%	28.74	28.74	22.01.2031		
107	Secured Public Issue (2020-21) Tranche I Series III Category I-II	6.63%	0.50	0.50	22.01.2031		
108	Series 204B	6.88%	1,300.00	1,300.00	11.04.2031		
109	Series 213	6.95%	1,988.00	-	01.10.2031		
110	Series 214 (BBETF)	6.92%	1,180.00	-	11.04.2032		
111	Series 179-B	8.64%	528.40	528.40	19.11.2033		
112	Series 180	8.75%	2,654.00	2,654.00	22.02.2034		
113	Series 186	8.79%	2,578.90	2,578.90	30.04.2034		
114	Series 189	8.15%	4,035.00	4,035.00	08.08.2034		
115	Series 190	8.25%	4,016.00	4,016.00	06.09.2034		
116	Series 205B	7.20%	1,605.70	1,605.70	10.08.2035		
117	Series 209	7.34%	1,711.00	1,711.00	29.09.2035		
118	Secured Public Issue (2020-21) Tranche I Series VII Category III-IV	7.15%	1,330.05	1,330.05	22.01.2036		
119	Secured Public Issue (2020-21) Tranche I Series VII Category I-II	6.95%	50.05	50.05	22.01.2036		
120	Secured Public Issue (2020-21) Tranche I Series VI Category III-IV	6.97%	53.36	53.36	22.01.2036		
121	Secured Public Issue (2020-21) Tranche I Series VI Category I-II	6.78%	3.50	3.50	22.01.2036		
122	Series 210B	7.11%	1,933.50	-	30.06.2036		
123	Series 212B	7.15%	2,343.68		27.08.2036		
Sub - Total (A)			1,75,616.83	1,86,226.10			

22.10

Redeemable at par on maturity

22.10

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2022	31.03.2021		
In case of PFC's Subsidiary REC Ltd.						
1	157 th Series - 7.60% Redeemable at par on 17.04.2021	7.60%	-	1,055.00	-	Redeemed in FY 2021-22
2	123-I Series - 9.40% Redeemable at par on 17.07.2021	9.40%	-	1,515.00	-	
3	154 th Series - 7.18% Redeemable at par on 21.05.2021	7.18%	-	600.00	-	
4	161B Series - 7.73% Redeemable at par on 15.06.2021	7.73%	-	800.00	-	
5	174 th Series - 8.15% Redeemable at par on 18.06.2021	8.15%	-	2,720.00	-	
6	100 th Series - 9.63% Redeemable at par on 15.07.2021	9.63%	-	1,500.00	-	
7	101-III Series - 9.48% Redeemable at par on 10.08.2021	9.48%	-	3,171.80	-	
8	184-B Series STRPP-B - 7.55% Redeemable at par on 26.09.2021**	7.55%	-	300.00	-	
9	139 th Series - 7.24% Redeemable at par on 21.10.2021	7.24%	-	2,500.00	-	
10	105 th Series - 9.75% Redeemable at par on 11.11.2021	9.75%	-	3,922.20	-	
11	127 th Series - 8.44% Redeemable at par on 04.12.2021	8.44%	-	1,550.00	-	
12	141 st Series - 7.14% Redeemable at par on 09.12.2021	7.14%	-	1,020.00	-	
13	177 th Series - 8.50% Redeemable at par on 20.12.2021	8.50%	-	1,245.00	-	
14	190B Series - 6.32% Redeemable at par on 31.12.2021	6.32%	-	2,489.40	-	
15	193 th Series - 6.99% Redeemable at par on 31.12.2021	6.99%	-	1,115.00	-	
16	165 th Series - 8.83% Redeemable at par on 21.01.2022	8.83%	-	2,171.00	-	
17	145 th Series - 7.46% Redeemable at par on 28.02.2022	7.46%	-	625.00	-	Redeemed in FY 2021-22
18	132 nd Series - 8.27% Redeemable at par on 09.03.2022	8.27%	-	700.00	-	
19	173 th Series - 8.35% Redeemable at par on 11.03.2022	8.35%	-	2,500.00	-	
20	198A Series - 6.60% Redeemable at par on 21.03.2022	6.60%	-	2,596.00	-	
21	167 th Series - 8.45% Redeemable at par on 22.03.2022	8.45%	-	2,571.80	-	

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for the year ended March 31, 2022

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2022	31.03.2021		
22	179 th Series - 8.15% Redeemable at par on 10.06.2022	8.15%	1,000.00	1,000.00	10.06.2022	
23	107 th Series - 9.35% Redeemable at par on 15.06.2022	9.35%	2,378.20	2,378.20	15.06.2022	
24	186A Series - 6.90% Redeemable at par on 30.06.2022	6.90%	2,500.00	2,500.00	30.06.2022	
25	150 th Series - 7.03% Redeemable at par on 07.09.2022	7.03%	2,670.00	2,670.00	07.09.2022	
26	184-B Series STRPP-C - 7.55% Redeemable at par on 26.09.2022**	7.55%	300.00	300.00	26.09.2022	
27	152 nd Series - 7.09% Redeemable at par on 17.10.2022	7.09%	1,225.00	1,225.00	17.10.2022	
28	111-II Series - 9.02% Redeemable at par on 19.11.2022	9.02%	2,211.20	2,211.20	19.11.2022	
29	155 th Series - 7.45% Redeemable at par on 30.11.2022	7.45%	1,912.00	1,912.00	30.11.2022	
30	185 th Series - 7.09% Redeemable at par on 13.12.2022	7.09%	2,759.00	2,759.00	13.12.2022	
31	187 th Series - 7.24% Redeemable at par on 31.12.2022	7.24%	2,090.00	2,090.00	31.12.2022	
32	159 th Series - 7.99% Redeemable at par on 23.02.2023	7.99%	950.00	950.00	23.02.2023	
33	188A Series - 7.12% Redeemable at par on 31.03.2023	7.12%	1,400.00	1,400.00	31.03.2023	
34	114 th Series - 8.82% Redeemable at par on 12.04.2023	8.82%	4,300.00	4,300.00	12.04.2023	Redeemable at par on maturity
35	195 th Series - 6.92% Redeemable at par on 22.04.2023	6.92%	2,985.00	2,985.00	22.04.2023	
36	191A Series - 6.80% Redeemable at par on 30.06.2023	6.80%	1,100.00	1,100.00	30.06.2023	
37	200 th Series PP-MLD - 5.36% Redeemable at par on 30.06.2023*	5.36%	500.00	500.00	30.06.2023	
38	184-B Series STRPP-D - 7.55% Redeemable at par on 26.09.2023**	7.55%	298.00	298.00	26.09.2023	
39	202B Series - 5.69% Redeemable at par on 30.09.2023	5.69%	2,474.00	2,474.00	30.09.2023	
40	205-A Series - 4.99 % Redeemable at par on 31.01.2024	4.99%	2,135.00	2,135.00	31.01.2024	
41	209 th Series - 5.79 % Redeemable at par on 20.03.2024	5.79%	1,550.00	1,550.00	20.03.2024	
42	210 th Series - 5.74 % Redeemable at par on 20.06.2024	5.74%	4,000.00	-	20.06.2024	
43	180-A Series - 8.10% Redeemable at par on 25.06.2024	8.10%	1,018.00	1,018.00	25.06.2024	
44	123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	9.34%	1,955.00	1,955.00	23.08.2024	
45	191B Series - 6.99% Redeemable at par on 30.09.2024	6.99%	1,100.00	1,100.00	30.09.2024	
46	212 th Series - Floating (linked to T-Bill) Redeemable at par on 31.10.2024		2,500.00	-	31.10.2024	Redeemable at par on maturity

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2022	31.03.2021		
47	186B Series - 7.40% Redeemable at par on 26.11.2024	7.40%	1,500.00	1,500.00	26.11.2024	
48	128 th Series - 8.57% Redeemable at par on 21.12.2024	8.57%	2,250.00	2,250.00	21.12.2024	
49	129 th Series - 8.23% Redeemable at par on 23.01.2025	8.23%	1,925.00	1,925.00	23.01.2025	
50	130 th Series - 8.27% Redeemable at par on 06.02.2025	8.27%	2,325.00	2,325.00	06.02.2025	
51	131 st Series - 8.35% Redeemable at par on 21.02.2025	8.35%	2,285.00	2,285.00	21.02.2025	
52	190A Series - 6.88% Redeemable at par on 20.03.2025	6.88%	2,500.00	2,500.00	20.03.2025	
53	201A Series - 5.90% Redeemable at par on 31.03.2025	5.90%	900.00	900.00	31.03.2025	
54	133 rd Series - 8.30% Redeemable at par on 10.04.2025	8.30%	2,396.00	2,396.00	10.04.2025	
55	94 th Series - 8.75% Redeemable at par on 09.06.2025	8.75%	1,250.00	1,250.00	09.06.2025	
56	95-II Series - 8.75% Redeemable at par on 14.07.2025	8.75%	1,800.00	1,800.00	14.07.2025	
57	136 th Series - 8.11% Redeemable at par on 07.10.2025	8.11%	2,585.00	2,585.00	07.10.2025	
58	203B Series - 5.85% Redeemable at par on 20.12.2025	5.85%	2,777.00	2,777.00	20.12.2025	
59	204B Series - 5.81% Redeemable at par on 31.12.2025	5.81%	2,082.00	2,082.00	31.12.2025	
60	205-B Series - 5.94 % Redeemable at par on 31.01.2026	5.94%	2,000.00	2,000.00	31.01.2026	
61	211 th Series - 6.23% Redeemable at par on 31.10.2031 with Put/ Call option exercisable on 31.10.2026	6.23%	1,200.00	-	31.10.2026	
62	140 th Series - 7.52% Redeemable at par on 07.11.2026	7.52%	2,100.00	2,100.00	07.11.2026	
63	142 nd Series - 7.54% Redeemable at par on 30.12.2026	7.54%	3,000.00	3,000.00	30.12.2026	
64	147 th Series - 7.95% Redeemable at par on 12.03.2027	7.95%	2,745.00	2,745.00	12.03.2027	
65	156 th Series - 7.70% Redeemable at par on 10.12.2027	7.70%	3,533.00	3,533.00	10.12.2027	
66	162 nd Series - 8.55% Redeemable at par on 09.08.2028	8.55%	2,500.00	2,500.00	09.08.2028	
67	163 rd Series - 8.63% Redeemable at par on 25.08.2028	8.63%	2,500.00	2,500.00	25.08.2028	
68	168 th Series - 8.56% Redeemable at par on 29.11.2028	8.56%	2,552.40	2,552.40	29.11.2028	
69	169 th Series - 8.37% Redeemable at par on 07.12.2028	8.37%	2,554.00	2,554.00	07.12.2028	
70	176 th Series - 8.85% Redeemable at par on 16.04.2029	8.85%	1,600.70	1,600.70	16.04.2029	
71	178 th Series - 8.80% Redeemable at par on 14.05.2029	8.80%	1,097.00	1,097.00	14.05.2029	

Redeemable at par on maturity

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2022	31.03.2021		
72	180-B Series - 8.30% Redeemable at par on 25.06.2029	8.30%	2,070.90	2,070.90	25.06.2029	
73	184-A Series - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	8.25%	870.60	580.40	26.09.2029	
74	192 nd Series - 7.50% Redeemable at par on 28.02.2030	7.50%	2,382.00	2,382.00	28.02.2030	
75	188B Series - 7.89% Redeemable at par on 31.03.2030	7.89%	1,100.00	1,100.00	31.03.2030	
76	189 th Series - 7.92% Redeemable at par on 31.03.2030	7.92%	3,054.90	3,054.90	31.03.2030	
77	197 th Series - 7.55% Redeemable at par on 11.05.2030	7.55%	3,740.00	3,740.00	11.05.2030	
78	198B Series - 7.79% Redeemable at par on 21.05.2030	7.79%	1,569.00	1,569.00	21.05.2030	
79	202A Series - 7.25% Redeemable at par on 30.09.2030	7.25%	3,500.00	3,500.00	30.09.2030	
80	203A Series - 6.80% Redeemable at par on 20.12.2030	6.80%	5,000.00	5,000.00	20.12.2030	Redeemable at par on maturity
81	204A Series - 6.90% Redeemable at par on 31.01.2031	6.90%	2,500.00	2,500.00	31.01.2031	
82	201B Series - 6.90% Redeemable at par on 31.03.2031	6.90%	1,300.00	1,300.00	31.03.2031	
83	213 th Series - 6.92% Redeemable at par on 20.03.2032	6.92%	1,380.00	-	20.03.2032	
84	182 nd Series - 8.18% Redeemable at par on 22.08.2034	8.18%	5,063.00	5,063.00	22.08.2034	
85	183 rd Series - 8.29% Redeemable at par on 16.09.2034	8.29%	3,028.00	3,028.00	16.09.2034	
86	207 th Series - 7.02 % Redeemable at par on 31.01.2036	7.02%	4,589.90	4,589.90	31.01.2036	
87	208 th Series - 7.40 % Redeemable at par on 15.03.2036	7.40%	3,613.80	3,613.80	15.03.2036	
Sub - Total (B)			1,46,029.60	1,73,326.60		
Total (A+B)			3,21,646.43	3,59,552.70		

* PP-MLD- Principal Protected Market Linked Debentures

** STRPP- Separately Transferable Redeemable Principal Parts

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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
			31.03.2022	31.03.2021		
In case of PFC						
1	3.75% USD Bonds 2024	3.75%	3,032.28	2,940.19	18.06.2024	Redeemable at par on maturity
2	3.25% USD Bonds 2024	3.25%	2,274.21	2,205.14	16.09.2024	
3	3.75% USD Green Bonds 2027	3.75%	3,032.28	2,940.19	06.12.2027	
4	5.25% USD Bonds 2028	5.25%	2,274.21	2,205.14	10.08.2028	
5	1.841% EUR Bonds 2028	1.84%	2,539.80	-	21.09.2028	
6	6.15% USD Bonds 2028	6.15%	3,790.36	3,675.24	06.12.2028	
7	4.50% USD Bonds 2029	4.50%	4,548.43	4,410.28	18.06.2029	
8	3.90% USD Bonds 2029	3.90%	3,411.32	3,307.71	16.09.2029	
9	3.95% USD Bonds 2030	3.95%	5,685.53	5,512.85	23.04.2030	
10	3.35% USD Bonds 2031	3.35%	3,790.36	3,675.23	16.05.2031	
Sub - Total (A)			34,378.78	30,871.97		

In case of PFC's Subsidiary REC Ltd.

1	4.75% US \$500 Mn Bonds - Redeemable at par on 19.05.2023	4.750%	3,790.36	3,675.24	19.05.2023	
2	5.250% US \$700 Mn Bonds - Redeemable at par on 13.11.2023	5.250%	5,306.50	5,145.33	13.11.2023	
3	3.375% US \$650 Mn Bonds - Redeemable at par on 25.07.2024	3.375%	4,927.46	4,777.81	25.07.2024	
4	3.50% US \$500 Mn Bonds - Redeemable at par on 12.12.2024	3.500%	3,790.36	3,675.24	12.12.2024	
5	2.25% US \$500 Mn Bonds - Redeemable at par on 01.09.2026	2.250%	3,790.36	3,675.24	01.09.2026	Redeemable at par on maturity
6	2.75% US \$400 Mn Bonds - Redeemable at par on 13.01.2027	2.750%	3,032.28	-	13.01.2027	
7	3.875% US \$450 Mn Green Bonds - Redeemable at par on 07.07.2027	3.875%	3,411.32	3,307.71	07.07.2027	
8	4.625% US \$300 Mn Bonds - Redeemable at par on 22.03.2028	4.625%	2,274.21	2,205.14	22.03.2028	
Sub - Total (B)			30,322.85	26,461.71		
Total (A+B)			64,701.63	57,333.68		

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22.6 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
			31.03.2022	31.03.2021		
In case of PFC						
1	CP - 115	4.03%	-	3,120.00	-	
	Less: Unamortised Financial Charges		-	(39.77)	-	Repaid in FY 2021-22
	Total		-	3,080.23		

22.7 The details of Bond Application Money outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2022	31.03.2021		
In case of PFC's Subsidiary REC Ltd.						
1	54EC Capital Gain Tax Exemption Bonds	5.00%	1,291.54	856.62	-	Redeemable at par after 5 years from the deemed date of allotment
Total			1,291.54	856.62		

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 III and IV are secured by charge on specific book debt of ₹ 438.71 crore as on March 31, 2022 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 (For details of outstanding Secured Debt Securities of REC Ltd. - Refer Note no 22.1, 22.2, 22.3 & 22.7)

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-IIIB of Institutional Bonds are secured by way of first *pari passu* charge on the specified immovable property and the book debts of the Issuer which are charged to other lender/trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

22.13 Tax Free Bonds issued during FY 2011-12 are secured by first *pari passu* charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 crore of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

22.14 Tax Free Bonds issued during FY 2013-14 are secured by first *pari passu* charge on the book debts (other than those that are exclusively charged/earmarked to lenders/other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

22.15 The Bond Series 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.

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22.16 The Bond Series XIV and XV 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 31.03.2022	As at 31.03.2021
(A)	Term Loans		
(i)	From Banks and Financial Institutions		
-	Foreign Currency Loans (Refer Note 23.1 and 23.3)	11,866.70	7,088.19
-	Syndicated Foreign Currency Loans (Refer Note 23.2 and 23.3)	55,532.41	38,229.46
-	Rupee Term Loans (Refer Note 23.4)	1,07,940.80	89,337.56
(ii)	From other Parties		
-	Rupee Term Loans - NSSF (Refer Note 23.6)	17,500.00	17,500.00
(B)	Other Loans from Banks		
(i)	Loan against Term Deposits (Refer Note 23.7)	228.59	683.04
(ii)	Working Capital Demand Loan/ Overdraft/ Cash Credit/ Line of Credit (Refer Note 23.8)	1,410.93	10,186.52
(C)	Total Principal Outstanding of Borrowings (other than Debt Securities) - (A+B)	1,94,479.43	1,63,024.77
(D)	Interest accrued but not due on above	725.08	680.87
(E)	Unamortised Transaction Cost on above	(587.53)	(361.22)
	Total Borrowings (other than Debt Securities) (C to E)	1,94,616.98	1,63,344.42
	Geography wise Borrowings		
(i)	Borrowings in India	1,37,516.63	1,23,631.61
(ii)	Borrowings outside India	57,100.35	39,712.81
	Total Geography wise Borrowings	1,94,616.98	1,63,344.42

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

23.1 Details of Unsecured Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
In case of PFC					
1	ADB (Guaranteed by the Government of India)	58.20	66.96	15.04.2022	Semi Annual Instalments till 15.10.2028
2	Credit National (Guaranteed by the Government of India)	27.05	36.90	30.06.2022	Semi Annual Instalments till 30.06.2028
3	KFW I (Guaranteed by the Government of India)	42.82	46.79	30.06.2022	Semi Annual Instalments till 30.12.2035
Total Foreign Currency Loans		128.07	150.65		
In case of PFC's Subsidiary REC Ltd.					
1	US\$75 Mn	-	551.29	-	Repaid in FY 2021-22
2	US\$75 Mn	-	551.29		
3	US\$75 Mn	-	551.29		
4	US\$200 Mn	-	1,470.09		
5	US\$200 Mn	-	1,470.09		
6	US\$100 Mn	-	735.05		
7	KfW-IV Loan -	1,637.43	1,241.16	15.05.2022	Repayable in equal half-yearly instalments of ₹12.00 Mn till 15.11.2030, next instalment falling due on 15.05.2022
8	US\$200 Mn	1,516.14	-	24.05.2022	Bullet Repayment at the end of the tenor
9	US\$150 Mn	1,137.11	-	27.05.2022	
10	US\$200 Mn	1,516.14	-	03.06.2022	
11	US\$25 Mn	189.52	-	07.06.2022	
12	US\$150 Mn	1,137.11	-	18.06.2022	
13	KfW-III Loan -	222.81	317.22	30.06.2022	Repayable in equal half-yearly instalments of ₹5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2022
14	JICA Loan - JICA-II loan	23.47	50.06	20.09.2022	Repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2022
15	US\$200 Mn	1,516.14	-	10.12.2022	Bullet Repayment at the end of the tenor
16	US\$75 Mn	568.55	-	14.12.2022	
17	US\$200 Mn	1,516.14	-	30.12.2022	
18	US\$100 Mn	758.07	-	23.02.2023	
Sub - Total (B)		11,738.63	6,937.54		
Total (A+B)		11,866.70	7,088.19		

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23.2 Details of Unsecured Syndicated Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
In case of PFC					
1	SLN 17	-	1,102.57	-	Repaid in FY 2021-22
2	SLN 28 USD	1,895.18	1,837.62	28.06.2022	Bullet Repayment at the end of the tenor
3	SLN 28 JPY	334.13	356.3	28.06.2022	
4	SLN 18	905.82	1,931.86	04.11.2022	
					Redeemable in three equal instalments falling due on 06.11.2020, 08.11.2021 and 04.11.2022.
5	SLN 21	2,274.21	2,205.14	12.12.2022	
6	SLN 22	1,895.18	1,837.62	28.02.2023	
7	SLN 23	1,895.18	1,837.62	22.03.2023	
8	SLN 26	1,895.18	1,837.62	26.09.2023	
9	SLN 27	1,021.24	1,089.02	01.02.2024	
10	SLN 29	1,895.18	1,837.62	20.12.2024	
11	SLN 30	758.07	735.05	13.10.2025	Bullet Repayment at the end of the tenor
12	SLN 30	2,274.21	2205.14	05.11.2025	
13	31 A FCTL USD 525M 301121	3,979.87	--	30.11.2026	
14	31 B FCTL USD 100M 301121	758.07	--	30.11.2026	
Total Syndicated Foreign Currency Loans		21,781.52	18,813.18		
In case of PFC's Subsidiary REC Ltd.					
1	US \$100 Mn	-	735.05	05.10.2021	
2	US \$230 Mn	-	1,690.61	19.01.2022	
3	US \$200 Mn	1,516.14	1,470.09	28.07.2022	
4	US \$150 Mn	1,137.11	1,102.57	11.09.2022	Bullet Repayment at the end of the tenor
5	¥ 10,327.12 Mn	642.66	685.31	08.08.2023	
6	US \$250 Mn	1,895.18	1,837.62	29.08.2023	
7	US \$250 Mn	1,895.18	1,837.62	27.03.2024	
8	US \$150 Mn	1,137.11	1,102.57	29.03.2024	
9	US \$100 Mn	758.07	735.05	01.07.2024	
12	US \$170 Mn -	1,288.72	1,249.58	26.03.2025	\$100 Mn repayable on 26.03.2025 and \$ 70 Mn repayable on 06.10.2025
10	SG \$72.07 Mn	403.21	391.79	30.03.2025	
11	US \$75 Mn	568.55	551.29	30.03.2025	
13	¥ 10,519 Mn	654.60	698.04	25.09.2025	
14	US \$425 Mn	3,221.80	3,123.95	16.03.2026	Bullet Repayment at the end of the tenor
15	US \$600 Mn	4,548.43	-	25.08.2026	
16	US \$75 Mn	568.55	-	07.10.2026	
17	US \$1175 Mn	8,907.33	-	29.12.2026	
18	¥ 37507 Mn	2,334.04	-	03.03.2027	
19	US \$300 Mn	2,274.21	2,205.14	02.06.2030	
Sub - Total (B)		33,750.89	19,416.28		
Total (A+B)		55,532.41	38,229.46		

23.3 "In case of PFC Ltd. Floating Rate Foreign Currency Loans in above Note No. 23.1 and 23.2 carries an interest rate spread ranging from 60 bps to 150 bps over 6 month USD LIBOR / ARR (London Inter Bank Offered Rate/Alternative Reference Rate). Except for Foreign Currency Loans from Credit National, KFW and FCTL31A &B which are at fixed rate of interest.

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In case of PFC's Subsidiary REC Ltd. Foreign Currency Borrowings in Note No. 23.2 have been raised at fixed interest rates ranging from 0.65% to 1.86% per annum and variable interest rates ranging from a spread of 13 bps to 210 bps over external benchmarks including 1/3/6 Months' USD LIBOR (London Inter Bank Offered Rate), SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate) and Credit Adjustment Spread as applicable on transition of loans to new benchmark rates.

23.4 Details of Rupee Term Loan outstanding are as follows:

(i) Secured Rupee Term Loans

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
1	Bank of Maharashtra	-	750.00	-	Repaid in FY 2021-22
2	Bank of Baroda	1,225.00	1,400.00	16.04.2022	Pre Payment of Principal
3	Karnataka Bank	200.00	500.00	30.04.2022	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
4	State Bank of India	5,000.00	5,000.00	10.07.2022	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 July 10, 2022 and ending on July 10, 2025
5	Indian Bank	1,312.50	1,500.00	28.09.2022	The loan is to be repaid in 8 half yearly instalments of ₹ 187.50 crore each starting from March 28, 22 and ending on September 28, 2025
6	Union Bank of India	300.00	400.00	30.09.2022	The loan is to be repaid in 5 annual instalments of ₹ 100 crore each starting from September 30, 2020 and ending on September 30, 2024
7	Punjab National Bank	225.00	225.00	30.09.2022	The loan is to be repaid in 4 annual instalments of ₹ 56.25 crore each starting from September 30, 22 and ending on September 30, 2025
8	Union Bank of India	1,800.00	1,800.00	30.09.2022	The loan is to be repaid in 04 annual instalments of ₹ 450 crore each starting from September 30, 22 and ending on September 30, 2025
9	Punjab National Bank	1,125.00	1,500.00	25.02.2023	The loan is to be repaid in 04 annual instalments of ₹ 375 crore each starting from February 25, 22 and ending on February 25, 2025
10	Union Bank of India	400.00	600.00	15.03.2023	The loan is to be repaid in 5 annual instalments of ₹ 200 crore each starting from March 15, 2020 and ending on March 15, 2024
11	Indian Bank	1,800.00	1,800.00	29.09.2023	The loan is to be repaid in 12 quarterly instalments of ₹ 150 crore each starting from September 29, 2023 and ending on June 29, 2026
12	Canara Bank	1,000.00	1,000.00	20.02.2024	Bullet Repayment at the end of the tenor

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
13	Bank of India	1,000.00	1,000.00	02.03.2024	The loan is to be repaid in 2 Annual instalments of ₹ 500 crore each starting from March 2, 2024 and ending on March 2, 2025
14	Indian Bank	500.00	500.00	02.04.2024	Bullet Repayment at the end of the tenor
15	Canara Bank T-1	500.00	500.00	21.06.2024	Bullet Repayment at the end of the tenor
16	Canara Bank T-2	500.00	500.00	24.06.2024	
17	Canara Bank	1,000.00	1,000.00	29.06.2024	
Total Secured Rupee Term Loan		17887.50	19975.00		

(ii) Unsecured Rupee Term Loans

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
In case of PFC					
1	UCO Bank	-	1,000.00	-	Repaid in FY 2021-22
2	India Infrastructure Finance Company Limited	-	800.00	-	
3	HDFC Bank Ltd.	-	1,000.00	-	
4	HDFC Bank Ltd.	-	1,000.00	-	
5	India Infrastructure Finance Company Limited	-	1,429.00	-	
6	Bank of Maharashtra	-	500.00		
7	Bank of Baroda	2,500.00	3,000.00	16.04.2022	Pre Payment of Principal
8	Bank of Baroda	1,800.00	1,900.00	16.04.2022	Pre Payment of Principal
9	HDFC Bank Ltd.	2,000.00	2,000.00	31.05.2022	Bullet Repayment at the end of the tenor
10	Canara Bank	1,750.00	1,750.00	20.06.2022	The loan is to be repaid in 8 quarterly instalments of ₹ 218.75 crore each starting from June 20, 2022 and ending on March 20, 2024
11	Canara Bank	1,800.00	2,000.00	22.06.2022	The loan is to be repaid in 20 quarterly instalments of ₹ 100 crore each starting from December 22, 2021 and ending on September 22, 2026
12	Canara Bank	400.00	500.00	23.09.2022	The loan is to be repaid in 10 half-yearly instalments of ₹ 50 crore each starting from September 23, 2021 and ending on March 23, 2026
13	Punjab National Bank	1,000.00	1,000.00	20.03.2023	The loan is to be repaid in 3 annual instalments of ₹ 333.33 crore each starting from March 20, 2023 and ending on March 20, 2025
14	Union Bank of India	1,875.00	2,500.00	23.03.2023	The loan is to be repaid in 4 annual instalments of ₹ 625 crore each starting from March 23, 2022 and ending on March 23, 2025
15	UCO Bank	500.00	500.00	31.03.2023	Bullet Repayment at the end of the tenor
16	Union Bank of India	800.00	800.00	15.04.2023	The loan is to be repaid in 8 quarterly instalments of ₹ 100 crore each starting from April 15, 2023 and ending on January 15, 2025
17	UCO Bank	200.00	200.00	26.05.2023	Bullet Repayment at the end of the tenor
18	HDFC Bank Ltd.	3,000.00		29.06.2023	Bullet Repayment at the end of the tenor

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
19	Bank of India	1,000.00	1,000.00	11.09.2023	The loan is to be repaid in 4 annual instalments of ₹ 250 crore each starting from September 11, 2023 and ending on September 11, 2026
20	State Bank of India	2,999.98	2,999.98	27.09.2023	₹ 3,000 crore repaid on 30.03.2021 balance amount to be paid at the end of the tenor
21	HDFC Bank Ltd.	1,000.00	-	30.09.2023	Bullet Repayment at the end of the tenor
22	HDFC Bank Ltd.	750.00	750.00	05.10.2023	
23	Punjab National Bank	995.00	995.00	24.12.2023	
24	Canara Bank	500.00	500.00	28.12.2023	
25	Canara Bank	500.00	500.00	15.01.2024	
26	Bank of India	2,000.00	2,000.00	21.01.2024	The loan is to be repaid in 5 annual instalments of ₹ 100 crore each starting from September 18, 2024 and ending on September 18, 2028
27	Bank of India	500.00	-	18.09.2024	
28	State Bank of India	3,000.00	3,000.00	19.12.2024	
29	HDFC Bank Ltd.	3,000.00	-	30.09.2025	
30	UCO Bank	1,000.00	-	24.09.2026	Bullet Repayment at the end of the tenor
31	Punjab National Bank	500.00	-	27.09.2026	
32	Punjab National Bank	5.00	-	29.09.2026	
33	India Infrastructure Finance Company Limited	1,000.00		30.09.2026	
34	Central Bank	1,000.00	-	31.03.2027	
35	Union Bank	3,000.00	-	31.03.2027	The loan is to be repaid in 2 annual instalments of ₹ 1,500 crore each starting from 31.03.2027 and ending on 31.03.2028
Sub-Total (A)		40,374.98	33,623.98		

In case of PFC's Subsidiary REC Ltd.

1	Canara Bank	-	1,000.00	-	Repaid in FY 2021-22
2	Bank of Baroda	-	2,000.00		
3	Indian Infrastructure Finance Company Ltd. (IIFCL)	6,800.00	5,800.00	03.06.2022	
					₹ 1,000 crore repayable on 03.06.2022 and ₹ 800 crore repayable on 23.06.2023, ₹ 1,500 crore repayable on 23.02.2024, ₹ 500 crore repayable on 14.03.2024, ₹ 1,000 crore repayable on 25.03.2026, ₹ 1,000 crore repayable on 27.03.2026 and ₹ 1,000 crore repayable on 09.08.2026
4	HDFC Bank	12,000.00	4,650.00	30.06.2022	₹ 650 crore repayable on 30.09.2022, ₹ 2000 crore repayable on 04.12.2022, ₹ 2000 crore repayable on 15.06.2023, ₹ 1500 crore repayable on 19.06.2023, ₹ 300 crore repayable on 29.09.2023, ₹ 1500 crore repayable on 30.09.2023, ₹ 350 crore repayable on 11.10.2023, ₹ 350 crore repayable on 05.11.2023, ₹ 500 crore repayable on 15.01.2024, ₹ 850 crore repayable on 17.11.2026 and ₹ 2000 crore repayable on 31.03.2027.

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for the year ended March 31, 2022

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
5	State Bank of India	12,729.30	10,839.90	14.07.2022	₹ 4,999.98 crore repayable in 7 semi-annual instalments, first instalment due on 14.07.2022; ₹ 1,379.46 crore repayable in 3 annual instalments, next instalment due on 05.09.2022; ₹ 2,349.86 crore with ₹ 1650 crore repayable on 15.10.2022 and ₹ 699.86 crore on 05.03.2023; and ₹ 4,000 crore repayable in structured instalments, first instalment due on 29.10.2023.
6	Punjab National Bank	4,996.98	4,396.84	27.08.2023	₹ 1,996.98 crore repayable in 3 annual instalments, first instalment due on 27.08.2023, ₹ 2,000 crore repayable on 11.11.2026 and ₹ 1,000 crore repayable in 5 annual instalments, first instalment due on 29.03.2028.
7	ICICI Bank	2,850.00	-	28.09.2023	₹ 2,000 crore repayable in 9 annual instalments, first instalment due on 28.09.2023 and ₹ 850 crore repayable in 17 semi-annual instalments, first instalment due on 09.12.2023.
8	Deutsche Bank	1,000.00	500.00	18.12.2023	₹ 500 crore repayable on 18.12.2023 and ₹ 500 crore repayable on 21.05.2024
9	JP Morgan Chase Bank	1,500.00	1,500.00	26.03.2024	₹ 1,500 crore repayable on 26.03.2024
10	Bank of India	749.87	-	27.09.2024	₹ 749.87 crore repayable in 5 annual instalments, first instalment due on 27.09.2024.
11	HSBC Bank	3,402.49	1,652.50	19.05.2025	₹ 565 crore repayable on 19.05.2025, ₹ 187.49 crore repayable on 18.12.2025, ₹ 900 crore repayable on 25.03.2026, ₹ 500 crore repayable on 06.07.2026, ₹ 500 crore repayable on 09.07.2026, ₹ 85 crore repayable on 25.03.2030 and ₹ 665 crore repayable on 28.03.2030
12	Central Bank	500.00	-	28.02.2026	₹ 500 crore repayable in 7 annual instalments, first instalment due on 28.02.2026.
13	Jammu & Kashmir Bank	300.00	-	28.10.2026	₹ 300 crore repayable on 28.10.2026
14	Karur Vysya Bank	250.00	-	29.10.2026	₹ 250 crore repayable on 29.10.2026
15	South Indian Bank	300.00	-	08.11.2026	₹ 300 crore repayable on 08.11.2026
16	Mizuho Bank	300.00	-	21.01.2027	₹ 300 crore repayable on 21.01.2027
17	Union Bank of India	1,999.68	3,399.34	31.03.2027	₹ 1,999.68 crore repayable in 5 annual instalments, first instalment due on 31.03.2027.
Sub-Total (B)		49,678.32	35,738.58		
Total Rupee Term Loan (Unsecured)		90,053.30	69,362.56		
Total Rupee Term Loan (Unsecured & Secured)		1,07,940.80	89,337.56		

23.5 In case of PFC Ltd. Borrowings as at March 31, 2022 in above Note 23.4 have been raised at respective bank's Benchmark rate plus spread ranging from 100 to 200 bps.

In case of PFC Subsidiary REC Ltd. Term Loans from banks/ financial institutions/ Govt. as mentioned in Note No. 23.4 have been raised at interest rates ranging from 5.00% to 8.29% payable on monthly/quarterly/semi annual rests.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

23.6 Details of Unsecured Rupee term Loan - NSSF outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2022	31.03.2021		
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
Total		7,500.00	7,500.00		
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	13.12.2028	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	04.10.2029	Bullet Repayment at the end of the tenor
Total Unsecured Rupee term Loan - Gol		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
		31.03.2022	31.03.2021		
In case of PFC					
1	Indian Bank	142.50	683.04	02.04.2022	Redeemed at par on maturity date
2	Canara Bank	41.09	-	02.04.2022	
3	Canara Bank	45.00	-	02.04.2022	
Total Loan against Term Deposits		228.59	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
		31.03.2022	31.03.2021		
In case of PFC's Subsidiary REC Ltd.					
1	Short-Term Loans/Loans repayable on demand from Banks	1,410.93	10,186.52	Running facility	Running facility
Total WCDL/ OD/ CC/ Line of Credit		1,410.93	10,186.52		

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. (formerly known as GDA Trusteeship Limited)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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 31.03.2022
	Subordinated Liabilities	As at 31.03.2021
(i)	Subordinated Bonds (Principal Outstanding) (Refer Note 24.1)	15,862.20
(ii)	Interest accrued but not due on above	399.27
(iii)	Unamortised Transaction Cost on above	(133.73)
	Total Subordinated Liabilities	16,127.74
	Geography wise Subordinated Liabilities	
(i)	Subordinated Bonds in India	16,127.74
(ii)	Subordinated Bonds outside India	-
	Total Geography wise Subordinated Liabilities	16,127.74

24.1 Details of Subordinated Bonds are as under :-

(₹ in crore)		
Sr. No.	Subordinated Bond Series	As at 31.03.2022
		As at 31.03.2021
1	8.06% Bond Series 115 -Redeemable at par on 31.05.2023 - REC Ltd.	2,500.00
2	8.19% Bond Series 105 - Redeemable at par on 14.06.2023 - PFC Ltd.	800.00
3	9.65% Bond Series 111 - Redeemable at par on 13.01.2024 - PFC Ltd.	1,000.00
4	9.70% Bond Series 114 - Redeemable at par on 21.02.2024 - PFC Ltd.	2,000.00
5	9.25% Bond Series 184A -Redeemable at par on 25.09.2024 - PFC Ltd.	2,000.00
6	9.10% Bond Series 184 B -Redeemable at par on 25.03.2029 - PFC Ltd.	2,411.50
7	8.98% Bond Series 185 -Redeemable at par on 28.03.2029 - PFC Ltd.	1,000.00
8	8.97% Bond Series 175 - Redeemable at par on 28.03.2029 - REC Ltd.	2,151.20
9	7.96% Bond Series 199 - Redeemable at par on 15.06.2030 - REC Ltd.	1,999.50
	Total	15,862.20

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 31.03.2022
		As at 31.03.2021
(i)	Payable on account of Government of India Serviced Bonds (Refer Note 25.1)	29,356.50
(ii)	Advance received from Associates	176.19
(iii)	Unclaimed Dividends (Refer Note 25.2)	11.85
(iv)	Unpaid - Bonds and Interest Accrued thereon (Refer Note 25.2)	
	- Unclaimed Bonds	24.03
	- Unclaimed Interest on Bonds	95.87
(v)	Others	
	- Application Money Refundable on Bonds and interest accrued thereon	0.90
	- Interest Subsidy Fund and other GOI Funds for disbursement (Refer Note 25.3)	1,391.23
	- Lease Liability (Refer Note 51.1)	19.07
	- Other liabilities	1,523.25
	Total Other Financial Liabilities	32,598.89

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

25.1 Details of Gol Serviced Bonds (Unsecured Taxable Bonds) :

(₹ in crore)		
Sr. No.	Bond Series	As at 31.03.2022
		As at 31.03.2021
1	7.10% Bond Series 156 -Redeemable at par on 11.01.2027 - PFC Ltd.	200.00
2	7.18% Bond Series 158 - Redeemable at par on 20.01.2027 -PFC Ltd.	1,335.00
3	7.60% Bond Series 160 - Redeemable at par on 20.02.2027 - PFC Ltd.	1,465.00
4	7.75% Bond Series 164 - Redeemable at par on 22.03.2027 - PFC Ltd.	2,000.00
5	8.09 % Gol-I Series - Redeemable at par on 21.03.2028 - REC Ltd.	1,837.00
6	8.01% Gol-II Series - Redeemable at par on 24.03.2028 - REC Ltd.	1,410.00
7	8.06% Gol-III Series - Redeemable at par on 27.03.2028 - REC Ltd.	753.00
8	8.70% - Gol-IV Series -Redeemable at par on 28.09.2028 - REC Ltd.	3,000.00
9	8.54% Gol-V Series - Redeemable at par on 15.11.2028 - REC Ltd.	3,600.00
10	8.80% - Gol-VI Series - Redeemable at par on 22.01.2029 - REC Ltd.	2,027.00
11	8.60% Gol-VII Series - Redeemable at par on 08.03.2029 - REC Ltd.	1,200.00
12	8.30% Gol-VIII Series -Redeemable at par on 25.03.2029 - REC Ltd.	4,000.00
13	7.14% Gol-IX Series - Redeemable at par on 02.03.2030 - REC Ltd.	1,500.00
14	8.25% Gol-X Series - Redeemable at par on 26.03.2030 - REC Ltd.	532.30
15	7.20% Gol-XI Series Redeemable at par on 31.03.2030 - REC Ltd.	1,750.00
16	6.45% Gol- XII Series - Redeemable at par on 07.01.2031 - REC Ltd.	1,000.00
17	6.63% Gol- XIII Series - Redeemable at par on 28.01.2031 - REC Ltd.	1,000.00
18	6.50% Gol- XIV Series - Redeemable at par on 26.03.2031 - REC Ltd.	500.00
19	Interest accrued on above	247.20
	Total Gol Serviced Bonds (Unsecured Taxable Bonds)	29,356.50

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. The amount eligible to be transferred to Investor Education and Protection Fund has been transferred within the prescribed time limit.

25.3 Amounts payable under Gol Schemes:

- PFC has been designated by GOI as Nodal Agency for operationalization and implementation of Revamped Distribution Sector Scheme (RDSS) and Integrated Power Development Scheme (IPDS (R- APDRP subsumed)). Role of Nodal Agency inter-alia includes pass through of loans/grants to eligible utilities under schemes of GOI. PFC 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 the line item 'Interest Subsidy Fund and Other GOI Funds for Disbursement' under 'Other Financial Liabilities' till the payments are released to the beneficiaries. For further details of GOI schemes, refer Note 55.
- RECL has been appointed by GOI as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) and Revamped Distribution Sector Scheme (RDSS). The funds received for disbursement to various agencies under the scheme are kept in a separate bank accounts. 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' under 'Other Financial Liabilities' . For further details of GOI schemes, refer Note 55.
- Under Accelerated Generation & Supply Programme (AG&SP) Scheme, PFC & RECL claimed subsidy from Gol at net present value to be passed on to the eligible borrowers is retained as Interest Subsidy Fund Account. The said Scheme has been closed during current FY 2021-22 and after adjusting all the subsidy benefits, balance amount is refundable to MoP.

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26. Provisions

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	For Employee Benefits (Refer Note 50):		
-	Gratuity	0.37	3.09
-	Leave Encashment	94.79	79.76
-	Economic Rehabilitation of Employees	10.91	8.66
-	Provision for Bonus/Incentive	73.71	86.09
-	Provision for Staff Welfare Expenses	23.04	28.56
(ii)	Impairment Loss Allowance - Letter of Comfort & Guarantee (Refer Note 26.1)	98.11	66.12
(iii)	Provision for Unspent CSR Expense	55.62	-
	Total Provisions	356.55	272.28

26.1 Movement of Impairment loss allowance on Letter of Comfort & Guarantee

		(₹ in crore)	
Sr. No.	Particulars	FY 2021-22	FY 2020-21
(i)	Opening balance	66.12	188.85
(ii)	Creation during the year	76.23	13.47
(iii)	Reversal during the year	(44.24)	(136.20)
	Closing balance	98.11	66.12

27. Other Non-Financial Liabilities

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
(i)	Unamortised Fee - Undisbursed Loans Assets	187.66	217.36
(ii)	Sundry Liabilities (Interest Capitalisation)	32.45	37.09
(iii)	Statutory dues payable	93.15	87.92
(iv)	Advance received from Govt. towards Govt. Schemes	1.00	1.17
(v)	Others	53.84	1.72
	Total Other Non-Financial Liabilities	368.10	345.26

28. Equity Share Capital

Sr. No.	Particulars	As at 31.03.2022		As at 31.03.2021	
		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 year	-	-	-	-
	Closing Equity Share Capital	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08

28.1 Rights, preferences and restriction attached to equity shares

The Company had issued equity shares having par value of ₹ 10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of the shareholders.

Notes to the Consolidated Financial Statements

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28.2 Shares in the Company held by each shareholder holding more than 5% of the shares

Sr. No.	Particulars	As at 31.03.2022		As at 31.03.2021	
		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.	22,85,47,160	8.66%	23,81,25,247	9.02%
(iii)	Life Insurance Corporation of India	13,21,17,474	5.00%	15,75,97,304	5.97%

28.3 Shares reserved for issue under options and contract/commitment for the sale of shares or disinvestment, including the terms and amount : Nil

28.4 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 31.03.2022	As at 31.03.2021
(i)	Capital Reserve - Common Control (Refer Note 29.1 (i))	(13,461.00)	(13,461.00)
(ii)	Capital Reserve - Change in shareholding in JV	-	2.47
(iii)	Securities Premium (Refer Note 29.1 (ii))	3,953.74	3,953.74
(iv)	Foreign Currency Monetary Item Translation Difference Account (Refer Note 29.1 (iii))	(806.07)	(936.01)
(v)	Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934 (Refer Note 29.1 (iv))	9,298.33	6,235.99
(vi)	Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961 (Refer Note 29.1 (v))	680.04	1,407.54
(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 29.1 (vi))	35,878.11	31,833.14
(ix)	Interest Differential Reserve - KFW Loan (Refer Note 29.1 (vii))	64.07	62.65
(x)	General Reserve (Refer Note 29.1 (viii))	20,346.81	19,040.40
(xi)	Retained Earnings (Refer Note 29.1 (ix))	12,757.10	9,760.52
(xii)	Reserve for Equity Instruments through Other Comprehensive Income (Refer Note 29.1 (x))	(74.23)	(170.71)
(xiii)	Reserve for Effective portion of Cash Flow Hedges (Refer Note 29.1 (xi))	302.56	(200.50)
(xiv)	Costs of Hedging Reserve (Refer Note 29.1 (xii))	(503.16)	(1.42)
(xv)	Share of Other Comprehensive Income in Joint Venture and Associates	(0.00)	0.73
	Total Other Equity	69,036.16	58,127.40

* For movements during the period refer Consolidated Statement of Changes in Equity.

29.1 Nature , purpose and movement of reserves:

(i) Capital Reserve - Common Control

Consequent to the acquisition of REC Limited by PFC on March 28, 2019, the difference between PFC's share in equity share capital of REC Limited of ₹ 1,039.50 and the consideration paid (including investment of ₹ 0.50 crore existing on the date of acquisition) of ₹ 14,500.50 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.

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for the year ended March 31, 2022

(iii) Foreign Currency Monetary Item Translation Difference Account

It represents unamortised foreign exchange gain/loss on Long-term Foreign Currency Borrowings (raised up to 31.03.2018) and are amortised over the tenure of the respective borrowings.

(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)(viiia)(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)(viiia)(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) 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.

(x) Reserve for Equity Instruments through Other Comprehensive Income

The Companies in 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.

(xi) Reserve for Effective portion of Cash Flow Hedges

The intrinsic value of hedging instruments which meets the qualifying criteria for hedge accounting & are designated and qualify as cash flow hedges is recognised in this reserve. The amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(xii) Cost of Hedging Reserve

The fair value of the time value of a hedging instruments which meets the qualifying criteria for hedge accounting & are designated and qualify as cash flow hedges is recognised in this reserve. The amounts recognised in such reserve are amortised to the Statement of Profit and Loss on a systematic basis.

29.2(i) The details of dividend declared/proposed by PFC on equity shares of face value of ₹10 each is as under:

(i)	Particulars	FY 2021-22			FY 2020-21		
		% of Share Capital	Per equity share (₹)	Amount (₹ in crore)	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)
	Interim Dividend	107.50%	10.75	2,838.09	80%	8.00	2,112.06
	Final Dividend	12.50%	1.25	330.01	20%	2.00	528.02
	Total Dividend	120.00%	12.00	3,168.10	100%	10.00	2,640.08

(ii) Events occurring after Balance Sheet date:

Board of Directors in its meeting held on May 25, 2022 has recommended final dividend @ 12.50% on the paid up equity share capital i.e. ₹ 1.25 /- per equity share of ₹ 10/- each for the FY 2021-22 subject to approval of shareholders in ensuing Annual General Meeting.

(iii) The Dividend Paid/Proposed is in compliance with the provisions of Section 123 of Companies Act, 2013, as applicable

30. Non-Controlling Interest

			(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021	
	Balance at the beginning of the year	20,464.36	16,765.57	
(i)	Share of Net Profit for the period	4,753.42	3,968.37	
(ii)	Re-measurement of Defined Benefit Plans	(2.95)	(5.05)	
(iii)	Share of Other Comprehensive Income/(Expense)	(24.47)	221.87	
	Share of Total Comprehensive Income	4,726.00	4,185.19	
(i)	Dividend Declared/ Proposed to Non-Controlling Interest	(1,142.15)	(1,028.97)	
(ii)	Others	(7.70)	542.57	
	Balance at the end of the period - towards Equity Share Holders	24,040.51	20,464.37	
	towards Instruments Entirely Equity in Nature (Refer Note 30.2)	558.40	558.40	
	Total Non-Controlling Interest	24,598.91	21,022.77	

30.1 PFC's subsidiary REC Ltd. had issued Perpetual Debt Instruments of face value of ₹ 10 lakh 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 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. The periodic coupon payments are accordingly adjusted with retained earnings.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

30.2 In case of PFC's Subsidiary REC Ltd. details of Instruments Entirely Equity in Nature (Perpetual Debt instruments) are as follows:

(₹ in crore)

Particulars	Coupon Rate	Number of Bonds	Date of allotment	As at 31.03.2022	As at 31.03.2021
Fully paid up Perpetual Debts Instrument entirely equity in nature of ₹ 10 lakhs each	7.97%	5,584.00	22-Jan-2021	558.40	558.40

30.3 Instrument holders holding more than 5% of Perpetual Debt Instruments entirely equity in nature as at Balance Sheet date:

Name of the Shareholder	As at 31.03.2022		As at 31.03.2021	
	Number	Percentage	Number	Percentage
HVPNL Employees Pension Fund Trust	665	11.91%	665	11.91%
HPGCL Employees Pension Fund Trust	500	8.95%	500	8.95%

31. Interest Income

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
A	On Financial Assets measured at Amortised Cost		
(i)	Interest on Loans	74,731.09	70,360.77
	Less : Rebate for Timely Payment to Borrowers	(386.75)	(331.33)
(ii)	Interest on Deposits with Banks	339.15	455.25
(iii)	Other Interest Income	150.43	70.71
B	On Financial Assets classified at Fair Value Through Profit or Loss		
(i)	Interest on Investment	47.82	286.23
(ii)	Other Income	5.38	3.95
	Total Interest Income (A+B)	74,887.12	70,845.58

32. Dividend Income

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(A)	Dividend on equity investments designated at FVTOCI		
(i)	Investments held at the end of the year	67.56	87.76
(ii)	Investments derecognised during the year	1.30	0.98
	Sub-Total	68.86	88.74
(B)	Dividend on preference shares	0.00	-
	Total Dividend Income (A+B)	68.86	88.74

33. Fees and Commission Income

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Prepayment Premium on Loans	816.97	365.60
(ii)	Fee based Income on Loans	228.78	86.44
(iii)	Fee for implementation of GoI Schemes (Refer Note 55)	23.83	38.32
	Total Fees and Commission Income	1,069.58	490.36

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for the year ended March 31, 2022

34. Other Operating Income

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Sale of Services (Refer Note 6.11)	233.29	231.42
(ii)	Other	2.81	-
	Total Other Operating Income	236.10	231.42

35. Other Income

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Excess Liabilities written back	12.49	0.15
(ii)	Miscellaneous Income	70.77	44.42
	Total Other Income	83.26	44.57

36. Finance Costs

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
	On Financial Liabilities Measured At Amortised Cost		
(i)	Interest on Borrowings		
	- Term Loans and others	8,438.29	8,236.46
	- Interest on Lease Liability (Refer Note 51.1)	1.75	1.35
(ii)	Interest on Debt Securities		
	- Bonds/Debentures	32,761.10	33,566.78
	- Commercial Paper	54.73	164.74
(iii)	Interest on Subordinated Liabilities	1,374.10	1,373.79
(iv)	Other Interest Expense		
	- Interest on Interest Subsidy Fund	1.13	1.41
	- Interest on Application Money - Bonds	0.29	0.04
	- Interest on advances received from Subsidiaries	2.87	2.88
	- Interest under Income Tax Act, 1961	2.66	24.90
	- Other	5.34	6.68
	Less: Finance Cost Capitalised	(5.10)	(22.04)
	On Financial Liabilities Classified at Fair Value Through Profit or Loss		
(v)	Swap Premium (Net)	2,071.62	1,326.53
	Total Finance Costs	44,708.78	44,683.52

37. Net Translation/ Transaction Exchange Loss/ (Gain)

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
	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	1,078.42	(1,062.15)
(ii)	Amortisation of Foreign Currency Monetary Item Translation Difference Account created on LTFCMI recognised up to 31.03.2018	626.21	1,228.35
	Total Translation/ Transaction Exchange Loss/ (Gain)	1,704.63	166.20

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

37.1 The Group's foreign currency monetary items are translated at prevailing rate at the year-end as below:

Exchange Rates	As at 31.03.2022	As at 31.03.2021
USD / INR	75.8071	73.5047
Euro / INR	84.6599	86.0990
JPY / INR	0.6223	0.6636
SGD / INR	55.9438	54.3581

38. Fees and Commission Expense

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Agency Fees	3.64	4.29
(ii)	Guarantee, Listing and Trusteeship fees	7.54	3.09
(iii)	Credit Rating Fees	12.41	12.69
(iv)	Other Finance Charges	3.32	4.16
	Total Fees and Commission Expense	26.91	24.23

39. Net Loss/(Gain) on Fair Value changes

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
	On financial instruments at Fair value through Profit or Loss:		
(i)	- Change in Fair Value of Derivatives	(391.14)	(3.15)
(ii)	- Change in Fair Value of Investments	43.13	(26.26)
(iii)	- Change in Fair Value of Short-Term Investment of Surplus Funds in Mutual Funds	(7.99)	(23.98)
	Total Net Loss/(Gain) on Fair Value changes	(356.00)	(53.39)
	Fair value changes:		
(i)	- Realised	(151.88)	(819.41)
(ii)	- Unrealised	(204.12)	766.02
	Total Net Loss/(Gain) on Fair Value changes	(356.00)	(53.39)

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

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
	On Financial Assets measured at Amortised Cost:		
(i)	Loans	5,651.97	5,980.05
(ii)	Other Financial Assets	11.11	85.68
(iii)	Letter of Comfort	31.99	(123.44)
	Total Impairment on Financial Instruments	5,695.07	5,942.29

40.1 Refer Note 46.1 for details of impairment on financial assets.

Notes to the Consolidated Financial Statements

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41. Employee Benefit Expenses

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Salaries and Wages	295.38	271.52
(ii)	Contribution to Provident and other Funds	30.95	30.55
(iii)	Staff Welfare Expenses	70.01	60.72
(iv)	Rent for Residential Accommodation of Employees	10.23	8.03
	Total Employee Benefit Expenses	406.57	370.82

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

Sr. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Rent, Taxes and Energy Cost	11.66	21.75
(ii)	Repairs and Maintenance	38.11	23.39
(iii)	Communication Costs	5.48	5.67
(iv)	Printing and Stationery	2.12	1.98
(v)	Advertisement and Publicity	13.67	16.73
(vi)	Directors Fees, Allowance & Expenses	0.40	0.21
(vii)	Auditor's fees and expenses	3.10	2.78
(viii)	Legal & Professional charges	21.48	19.44
(ix)	Insurance	0.32	0.37
(x)	Travelling and Conveyance	25.37	20.73
(xi)	Net Loss/(Gain) on derecognition of Property, Plant and Equipment	3.88	5.15
(xii)	Other Expenditure	128.39	67.24
	Total Other Expenses	253.98	185.44

43. Disclosure related to Income Taxes

43.1 Income tax expense recognised in Consolidated Statement of Profit and Loss:

Particulars	FY 2021-22	FY 2020-21
Tax expense:		
Current Year	5,501.89	5,321.55
Earlier Years	(40.01)	401.96
(A) Total Tax Expense	5,461.88	5,723.51
Deferred Tax Expense/(Income)		
Origination and reversal of temporary differences	(847.87)	(1,548.98)
(B) Total Deferred Tax Expense/(Income)	(847.87)	(1,548.98)
Total Income Tax Expense (A+B)	4,614.01	4,174.53

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

43.2 Income tax expense recognised in Consolidated Other Comprehensive Income:

(₹ in crore)

Particulars	FY 2021-22	FY 2020-21
Current Tax Expense/(Income)		
Items that will not be reclassified to Profit and Loss		
Re-measurement of Defined Benefit Plans	(1.75)	-
(A) Total Current Tax Expense/(Income)	(1.75)	-
Deferred Tax Expense/(Income)		
(B) Items that will not be reclassified to Profit or Loss		
Re-measurement of Defined Benefit Plans	(1.72)	4.72
Net Gain/(Loss) on Fair Value of Equity Instruments	7.03	(6.01)
(C) Items that will be reclassified to Profit or Loss		
Effective portion of Gains and (Loss) on hedging instruments in Cash Flow Hedge	226.52	(13.38)
Cost of Hedging Reserve	(238.42)	(74.98)
(D) Total Deferred Tax Expense/(Income) (A+B+C)	(6.59)	(89.65)
Total Tax Expense/(Income) recognised in OCI (A+D)	(8.34)	(89.65)

43.3 Reconciliation of tax expense and accounting profit

Reconciliation of tax expenses and product of profit before tax and corporate tax rate:

(₹ in crore)

Particulars	FY 2021-22	FY 2020-21
Profit before Tax	23,382.22	19,890.73
Applicable Tax Rate	25.168%	25.168%
Tax using the applicable tax rate	5,884.83	5,006.10
Tax effect of:		
Non-deductible tax expenses	139.88	127.40
Tax exempt income	(2.62)	(8.62)
Deduction u/s 80M	(609.93)	(303.08)
Deduction u/s 36(1)(viii)	(1,114.48)	(1,283.04)
Others	26.31	(51.63)
Previous year tax liability	(40.00)	401.96
Impact of change in tax rate	(3.98)	
Effect of eliminations	334.00	285.44
Total tax expenses in the Consolidated Statement of Profit and Loss	4,614.01	4,174.53

43.4 Deductible temporary differences/ unused tax losses/ unused tax credits carried forward in respect of PFC

	As at 31.03.2022 (₹ in crore)	Expiry date	As at 31.03.2021 (₹ in crore)	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	0.03	31.03.2028
	0.07	31.03.2029	-	-

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43.5 Movement in Deferred Tax balances

FY 2021-22

(₹ in crore)

Description	Net balance at 01.04.2021	Adjustment (PFCCCL)	Recognised in Profit or Loss	Recognised in OCI	Net balance at 31.03.2022
(A) Deferred Tax Asset					
(i) Provision for expenses deductible on payment basis under Income Tax Act	40.52	(0.07)	8.22	4.27	52.94
(ii) Unamortised income on loans to borrowers	(5.32)		3.90	-	(1.42)
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	6,875.84		832.89	-	7,708.73
(iv) Depreciation and amortisation	1.46	(0.05)	(10.34)	-	(8.93)
(v) Fair value of derivatives (Net)	46.47		23.24	11.90	81.61
(vi) Others	24.38		11.59	(9.58)	26.39
(B) (Deferred Tax Liabilities)					
(i) Unamortized exchange loss (Net)	(313.72)		32.80	-	(280.92)
(ii) Financial assets and liabilities measured at amortised cost	(209.10)		(26.26)	-	(235.36)
(iii) Fair valuation of Debt securities	-		(28.17)	-	(28.17)
(iv) Others	0.50		-	-	0.50
Net Deferred Tax (Liabilities) /Assets	6,461.03	(0.12)	847.87	6.59	7,315.37

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) Unamortized 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

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44. Disclosure as per Ind AS 33 “Earnings per Share”

Sr. No.	Description	FY 2021-22	FY 2020-21
(A)	Profit for the period used as numerator (basic & diluted) (₹ in crore):		
(i)	from continuing operations	14,014.79	11,747.83
(ii)	from discontinued operations	-	-
(iii)	from continuing and discontinued operations	14,014.79	11,747.83
(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 (in ₹):		
(i)	for continuing operations	53.08	44.50
(ii)	for discontinued operations	-	-
(iii)	for continuing and discontinued operations	53.08	44.50

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, as amended from time to time (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 31.03.2022		As at 31.03.2021	
	PFC	RECL	PFC	RECL
CRAR – Tier I Capital	20.00%	19.58%	15.46%	16.31%
CRAR – Tier II Capital	3.48%	4.03%	3.37%	3.41%
Total CRAR	23.48%	23.61%	18.83%	19.72%

* Computed as per applicable RBI guidelines.

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 Gol guidelines, RBI circulars/guidelines, future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes if any, 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; other regulatory requirements 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:

Note	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 concentration 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 instruments	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. In accordance with the RBI Master Direction in order to augment risk management practices in the respective Company, PFC and its subsidiary RECL has 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 (gross carrying amount) are:

Particulars	As at 31.03.2022		As at 31.03.2021	
Low Credit Risk				
Cash and cash equivalents ^(a)	914.24		4,927.74	
Bank balances other than included in cash and cash equivalents ^(a)	5,770.26		3,274.82	
Loans (Principal outstanding) ^(c)	6,57,482.61		6,55,373.44	
Trade Receivables ^(b)	123.02		151.99	
Investments (Excluding equity investments) ^(a)	2,138.59		1,594.76	
Other financial assets ^(b)	29,820.35		29,779.87	
Moderate Credit Risk				
Loans (Principal outstanding) ^(c)	62,938.57		50,408.61	
Trade receivables ^(b)	30.97		55.32	
High Credit Risk				
Investments (Excluding equity investments) ^(a)	101.67		-	
Loans (Principal outstanding) ^(c)	38,075.17		39,407.09	
Other financial assets ^(b)	115.97		111.37	
Trade receivables ^(b)	63.32		54.26	

^(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) Appraisal of Projects

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, interest rate and debt equity ratio) are stipulated.

(b) Appraisal for State Sector Power Projects

State sector projects are taken up for detailed appraisal to determine, *inter alia*, if it is techno economically sound and compatible with integrated power development & expansion plans of the State.

PFC classifies state power generation and transmission utilities into various risk rating grades based on the evaluation of utility's performance against specific parameters covering operational and financial performance. With regards to transmission utilities, PFC adopts the categorisation of its subsidiary RECL as per its policy. With regard to State Power Distribution utilities including integrated utilities, PFC's categorisation policy provides for adoption of Ministry of Power's (MoP's) Integrated Ratings by aligning such ratings/ grading with that of PFC's rating structure.

Such categories/ ratings are used to determine credit exposure limits, security requirements and pricing of loans given to the State Sector Borrowers. PFC also has a mechanism in place for monitoring the exposure to single borrower and exposure within a State.

The detailed project appraisal involves technical and financial appraisal covering various aspects such as project inputs, statutory and non-statutory clearances, contracts, project linkages, financial modelling/ projections, calculation of returns, sensitivity analysis etc.

After detailed analysis indicated above, the overall viability of the project and entity is assessed and various conditions in the form of pre-commitment, pre-disbursement and other conditions 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 of credit facilities commensurating with the size of the loan.

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(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:

- Primary Security – Charge on Project Assets or State Government Guarantees
- Collateral Securities – Corporate guarantee, Personal guarantee of promoters, Pledge of shares, Charge on assets/ revenues of group/other companies
- Payment Security Mechanism – Escrow Account/Letter of Credit, Trust and Retention Account (TRA)
- 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, tracking of project construction, implementation, identifies risks where intervention is required to minimise the time/ cost overruns/ consequent slippages in disbursements and including progress of commissioned projects.

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) under IBC -2016, sale of the exposures to other entities/investors, other recovery mechanisms like referring the case for legal action before Debt Recovery Tribunal (DRT), SARFAESI, etc. and other actions as specified under regulatory/legal framework.

B. In respect of RECL

The credit risk is managed at different levels including at appraisal, disbursements and post disbursement monitoring. RECL has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy". To mitigate credit risk, RECL follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on periodic basis, the loan assets are reviewed and categorised as High/Moderate/Low based on ECL Methodology. The process for Credit Risk Management is as under:

- 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.
- 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

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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.

46.1.2 Credit Risk Measurement – Impairment Assessment for Lending Operations

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 1'.
- If a significant increase in credit risk (SICR) is identified, the financial asset is moved to 'Stage 2'.
- If the financial asset is credit-impaired, it is moved to 'Stage 3' 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.

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- 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 3 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 2 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 1 accounts, 12 months PD is used.

For Stage 2 (significantly increased credit risk accounts), Lifetime PD is used. For Stage 3 (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.

(ii) Loss Given Default (LGD)

LGD is the loss factor which the Company may experience in case the default occurs.

For State sector borrowers, LGD has been assigned on the basis of risk category considering State GDP and fiscal deficit.

In case of Private sector borrowers, LGD has been assessed considering factors like Project Cost per Unit, Percentage Completion, Project Capacity in case of generation projects and on the basis of book value of assets, 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 3 borrowers, LGD has been assessed based on discounted projected cash flow analysis for operational projects and on assets valuation/Bid value/OTS amount etc. as available for other projects.

(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 and interest of the loan as on the reporting date.

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- (v) The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. Further, the independent agency appointed to assist the Company in ECL assessment also consider the forward-looking information in the determination of the impairment allowance to be assigned to the borrower, by taking into consideration various project operational parameters, project financial ratios, extension of the project completion and also possibility of stressed and favourable economic conditions. Further, the independent agency has also added some additional macroeconomic parameters such as IIP (index of industrial production) electricity y-o-y growth rate, Money supply y-o-y growth rate to arrive at a weighted shock factor to the base PD term structure for ECL computation so as to reflect the right risk assessment of the utilities.

B. In respect of RECL

The impairment loss allowance on loan assets is provided as per Ind AS 109 in accordance with a board- approved policy, which measures the credit risk on the basis of key financial and operational parameters to assess improvement/ deterioration in credit quality. Management overlays to the model output, if any, are duly documented and approved by the Audit Committee. 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.

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.

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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, RECL has factored in the state support and assumed that the State/Central governments would step in to repay debt obligations of the state utilities as witnessed in the past.

VII. Alignment of LGD in case of Stage 3 Assets

Stage 3 Assets, where RECL and PFC (Group Companies) are in Consortium for Stage-3 Loan accounts, RECL considers LGD on the following basis:

- In cases where either RECL or PFC is lead lender, LGD % calculated by the lead lender is adopted
- 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

- RECL considers the date of initial recognition as the base date from which significant increase in credit risk is determined.
- 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.

IX. 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 for Lending Operations

Exposure to credit risk

For loans recognised in the balance sheet, the gross exposure to credit risk equals their carrying amount. Refer Note 12 'Loans' for Group's exposure to credit risk arising from loans.

For financial guarantee issued, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the guarantees are called upon. For irrevocable loan commitments, the maximum exposure to credit risk is the full amount of the commitment facilities. Refer Note 52 for exposure of Guarantee and Outstanding Disbursement Commitments.

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A. In case of PFC

The credit quality and maximum exposure (principal outstanding) to credit risk based on days past due and year end stage classification of loans is tabulated below:

(₹ in crore)

Days past Due (DPD)	As at 31.03.2022				As at 31.03.2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
No overdue	3,20,384.30	594.09 *	-	3,20,978.39	3,01,686.14	13,178.38 *	-	3,14,864.52
1-30 days	5,320.69	-	-	5,320.69	414.13	-	-	414.13
31-60 days	-	2,190.12	-	2,190.12	-	14,261.70	-	14,261.70
61-90 days	-	21,477.77	-	21,477.77	-	18,313.31	-	18,313.31
More than 90 days	-	2,252.36 [@]	20,915.28	23,167.64	-	1,767.16 [@]	21,150.16	22,917.32
Total	3,25,704.99	26,514.34	20,915.28	3,73,134.61	3,02,100.27	47,520.56	21,150.16	3,70,770.99

* Since the borrower is in stage 2 in other loans, these loans (which otherwise would have been categorised in stage 1) have also been categorised in stage 2.

[@]Refer Note 40.1.10

B. In respect of RECL

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under:

(₹ in crore)

Credit Risk Category (Internal/ Mapped Ratings)	As at 31.03.2022				As at 31.03.2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
Very Good (AAA AA A Government Loan)	1,81,968.90	11,661.35	-	1,93,630.25	2,20,485.16	1,421.82	-	2,21,906.98
Good (BBB BB B)	96,631.68	24,762.88	-	1,21,394.57	1,07,998.93	69.68	-	1,08,068.61
Average (C)	54,755.07	-	-	54,755.07	28,532.47	-	-	28,532.47
Fair (D)	2,521.34	-	-	2,521.34	1,874.55	1,396.55	-	3,271.10
Non-Performing(D)	-	-	17,159.89	17,159.89	-	-	18,256.93	18,256.93
Gross Exposure	3,35,876.99	36,424.23	17,159.89	3,89,461.12	3,58,891.11	2,888.05	18,256.93	3,80,036.09
Loss allowance	2,790.22	369.61	11,565.73	14,725.57	1,282.46	141.43	11,791.31	13,215.20
Net Exposure	3,33,086.77	36,054.62	5,594.16	3,74,735.55	3,57,608.65	2,746.62	6,465.62	3,66,820.89

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 31.03.2022		As at 31.03.2021	
	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)	6,64,451.23	4,210.05	6,47,197.74	2,272.49
Loans to private sector	94,045.12	27,864.03	97,991.40	27,539.42
Total	7,58,496.35	32,074.08	7,45,189.14	29,811.91

*including impairment loss allowance on Letter of Comfort (LoC) and Guarantee of ₹ 98.11 Cr. (as at March 31, 2021 ₹ 66.12 Cr.)

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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, transmission and distribution power projects spread across diverse geographical areas.

(₹ in crore)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
Concentration by schemes				
Generation	3,28,159.85	24,617.30	3,41,944.76	24,810.36
Renewable	48,626.18	3,059.17	53,976.04	2,134.37
Transmission	95,379.62	2,072.49	90,528.86	1,697.34
Distribution	2,80,113.01	2,304.13	2,52,132.27	1,130.80
Others	6,217.69	20.98	6,607.21	39.04
Total	7,58,496.35	32,074.08	7,45,189.14	29,811.91

*including impairment loss allowance on Letter of Comfort (LoC) and Guarantee of ₹ 98.11 crore (as at March 31, 2021 ₹ 66.12 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 & RECL:

Particulars	As at 31.03.2022			As at 31.03.2021		
	Principal Outstanding	Impairment loss allowance*	Impairment loss allowance Coverage(%)	Principal Outstanding	Impairment loss allowance*	Impairment loss allowance Coverage(%)
Stage 1	6,57,482.61	4,849.04	0.74	6,55,373.44	2,517.57	0.38
Stage 2	62,938.57	1,314.93	2.09	50,408.61	2,086.67	4.14
Stage 3	38,075.17	25,910.11	68.05	39,407.09	25,207.67	63.97
Total	7,58,496.35	32,074.08	4.23	7,45,189.14	29,811.91	4.00

*including impairment loss allowance on Letter of Comfort (LoC) and Guarantee of ₹ 98.11 Cr. (as at March 31, 2021 ₹ 66.12 Cr.)

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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 (including impairment loss allowance on Letter of Comfort and Guarantees) in respect of PFC & RECL between the beginning and the end of the reporting period:

(₹ in crore)

FY 2021-22	Stage 1		Stage 2		Stage 3		Total	
	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance
Opening Balance	6,55,373.44	2,517.58	50,408.61	2,086.67	39,407.09	25,207.67	7,48,189.14	29,812.99
Transfer to Stage 1	21,109.54	1,250.50	(19,103.75)	(514.18)	(2,005.79)	(736.33)	-	-
Transfer to Stage 2	(36,173.14)	(44.11)	36,189.77	48.20	(16.63)	(4.09)	-	-
Transfer to Stage 3	(2,657.15)	(329.49)	(1,120.58)	(852.23)	3,777.73	1,181.73	-	-
Net change in Principal/ECL during the year	13,582.41	1,681.06	(1,394.26)	516.66	5.91	2,760.71	12,194.05	4,958.53
New financial assets originated	74,969.67	690.62	3,957.10	40.29	-	-	78,926.77	730.91
Financial assets derecognised (loans repaid/pre-payment)	(68,722.16)	(917.12)	(5,535.67)	537.45	(235.65)	295.65	(77,493.48)	(85.19)
Financial Assets derecognised (Write Off)	-	-	(462.65)	(547.93)	(2,857.49)	(2,795.23)	(3,320.14)	(3,343.16)
Closing Balance	6,57,482.61	4,849.04	62,938.57	1,314.93	38,075.17	25,910.11	7,58,496.35	32,074.08

(₹ in crore)

FY 2020-21	Stage 1		Stage 2		Stage 3		Total	
	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance	Principal Outstanding	Impairment loss allowance	Principal Outstanding	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 1	29,007.95	552.11	(25,890.73)	(129.76)	(3,117.21)	(422.35)	-	-
Transfer to Stage 2	(38,926.86)	(39.83)	42,034.50	317.95	(3,107.64)	(278.12)	-	-
Transfer to Stage 3	(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
Financial assets derecognised (loans repaid/pre-payment)	(25,440.44)	(17.28)	(587.02)	(0.04)	(201.68)	(43.42)	(26,229.14)	(60.74)
Financial Assets derecognised (Write Off)	(66.59)	(2.67)	(905.44)	(905.44)	(533.49)	(533.49)	(1,505.52)	(1,441.60)
Financial Assets derecognised (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

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46.1.7 Movement of Credit Impaired Accounts (Stage 3 accounts):

The following tables explain the changes in credit impaired accounts (stage 3 accounts) and the corresponding impairment loss allowance in respect of PFC & RECL between the beginning and the end of the reporting period

(₹ in crore)

Sr. No.	Description	As at 31.03.2022	As at 31.03.2021
(i)	Net Credit Impaired accounts to Gross Loans (%)	1.60%	1.91%
(ii)	Net Credit Impaired accounts to Net Loans (%)	1.66%	1.97%
		FY 2021-22	FY 2020-21
(iii)	Movement of Gross Credit Impaired accounts		
(a)	Opening balance	39,407.09	49,127.26
(b)	Additions during the year	3,003.41	243.33
(c)	Reductions/ write offs during the year	(4,335.33)	(9,963.49)
(d)	Closing balance	38,075.17	39,407.09
(iv)	Movement of Net Credit Impaired accounts		
(a)	Opening balance	14,199.42	23,826.66
(b)	Additions during the year	593.80	166.12
(c)	Reductions/write offs during the year	(2,628.16)	(9,793.36)
(d)	Closing balance	12,165.06	14,199.42
(v)	Movement of impairment loss allowance on Credit Impaired accounts		
(a)	Opening balance	25,207.67	25,300.59
(b)	Provisions made during the year	3,646.63	3,848.12
(c)	Write-off/write-back of excess provisions	(2,944.19)	(3,941.04)
(d)	Closing balance	25,910.11	25,207.67

46.1.8 Write off of Loan Assets

PFC and RECL 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 'Financial Instruments'

46.1.10 Disclosure in respect of accounts that are beyond 90 days overdue but not treated as credit impaired :

Particulars	As at 31.03.2022	As at 31.03.2021
Number of Borrowers	4	2
Amount of loan outstanding (₹ in crore)	2,252.36	1,767.16
Amount overdue* (₹ in crore)	188.18	100.91
Amount of Impairment Loss allowance (₹ in crore)	815.87	1,086.48

*excluding overdue interest of ₹ 242.87 crore as at March 31, 2022 (As at March 31, 2021 ₹ 249.65 crore).

Pursuant to Ad-interim order from Hon'ble High Court(s), these borrower(s) accounts have not been classified as Credit Impaired. The Group holds adequate impairment loss allowance with respect to these loan accounts and has categorised them into Stage 2. The interest income is also not been recognised on these loan accounts on accrual basis since these loans are more than 90 days past due.

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46.1.11 In accordance with RBI's Master Direction-Non-Banking Financial Company- Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time, NPA ratios are as under:

NPA ratios duly considering the loans which would have been otherwise required to be classified as NPA as per RBI norms is as under:

Particulars	PFC		RECL	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Gross NPA to Gross Loans	6.58%	5.99%	4.45%	5.04%
Net NPA to Net Loans	2.76%	2.45%	1.51%	1.99%

46.1.12 Details of provision required as per Income Recognition, Asset Classification & Provisioning Norms (IRACP) of RBI and impairment loss allowance as per Ind AS 109 'Financial Instruments'

A. In respect of PFC

As at March 31, 2022

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,26,133.66	1,676.69	3,24,456.96	1,331.16	345.54
	Stage 2	27,458.63	944.20	26,514.44	637.72	306.48
	Stage 3	-	-	-	-	-
Sub-Total		3,53,592.29	2,620.89	3,50,971.40	1,968.88	652.01
Non-Performing Assets (NPA)						
Substandard	Stage 1	296.48	1.33	295.15	29.62	(28.29)
	Stage 2	151.37	1.12	150.25	14.83	(13.70)
	Stage 3	1,142.64	332.93	809.71	114.26	218.66
Sub-Total for Substandard		1,590.49	335.38	1,255.11	158.71	176.68
Doubtful - up to 1 year	Stage 1	32.80	0.01	32.78	6.44	(6.42)
1 to 3 years	Stage 1	107.00	0.10	106.91	31.40	(31.30)
More than 3 years	Stage 1	3,105.80	310.93	2,794.87	1,522.95	(1,212.02)
Doubtful - up to 1 year	Stage 3	170.10	133.43	36.67	78.22	55.21
1 to 3 years	Stage 3	3,743.76	1,770.31	1,973.45	1,189.36	580.95
More than 3 years	Stage 3	12,779.39	9,181.94	3,597.46	9,120.21	61.73
Sub-Total for doubtful		19,938.85	11,396.72	8,542.14	11,948.57	(551.85)
Loss	Stage 3	3,079.39	2,918.31	161.08	3,079.39	(161.08)
Sub-Total for NPA		24,608.74	14,650.41	9,958.33	15,186.66	(536.25)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
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	-	69.75	(69.75)	-	69.75
	Stage 2	-	-	-	-	-
	Stage 3	-	7.47	(7.47)	-	7.47
Sub-Total		-	77.21	(77.21)	-	77.21
Total	Stage 1	3,29,675.75	2,058.82	3,27,616.93	2,921.55	(862.74)
	Stage 2	27,610.01	945.32	26,664.69	652.55	292.77
	Stage 3	20,915.28	14,344.38	6,570.90	13,581.44	762.95
	Total	3,78,201.04	17,348.52	3,60,852.51	17,155.54	192.98

As at March 31, 2021

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
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)						
Substandard	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)
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

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B. In respect of RECL

As at March 31, 2022

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,32,586.36	2,769.32	3,29,817.04	1,771.72	997.60
	Stage 2	36,888.95	369.61	36,519.34	391.52	(21.91)
Sub-Total		3,69,475.31	3,138.93	3,66,336.38	2,163.24	975.69
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,512.49	437.16	1,075.33	190.83	246.33
Doubtful - up to 1 year	Stage 3	33.28	3.33	29.95	7.25	(3.92)
1 to 3 years	Stage 3	4,534.01	2,981.99	1,552.01	1,952.89	1029.10
More than 3 years	Stage 3	11,062.89	8,126.03	2,936.86	8,108.58	17.45
Sub-Total for doubtful		15,630.18	11,111.35	4,518.82	10,068.72	1042.63
Loss		17.22	17.22	-	17.22	-
Sub-Total for NPA	Stage 3	17,159.89	11,565.73	5,594.15	10,276.77	1,288.96
Total Loan Assets		3,86,635.20	14,704.66	3,71,930.53	12,440.01	2264.65
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	4,089.85	20.90	4,068.95	-	20.90
Sub-Total		4,089.85	20.90	4,068.95	-	20.90
Total	Stage 1	3,36,676.21	2,790.22	3,33,885.99	1,771.72	1018.50
	Stage 2	36,888.95	369.61	36,519.34	391.52	(21.91)
	Stage 3	17,159.89	11,565.73	5,594.15	10,276.77	1,288.96
	Total	3,90,725.05	14,725.56	3,75,999.48	12,440.01	2285.55

As at March 31, 2021

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
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)						
Substandard	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

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(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
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

46.1.13 Expected Credit Loss for Trade Receivables

A. In respect of 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 March 31, 2022					
Gross carrying value	88.93	19.35	14.56	54.43	177.27
Expected loss rate	14.03%	6.82%	99.52%	100.00%	46.66%
Expected credit loss (provision)	12.48	1.32	14.49	54.43	82.72
Carrying amount (net of impairment)	76.45	18.03	0.07	-	94.55
As at March 31, 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

B. In respect of PFCCCL

The trade receivables of PFCCCL comprises mainly amount recoverable from the State Government entities. RECL 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, PFCCCL 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.

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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 March 31, 2022	16.88	5.29	17.86	40.04
Gross carrying amount as at March 31, 2021	16.67	4.92	13.41	35.00
Adjustments on account of regrouping and audited/ Unaudited of PFCCL financials	0.10	(3.19)	3.19	(0.10)
Gross carrying amount as at March 31, 2021	16.57	1.73	16.60	34.90

Movement in the expected credit loss allowance

(₹ in crore)

Particulars	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year	7.46	6.44
- Impairment allowance reversal	-	-
- Impairment losses recognised	1.50	1.02
Balance at the end of the year	8.96	7.46

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 March 31, 2022				
Domestic borrowings				
Principal	61,140.51	2,56,738.15	1,96,977.66	5,14,856.32
Interest	35,470.38	98,125.96	59,474.65	1,93,070.99
Foreign Currency borrowings				
Principal	22,025.66	72,280.41	37,794.67	1,32,100.74
Interest	3,850.14	10,465.79	3,686.87	18,002.80
Total	1,22,486.69	4,37,610.31	2,97,933.85	8,58,030.85
As at March 31, 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

*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 March 31, 2022				
Forward	-	-	-	-
Option/swaps	75.64	125.49	455.25	656.38
Total	75.64	125.49	455.25	656.38
As at March 31, 2021				
Forward	40.53	-	-	40.53
Option/swaps	88.61	847.95	363.26	1,299.82
Total	129.14	847.95	363.26	1,340.35

*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 Significant cash flows required for meeting the financial liabilities shall be funded through cash flows (principal and interest repayments) generated from loan assets. The following table analyses the maturity pattern of loans 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 March 31, 2022				
Loan assets				
Principal	66,026.51	2,77,929.73	3,88,637.47	7,32,593.71
Interest	70,190.29	2,11,553.57	1,72,778.27	4,54,522.13
Total	1,36,216.80	4,89,483.30	5,61,415.74	11,87,115.84
As at March 31, 2021				
Loan assets				
Principal	66,676.14	2,59,325.59	3,93,979.74	7,19,981.47
Interest	69,286.95	2,14,770.20	1,98,619.13	4,82,676.28
Total	1,35,963.09	4,74,095.79	5,92,598.87	12,02,657.75

*The principal cash flows net of impairment loss allowance relating to Stage 3 assets have been considered in over 5 years bucket irrespective of the maturity date

46.2.3 Liquidity Risk Management

In order to effectively manage liquidity risk, the Group endeavours to maintain sufficient cash flows to cover maturing liabilities and projected disbursements without incurring unacceptable losses or risking damage to its reputation and also endeavours to maintain a diversified fund base by raising resources through different funding instruments. The adequacy of the Group'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.

Companies in the Group manages its day to day liquidity to ensure that they have sufficient liquidity to meet their financial obligation as & when due.

Further, for overall liquidity monitoring and supervision, PFC and RECL has their respective Asset Liability Committee (ALCO). The ALCO tracks the liquidity risk by analysing the maturity or cash flow mis-matches of its financial assets and liabilities.

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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:

Particulars	(₹ in crore)	
	As at 31.03.2022	As at 31.03.2021
CC/ OD/ LoC/ WCDL limits	5,398.00	8,098.00

B. In respect of RECL

RECL had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	(₹ in crore)	
	As at 31.03.2022	As at 31.03.2021
Expiring within one year (cash credit and other facilities)-Floating Rate	8,803.05	5,547.28
Expiring beyond one year (loans/ borrowings)-Floating Rate	1,245.90	-

46.2.5 RBI vide its Master Directions applicable for NBFCs prescribe Liquidity Coverage Ratio (LCR) framework for 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. PFC and its subsidiary, RECL maintains sufficient liquidity buffer in the form of High-Quality Liquid Assets (HQLA) as prescribed.

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 31.03.2022		As at 31.03.2021	
	Crore in respective currency	₹ in crore	Crore in respective currency	₹ in crore
USD Loans	1,621.87	1,22,949.09	1,320.30	97,047.96
- Hedged	1,169.50	88,656.40	630.00	46,307.97
- Unhedged	452.37	34,292.69	690.30	50,739.99
Euro Loans	33.46	2,832.49	4.66	400.99
- Hedged	0.09	7.37	1.14	98.12
- Unhedged	33.38	2,825.12	3.52	302.87
JPY Loans	9,506.59	5,915.95	7,249.24	4,810.59
- Hedged	2,084.61	1,297.25	2,084.60	1,383.34
- Unhedged [#]	7,421.98	4,618.70	5,164.64	3,427.25
SGD Loans	7.21	403.21	7.21	391.79
- Hedged	7.21	403.21	7.21	391.79
- Unhedged	-	-	-	-
Total		1,32,100.74		1,02,651.33
- Hedged		90,364.23		48,181.22
- Unhedged		41,736.51		54,470.11

[#]includes partly hedged liability of Nil (As at March 31, 2021 JPY loan partly hedged through forwards covering USD/ INR exposure for ₹ 940.86 crore).

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for the year ended March 31, 2022

46.3.2 Foreign currency risk monitoring and management

PFC & RECL have their respective Board approved risk management policies to manage risks associated with foreign currency borrowings. These policies prescribe appropriate systems and controls to identify, measure and monitor the foreign currency risks through committees comprising of senior level officials. Derivative transactions are done to cover exchange/interest rate risks through various instruments like foreign currency forwards contracts, currency options, principal only swaps, IRS 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:

Foreign Currency Liabilities	As at 31.03.2022		As at 31.03.2021	
	Decrease	Increase	Decrease	Increase
USD	1,541.40	(1,541.40)	2,223.07	(2,223.07)
Euro	138.54	(138.54)	12.38	(12.38)
JPY	201.27	(201.27)	170.73	(170.73)
SGD	-	-	-	-
Total	1,881.21	(1,881.21)	2,406.18	(2,406.18)

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. Interest rates are dynamic and dependent on various internal and external factors including but not limited to RBI policy changes, liquidity in the market, movement of external benchmarks such as AAA bond/ G-Sec yields/ LIBOR etc.

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 mismatches 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. PFC also enters into various derivatives transactions like interest rate swaps, cross- currency interest rate swaps to hedge its interest rate risk.

(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 (+/-) ₹ 118.77 crore. (As at March 31, 2021 (+/-) ₹ 58.00 crore)

The analysis assumes that the Rate Sensitive Assets and Rate Sensitive Liabilities are being re-priced at the same time. Further, the analysis considers the earliest/first re-pricing date of the Rate Sensitive Assets and Rate Sensitive Liabilities.

Note: A 25 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

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(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).

a) Exposure directly affected by the interest rate benchmark reform

The total amount of exposure that is directly affected by Interest Rate Benchmark Reform (IBOR) i.e. after June 2023 is USD 657.67 million (Amount in INR ₹ 4,985.66 crore) as on March 31, 2022. Out of this, the amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is USD 650 million (Amount in INR ₹ 4,927.46 crore).

Following is the detail of the foreign currency borrowings which will be impacted based on LIBOR transition from 6 month USD LIBOR as planned after June 2023:-

Benchmark	As at 31.03.2022				As at 31.03.2021			
	Amount in respective currency (million)	Amount (₹ in crore)	Of which, have yet to transition to an alternative benchmark rate Amount in respective currency (million)	Amount (₹ in crore)	Amount in respective currency (million)	Amount (₹ in crore)	Of which, have yet to transition to an alternative benchmark rate Amount in respective currency (million)	Amount (₹ in crore)
Non-derivative financial liabilities								
6 month USD LIBOR	657.67	4,985.66	650.00	4,927.46	659.11	4,844.76	659.11	4,844.76
6 month JPY LIBOR*	-	-	-	-	30,966.75	2,054.95	30,966.75	2,054.95
Derivatives								
6 month USD LIBOR	650.00	4,927.46	650.00	4,927.46	650.00	4,777.81	650.00	4,777.81

*During the current year, JPY liabilities impacted due to cessation of JPY LIBOR have been translated to an alternative reference rate during the year.

(ii) Managing the process of transition to alternative benchmark rates

The Company has in place a Board approved Policy for undertaking Libor Transition namely "Framework for transition from London Inter Bank Offered Rate (LIBOR) to Alternative Reference Rate (ARR)". The framework inter- alia covers aspects such as assessment of exposure linked to LIBOR, identification of risk arising out of LIBOR transition, contracts remediation, operational readiness, governing structure, regulatory compliance & reporting, etc. Further, the Company shall undertake all transition activities as per the process/ guidelines detailed in the policy.

(iii) Significant assumptions for exposure 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. The alternative reference rate/benchmarks for the LIBOR linked loans and their derivatives are yet to be agreed with the lenders and the derivative bankers. However, it has been assumed that as a result of such reform there shall be no change in the relationship of the hedged items, hedged instruments and its corresponding hedge effectiveness.

B. In respect of RECL

- (i) RECL's borrowings are exposed to interest rate risk with floating interest rates linked to USD LIBOR (London Inter Bank Offered Rate), SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate), T-Bills, Repo Rate etc. 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.

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The table below shows the overall exposure of RECL to the liabilities linked with floating interest rates as at March 31, 2022 is as under:

Currency	As at 31.03.2022			As at 31.03.2021		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	50,178.32	-	50,178.32	35,738.58	-	35,738.58
USD \$	463.60	132.50	331.10	276.88	163.00	113.89
INR Equivalent	35,144.17	10,044.44	25,099.73	20,352.38	11,981.27	8,371.11
JPY ¥	5,835.27	1,032.72	4,802.56	2,084.61	1,032.71	1,051.90
INR Equivalent	3,631.29	642.66	2,988.63	1,383.35	685.31	698.04
SGD \$	7.21	7.21	-	7.21	7.21	-
INR Equivalent	403.21	403.21	-	391.79	391.79	-
Total INR Equivalent	89,356.99	11,090.31	78,266.68	57,866.10	13,058.37	44,807.73

(Foreign Currency & INR Equivalent in ₹ crore)

RECL also uses Interest Rate Swaps to manage fair value risk on interest rate borrowings to mitigate the interest rate sensitivity mismatch. Through such swaps, the fixed rate borrowings amounting to ₹ 11,850.70 crore as on March 31, 2022 (Previous year Nil) have been converted into floating rate borrowings through the use of MIBOR- linked Overnight Indexed Swaps.

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:

Description	As at 31.03.2022		As at 31.03.2021	
	Amount	Amount	Amount	Amount
Rupee Loans	3,75,805.76		3,63,580.03	

(₹ in crore)

(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:

Particulars	As at 31.03.2022		As at 31.03.2021	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(292.84)	292.84	(167.65)	167.65
Interest Rate Swaps	(44.34)	44.34	-	-
Floating/semi-fixed Rate Loan Assets	1,406.11	(1406.11)	1,360.37	(1,360.37)

(₹ in crore)

*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.

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(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 LIBOR (London Inter-Bank Offered Rate), Overnight SOFR (Secured Overnight Financing Rate), TONA (Tokyo Overnight Average Rate), SORA (Singapore Overnight Rate Averages), etc. The summary of such borrowings as on March 31, 2022 are as below:

Benchmark	Amount (₹ in crore)	Amount (USD Mn Equivalent)
3M USD LIBOR	7,201.67	950.00
6M USD LIBOR	27,373.94	3,611.00
O/N SOFR	568.55	75.00
TONA	3,631.29	479.02
SORA	403.21	53.19
Total	39,178.67	5,168.21

As announced by the UK Financial Conduct Authority (FCA) on March 5, 2021, JPY LIBOR has ceased to be published after December 31, 2021 and 1 Month, 3 Month and 6 Month USD LIBOR will cease to be published after June 30, 2023.

(a) Exposure directly affected by the Interest Rate Benchmark Reform (IBOR)

While some of the floating rate borrowings of RECL are already under the new benchmarks, some of the borrowings will also get repaid before the cessation date of the respective interest rates, i.e. 3M USD LIBOR and 6M USD LIBOR. Accordingly, the total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is ₹ 25,963.93 crore (USD 3.425 billion) as on March 31, 2022. Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is ₹ 3,790.36 crore (USD 0.500 billion).

(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 (RFRs). 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.

With respect to the term loans, RECL has been actively engaging with the lenders to initiate the transition exercise at an early stage. During the year 2021-22, RECL has completed the transition documentation for two JPY loans amounting to JPY 20,846.12 billion (INR equivalent as on March 31, 2022 ₹ 1,297.25 crore) with the benchmark changed from JPY LIBOR to TONA. Additionally, an active transition for one SGD loan amounting to SGD 72.08 million (INR equivalent as on March 31, 2022 ₹ 403.21 crore) has also been concluded during the year with the benchmark changed from 6M SOR (Singapore Swap Offer Rate) to SORA (Singapore Overnight Rate Average). Where the interest rate risk for these loans was hedged, the interest rate benchmarks in such derivatives have been suitably changed to the new benchmarks.

(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

(a) 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.

(b) 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 31.03.2022		As at 31.03.2021	
	Increase	(Decrease)	Increase	(Decrease)
Impact on P&L	8.77	(8.77)	4.18	(4.18)
Impact on OCI	60.89	(60.89)	63.61	(63.61)

47. Hedge Accounting

The hedging instruments which meets the qualifying criteria for hedge accounting are designated as 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 change in intrinsic value of hedging instruments is recognised in 'Effective Portion of Cash Flow Hedges'. The amounts recognised in such reserve are reclassified to the Consolidated Statement of Profit or Loss when the hedged item affects profit or loss. Further, the change in fair value of the time value of a hedging instruments is recognised in 'Cost of Hedging Reserve'. The amounts recognised in such reserve are amortised to the Consolidated Statement of Profit and Loss on a systematic basis.

The table below provides Movement in Effective Portion of Cash Flow Hedges and Cost of Hedging Reserve for PFC and subsidiary RECL

(₹ in crore)

Sr. No.	Benchmark	FY 2021-22	FY2020-21
(a)	Opening balance of Reserves (net of tax)	(260.74)	(523.49)
(b)	Hedge ineffectiveness recognised in P&L	-	-
(c)	Amount recognised in OCI during the year*	(590.18)	(1,685.62)
(d)	Amount reclassified from OCI to P&L (including amortisation)	542.86	2,036.73
(e)	Net amount recognised in OCI during the year (c + d)	(47.32)	351.11
(f)	Deferred Tax on (e) above	11.91	(88.36)
(g)	Net amount recognised in OCI during the year (Net of Tax) (e+f)	(35.41)	262.75
(h)	Closing balance of Reserves (net of Tax) (a+g)	(296.13)	(260.74)
-	attributable to owners of the Equity	(200.59)	(201.92)
-	attributable to NCI	(95.56)	(58.82)

* Comprises of changes in intrinsic value and time value of options contracts, changes in fair value of PoS/Forwards contracts and changes in fair value of IRS contracts

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:

- 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).
- 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) The effects of hedging instruments designated as Cash-flow hedge on Consolidated Balance Sheet:

Sr. No.	Particulars	Nominal Amount (₹ in crore)	Carrying Amount ⁽¹⁾		Date of maturity	Weighted Average Rate/Strike Price	
As at March 31, 2022							
1.	Currency Derivatives	Forwards	-	-	-	-	
		Principal Only Swaps	6,064.57	277.61	-	Jun 2022-Sep 2024	71.09
		Call Spread Option	7,959.75	70.55	21.55	Oct 2023-Dec 2024	73.90
		Seagull Option	10,802.51	1,453.26	-	May 2026-Nov 2026	73.96
Sub-Total		24,826.83	1,801.42	21.55			
2.	Interest rate Derivatives	Interest Rate Swap	8,717.82	198.86	39.15	Jun 2022-Jun 2024	1.38%
Sub-Total		8,717.82	198.86	39.15			
3.	Total (1+2)	33,544.65	2,000.28	60.70			
As at March 31, 2021							
1.	Currency Derivatives	Forward	91.08	0.17	-	Jun 2021	73.70
		Principal Only Swaps	5,880.38	198.60	-	Jun 2022-Sep 2024	71.09
		Call Spread Option	7,717.99	-	51.92	Oct 2023-Dec 2024	73.90
Sub-Total		13,689.45	198.77	51.92			
2.	Interest rate Derivatives	Interest Rate Swap	8,453.04	4.10	178.32	Jun 2022-Jun 2024	1.38%
Sub-Total		8,453.04	4.10	178.32			
3.	Total (1+2)	22,142.49	202.87	230.24			

⁽¹⁾ forms part of the line item 'Derivative Financial Instruments' in the Consolidated Balance Sheet.

(iii) Profile of timing of nominal amount of hedging instrument designated as Cash-flow hedge *

Description (including derivative)	(₹ in crore)	
	As at 31.03.2022	As at 31.03.2021
Currency derivatives		
Up to 1 year	1,895.18	91.08
1 – 5 years	22,931.65	13,598.37
More than 5 years	-	-
Sub-Total (A)	24,826.83	13,689.45
Interest rate Derivatives		
Up to 1 year	1,895.18	-
1 – 5 years	6,822.64	8,453.04
More than 5 years	-	-
Sub-Total (B)	8,717.82	8,453.04
Total (A+B)	33,544.65	22,142.49

*Maturity buckets in the above table are as per the remaining tenor of the respective derivative instrument.

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(iv) The effects of hedging instruments designated as Cash-flow hedge on the Consolidated Statement of Profit and Loss:

(₹ in crore)					
Sr. No.	Particulars	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in Statement of P&L	Amount reclassified from OCI to P&L	Line item in P&L affected on Reclassification from OCI to P&L
As at March 31, 2022					
1.	Currency Derivatives	(451.84)	-	702.18	Finance Costs
				(532.79)	Net Translation/ Transaction Exchange Loss/ (Gain)
2.	Interest rate Derivatives	238.72	-	100.10	Finance Costs
As at March 31, 2021					
				365.46	Finance Costs
1.	Currency Derivatives	(621.69)	-	129.89	Net Translation/ Transaction Exchange Loss/ (Gain)
2.	Interest rate Derivatives	1.18	-	66.46	Finance Costs

B. In respect of RECL

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. RECL applies the following effectiveness testing strategies:

- For cross currency swaps, principal only swaps and interest rate swaps that exactly match the terms of 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), the Company 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.

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(i) Effects of hedge accounting on Consolidated Balance Sheet

Type of hedge and risks	Notional Amount (in million)	Carrying amount of hedging instruments		Maturity Dates	Hedge ratio	Weighted average strike price/ rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
As at March 31, 2022								
Cash flow hedge								
Foreign exchange and interest rate risk								
Seagull Structure	USD 7,045	4,744.05	-	May 2022 - Jan 2027	1:1	74.30665848	(399.81)	399.81
	USD 20,846.12	102.15	-	Aug 2023 - Sep 2025	1:1	0.659080153	(96.08)	96.08
Call Spread	USD 250	76.73	-	March 2024	1:1	57.523	(74.08)	74.08
Cross Currency swaps	USD 1,300	22.69	43.78	May 2022 - Mar 2025	1:1	2.99% and 72.94	112.67	(112.67)
	JPY 10,327.12	-	1.50	Aug 2023	1:1	0.42% and 0.62	0.82	(0.82)
	SGD 72.08	23.86	-	Mar 2025	1:1	1.44%	21.54	(21.54)
Principal only swaps	USD 375	-	48.37	Mar 2025 - Jun 2030	1:1	75.41	(49.08)	49.08
Interest rate swaps	USD 425	92.42	-	Mar 2024 - Oct 2026	1:1	2.23%	130.27	(130.27)
As at March 31, 2021								
Principal only swaps								
Interest rate swaps								
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	75.41	(174.62)	174.62
Interest rate swaps	USD 260	-	69.74	Mar 2024 - Jul 2024	1:1	2.32%	(1.12)	1.12

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(ii) Effects of Cash Flow hedge accounting on Consolidated Statement of Profit and Loss:

						(₹ in crore)
Sr. No.	Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item in P&L affected on reclassification	
As at March 31, 2022						
1.	Currency risk and interest rate risk	(377.06)	-	(995.95)	Net Translation/Transaction Exchange Loss/(Gain)	
				126.43	Finance Costs	
As at March 31, 2021						
1.	Currency risk and interest rate risk	(1,065.12)	-	580.30	Net Translation/Transaction Exchange Loss/(Gain)	
				179.56	Finance Costs	

(iii) Fair Value Hedges

At March 31, 2022, RECL has outstanding interest rate swap agreements of ₹ 11,850.70 crore (Previous year Nil) wherein the RECL receives a fixed rate of interest and pays interest at a variable rate on the notional amount. Such agreements are being used to hedge the exposure to the changes in fair value of fixed rate borrowings.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). As such, a hedge ratio of 1:1 for the hedging relationships has been established as the underlying risk of the interest rate swap is identical to the hedged risk component.

The impact of the hedging instrument on the balance sheet as at March 31, 2022 is, as follows:

					(₹ in crore)
Fair value hedge	Notional amount	Carrying amount *	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness	
Interest rate swap	11,850.70	(111.92)	Derivative financial instruments	(111.92)	

* Carrying amount here is exclusive of the interest receivable under such derivative contract as on reporting date.

The impact of the hedging instrument on the balance sheet as at March 31, 2022 is, as follows:

					(₹ in crore)
Fair value hedge	Carrying amount	Accumulated fair value adjustments	Line item in the balance sheet in which the hedged item is included	Change in value used for calculating hedge ineffectiveness	
- Subordinated Liabilities	4,148.36	(128.33)	Subordinated Liabilities	(128.33)	
- Institutional bonds	7,881.97	16.41	Debt Securities- Institutional Bonds	16.41	

The decrease in fair value of the interest rate swap of ₹ 111.92 crore (Previous year Nil) has been offset with a similar gain on the respective subordinated liabilities and debt securities.

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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		Fair value hierarchy (Refer Note 5.1)	Valuation technique(s) & Key input(s)
		31.03.2022	31.03.2021		
1. Quoted Equity investments					
- PTC India Limited		98.70	93.30	Level 1	Quoted market price
- Coal India Limited		255.62	182.03		
- NHPC Limited		570.26	953.00		
- Suzlon Energy Limited		77.42	42.31		
- Housing & Urban Development Corporation Ltd.		1.14	1.52		
- RattanIndia Power Limited		175.31	83.56		
2. 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.
- RKM PowerGen Pvt. Ltd.		0.00	0.00		Allotted pursuant to restructuring, valued at ₹ 1 on prudent basis
- Universal Commodity Exchange Limited (UCX)		0.00	0.00		Fair value has been calculated as Nil as future cash flows are uncertain.
- Energy Efficiency Services Ltd. (EESL)		456.47	NA		EESL ceases to be a jointly controlled entity w.e.f. 01.09.2021. Accordingly, the investment in EESL has been designated at fair value and the fair value has been determined using the financials of the investee company.
3. Investment in preference shares					
- RattanIndia Power Limited - OCCRPS		0.00	139.18	Level 3	Owing to default in redemption of RPS of RattanIndia Power Ltd., PFC and RECL estimates no material amount may be realised from the investment.
- Suzlon Global Services Limited - CCPS		0.00	0.00		Allotted pursuant to restructuring, valued at ₹ 1 on prudent basis
4. Investment in debentures					
- Essar Power Transmission Company Ltd. - Series 1 - OCD		129.83	140.21	Level 3	Fair valued using discounted future cash flow as per terms of agreement.
- Essar Power Transmission Company Ltd. - Series 2 - OCD		55.75	60.20		
- Suzlon Energy Limited - OCD		102.69	94.28		Fair valued a ₹ 1 due to the non-availability of structured repayment schedule. The debentures are unsustainable in nature and future cash flows are uncertain.
- Essar Power Transmission Company Ltd. - Series 3 - OCD		0.00	0.00		
- RKM Powergen Pvt. Ltd. - Series A - OCD		0.00	0.00		
- RKM Powergen Pvt. Ltd. - Series B - OCD		0.00	0.00		
- RKM Powergen Pvt. Ltd. - Series AI - OCD		0.00	0.00		
5. Units of 'Small Is Beautiful' Fund of KSK		-	0.00	Level 3	Pursuant to the completion of liquidation proceedings, investment has been derecognised from the books during the FY 2021-22.
6. Derivative Financial Instruments					
- Assets		8,590.73	3,562.67	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		656.39	1,340.35		

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

48.2 There were no transfers between Level 1 and Level 2 during the year.

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	FVTPL			FVTOCI	
	Investment in Bond Instruments	Investment in Preference Shares	Investment in Debentures	Investment in Units of SIB fund of KSK	Investment in Un-quoted Equity Shares
FY 2021-22					
Opening Balance	-	139.18	294.69	-	-
Investment made during the year	-	-	-	-	-
Settlement	-	-	(58.53)	(0.95)	-
Transfer in Level 3	-	-	-	-	496.26
Transfer from Level 3	-	-	-	-	-
Interest income ⁽¹⁾	-	6.02	41.80	-	-
Fair Value gain/(loss)	-	(145.20) ⁽³⁾	10.31 ⁽³⁾	0.95 ⁽²⁾	(39.79) ⁽²⁾
Closing Balance	-	-	288.27	-	456.47
Unrealized gains on balances held at the end of the year	-	(128.61)	29.41	-	(55.79)
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 ⁽¹⁾	244.87	6.26	35.10	-	-
Fair Value gain/ (loss)	-	(13.07)	-	(12.27)	-
Closing Balance	-	139.18	294.69	-	-
Unrealized gains/(loss) on assets held at the end of the year	-	6.18	12.42	(12.27)	(16.00)

⁽¹⁾Forms part of line item 'Interest Income' in the Consolidated Statement of Profit and Loss.

⁽²⁾Fair value gain/ (loss) on Investments at FVTOCI forms part of line item 'Net Gain/(Loss) on Fair Value of Equity Instruments' in the Other Comprehensive section of Consolidated Statement of Profit and Loss.

⁽³⁾Fair value gain/ (loss) on Investments at FVTPL forms part of line item 'Net Loss/(Gain) on Fair Value changes' in the Consolidated Statement of Profit and Loss.

48.4 Fair Value of financial assets/ liabilities measured at amortised cost:

(₹ in crore)

Asset/Liability	Fair value hierarchy	As at 31.03.2022		As at 31.03.2021	
		Amortised Cost	Fair Value	Amortised Cost	Fair Value
Loans	Level 3	7,32,850.76	7,39,774.58	7,22,386.84	7,27,567.67
Investments (including G Sec)(a)	Level 1/3	1,850.32	1,888.89	1,160.89	1,173.94
Other financial assets	Level 2	29,820.35	29,829.30	29,779.87	29,791.25
Debt securities(a)	Level 1/2	4,49,731.56	4,58,028.81	4,80,080.65	4,89,419.90
Borrowings other than debt securities(b)	Level 2	1,94,616.98	1,91,511.59	1,63,344.42	1,61,896.67
Subordinated liabilities	Level 2	16,127.74	17,091.64	16,257.09	17,825.47

^(a)Includes listed instruments with Level 1 fair value hierarchy

Investment in G-Sec being fair valued using market price as at reporting date.



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(b)Foreign currency Notes (GMTN issuances) being fair valued as per closing prices as per Reuters.

(c)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.

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	Cheyur Infra Limited
11	Coastal Karnataka Power 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	Deoghar Infra Limited	16	Karur Transmission Limited (transferred on 18.01.2022)
17	Mohanlalganj Transmission Limited (incorporated on 08.06.2021)	18	Bijawar-Vidarbha Transmission Limited (under approval for striking off the name from the records of Registrar of Companies)
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 (transferred on 13.12.2021)	22	Ananthpuram Kurnool Transmission Limited
23	Bhadla Sikar Transmission Limited	24	Khetri-Narela Transmission Limited
25	Nangalbibra-Bongaigaon Transmission Limited (incorporated on 09.04.2021 and transferred on 16.12.2021)	26	Sikar-II Aligarh Transmission Limited (transferred on 08.06.2021)
27	Kishtwar Transmission Limited (incorporated on 15.04.2021)	28	Khavda-Bhuj Transmission Limited (incorporated on 18.05.2021 and transferred on 18.01.2022)
29	Chhatarpur Transmission Limited (incorporated on 25.01.2022)	30	Dumka Transmission Limited
31	Koderma Transmission Limited	32	Dinchang Transmission Limited (struck off from the RoC vide MCA letter dated 17.08.2021)
33	Mandar Transmission Limited	34	Chandil Transmission Limited
35	ER-NER Transmission Limited (incorporated on 06.10.2021)	36	Sikar New Transmission Limited (transferred on 04.06.2021)
37	MP Power Transmission Package-II Limited (transferred on 01.11.2021)	38	MP Power Transmission Package-I Limited
39	Gadag Transmission Limited (transferred on 17.03.2022)	40	Kallam Transmission Limited (transferred on 28.12.2021)
41	Rajgarh Transmission Limited	42	Fatehgarh Bhadla Transco Limited (transferred on 04.06.2021)
43	Bidar Transmission Limited		
Key Managerial Personnel (KMP):		Designation	
In respect of PFC			
1	Shri Ravinder Singh Dhillon	Chairman and Managing Director & Additional charge Director (Commercial)	
2	Shri P.K. Singh (superannuated on 31.01.2022)	Director (Commercial)	
3	Smt. Parminder Chopra	Director (Finance)	
4	Shri Rajiv Ranjan Jha (w.e.f. 28.10.2021)	Director (Projects)	

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5	Shri Tanmay Kumar (up to 06.09.2021)	Government Nominee Director
6	Shri Vishal Kapoor (w.e.f. 07.09.2021)	Government Nominee Director
7	Shri Ram Chandra Mishra	Part Time Non-Official Independent Director
8	Adv. Bhaskar Bhattacharya (w.e.f. 23.12.2021)	Part Time Non-Official Independent Director
9	Shri. Prasanna Tantri (w.e.f. 23.12.2021)	Part Time Non-Official Independent Director
10	Smt. Usha Sanjeev Nair (w.e.f. 23.12.2021)	Part Time Non-Official Independent Director
11	Shri Manohar Balwani	CGM & Company Secretary
In respect of subsidiary RECL		
1	Shri S.K.G Rahate (w.e.f. 22.02.2022)	Chairman & Managing Director
2	Shri Sanjay Malhotra (up to 10.02.2022)	Chairman & Managing Director
3	Shri Ajoy Choudhury	Director (Finance)
4	Shri Sanjeev Kumar Gupta (up to 31.10.2021)	Director (Technical)
5	Shri Praveen Kumar Singh (up to 31.01.2022)	PFC Nominee Director (Non-executive Director)
6	Smt. Parminder Chopra (w.e.f. 04.02.2022)	PFC Nominee Director (Non-executive Director)
7	Shri Tanmay Kumar (up to 06.09.2021)	Govt. Nominee Director
8	Shri Vishal Kapoor (w.e.f. 07.09.2021)	Govt. Nominee Director
9	Dr. Gambheer Singh (w.e.f. 15.11.2021)	Part Time Non-Official Independent Director
10	Dr. Manoj M. Pande (w.e.f. 15.11.2021)	Part Time Non-Official Independent Director
11	Dr. Durgesh Nandini (w.e.f 30.12.2021)	Part Time Non-Official Independent Director
12	Shri J.S. Amitabh	Executive Director & Company Secretary
In respect of subsidiary PFCCL		
1	Shri Ravinder Singh Dhillon	Chairman
2	Shri P.K. Singh (superannuated on 31.01.2022)	Director
3	Smt. Parminder Chopra	Director
4	Shri Rajiv Ranjan Jha (w.e.f. 12.11.2021)	Director
5	Shri Manoj Kumar Rana	Chief Executive Officer
6	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	
Companies in which Key Managerial Personnel are Directors		
1	PTC India Limited	2 NHPC Limited (up to 06.09.2021)
3	SJVN Limited (up to 06.09.2021)	4 Kholongchhu Hydro Energy Limited (up to 06.09.2021)
5	Punatsangchhu-I, Hydroelectric Project Authority in Bhutan (up to 06.09.2021)	6 Punatsangchhu-II Hydroelectric Project Authority in Bhutan (up to 06.09.2021)
7	Mangdechhu Hydroelectric Project Authority in Bhutan (up to 06.09.2021)	
Joint Ventures		
1	Energy Efficiency Services Limited (EESL) (up to 31.08.2021)	

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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 2021-22	During FY 2020-21
Joint Venture		
Lease Rentals on Vehicles*	0.09	0.21
Associates		
Advances to associates	-	1.29
Recoveries of advances (including interest) from associates	5.04	33.21
Interest income on advances to associates	18.15	17.23
Advances received from associates	-	6.81
Repayment of advance taken from Associate	1.12	-
Interest expenses on advances from associates	2.87	2.88
Income on transfer of associate	39.93	21.84
Others	6.11	14.55
Trusts/ Funds/ Foundations of the Group		
Contributions made during the year	25.66	9.67
Finance cost on bonds	4.00	4.01
Others	116.80	90.00
Key managerial personnel		
Short-term employee benefits (i)	7.08	7.51
Post-employment benefits (ii)	0.60	0.58
Other long-term benefits (iii)	0.41	0.45
Sub-Total (i+ii+iii)	8.09	8.54
Repayment/recovery of loans and advances including Interest Income	0.47	0.52
Subscription of bonds	0.17	-
Redemption of bonds (net of subscription)	-	0.36
Directors' sitting fee paid	0.41	0.19
Finance cost on bonds paid	0.04	0.05
Companies in which Key Managerial Personnel are Directors		
Dividend received – PTC India Limited	13.13	36.52
Directors' Sitting Fee received – PTC India Limited	0.05	0.02
Finance Cost	0.35	0.33

* Transactions up to the date of cessation of joint control in EESL have been disclosed.

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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 31.03.2022	As at 31.03.2021
Amount recoverable towards loans, advances and others(including interest)		
Associates	209.26	198.70
Key managerial personnel	0.66	0.85
Trusts/Funds under control of the Group	1.20	1.54
Amount payable towards loans, advances and others (including interest)		
Associates	177.14	176.94
Debt Securities		
Key managerial personnel	0.54	0.31
Trusts/Funds under control of the Company	61.95	74.70
Companies in which Key Managerial Personnel are Directors	-	10.00

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 (THDC India Ltd.)	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
NLC Tamil Nadu Power Limited	North East Transmission Company Ltd.
National High Power Test Laboratory Pvt Ltd.	Neyveli Lignite Corporation Ltd.
Sardar Sarovar Narmada Nigam Ltd.	Singareni Collieries Company Ltd.
Nabinagar Power Generating Co. Pvt. Ltd.	NTPC Tamil Nadu Energy Company Ltd.
Bhilai Electric Supply Company Ltd	Bhilai Electric Supply Company Ltd.
SBI Capital Markets Limited	Patraru Vidut Utpadan Nigam Ltd.
NMDC Ltd.	MSTC Ltd.
NTPC Vidyut Vyapar Nigam Ltd.	NHPC Ltd.

Significant transactions with entities under the control of same government:

(₹ in crore)

Nature of Transaction	During FY 2021-22	During FY 2020-21
Disbursement of loans	2,832.23	5,871.88
Interest received	4,805.82	6,098.30

Refer Note 14, 23, 25.1, 25.3 and 55 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 and deposits etc. with other CPSUs. They are insignificant individually & collectively and hence not disclosed. All transactions are carried out on market terms.

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49.5 Major Terms and conditions of transactions with related parties

- Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- The remuneration to Key Managerial Personnel are in line with the HR Policies of the respective Companies.
- Loans and advances given to Directors/ KMPs have specified terms/ period of repayment and are in line with the HR Policies of the respective Companies in the group.
- 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.
- 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.
- Outstanding balances of Group companies at the year-end are unsecured.

50. Employee Benefits

50.1 Defined contribution plans:

50.1.1 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 the Tier-I NPS Account (Pension Account) of the employees.

50.1.2 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. The 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 ₹ 26.47 crore (Previous year ₹ 27.06 crore) towards defined contribution plans.

50.2 Defined benefit plans:

50.2.1 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.

(₹ in crore)

Particulars	As at 31.03.2022	As at 31.03.2021
a) Present value of Defined benefit obligation	57.96	61.11
b) Fair Value of Plan Assets	57.59	57.13
c) Net Defined Benefit (Asset)/ Liability (a-b)	0.37	3.98

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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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
I. Opening Balance	61.11	65.25	57.13	61.14	3.98	4.11
Included in profit or loss						
Current service cost	3.44	3.78	-	-	3.44	3.78
Past service cost	-	-	-	-	-	-
Interest cost/income	4.20	4.20	4.01	4.12	0.19	0.08
II. Total amount recognised in profit or loss	7.64	7.98	4.01	4.12	3.63	3.86
Included in OCI						
Re-measurement loss/(gain)	-	-	-	-	-	-
Actuarial loss (gain) arising from changes in financial assumptions	(1.54)	(1.30)	-	-	(1.54)	(1.30)
Actuarial loss (gain) arising from experience adjustment	(1.69)	0.70	-	-	(1.69)	0.70
Effect of change in demographic assumptions	-	-	-	-	-	-
Return on plan assets excluding interest income	-	-	(0.72)	(0.78)	0.72	0.78
III. Total amount recognised in OCI	(3.23)	(0.60)	(0.72)	(0.78)	(2.51)	0.18
IV. Contribution by participants	-	-	-	-	-	-
V. Contribution by employer	-	-	4.73	4.18	(4.73)	(4.18)
VI. Benefits paid	(7.56)	(11.52)	(7.56)	(11.53)	-	0.01
VII. Closing Balance (I+II+III+IV+V+VI)	57.96	61.11	57.59	57.13	0.37	3.98

50.2.2 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 31.03.2022	As at 31.03.2021
a) Present value of Defined benefit obligation	221.90	200.06
b) Fair Value of Plan Assets	214.92	187.46
c) Net Defined Benefit (Asset)/Liability (a-b)	6.98	12.60

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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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
I. Opening Balance	200.06	178.42	187.46	177.71	12.60	0.71
Included in profit or loss						
Current service cost	5.88	5.06	-	-	5.88	5.06
Past service cost	2.50	-	-	-	2.50	-
Interest cost/income	13.77	11.79	13.14	11.96	0.63	(0.17)
II. Total amount recognised in profit or loss	22.15	16.85	13.14	11.96	9.01	4.89
Included in OCI						
Re-measurement loss/ (gain)	-	-	-	-	-	-
Actuarial loss (gain) arising from changes in financial assumptions	(5.34)	(7.73)	-	-	(5.34)	(7.73)
Actuarial loss (gain) arising from experience adjustment	10.92	25.24	-	-	10.92	25.24
Effect of change in demographic assumptions	9.30	-	-	-	9.30	-
Return on plan assets excluding interest income	-	-	3.23	1.27	(3.23)	(1.27)
III. Total amount recognised in OCI	14.88	17.51	3.23	1.27	11.65	16.24
IV. Contribution by participants	0.15	-	0.10	0.04	0.05	(0.04)
V. Contribution by employer	-	-	13.30	5.57	(13.30)	(5.57)
VI. Benefits paid	(15.34)	(12.72)	(2.31)	(9.09)	(13.03)	(3.63)
VII. Closing Balance (I+II+III+IV+V+VI)	221.90	200.06	214.92	187.46	6.98	12.60

50.2.3 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 31.03.2022	As at 31.03.2021
Present value of Defined benefit obligation	10.92	8.66

Movement in Defined Benefit Obligation

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation for the year ended	
	As at 31.03.2022	As at 31.03.2021
I. Opening Balance	8.66	7.14
Included in profit or loss		
Current service cost	0.58	0.56
Past service cost	-	-
Interest cost/income	0.58	0.45
II. Total amount recognised in profit or loss	1.16	1.01
Included in OCI		
Actuarial loss (gain) arising from changes in financial assumptions	(0.30)	(0.08)

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(₹ in crore)

Particulars	Present value of Defined Benefit Obligation for the year ended	
	As at 31.03.2022	As at 31.03.2021
Actuarial loss (gain) arising from experience adjustment	3.64	2.20
Effect of change in demographic assumptions	-	-
Return on plan assets excluding interest income	-	-
III. Total amount recognised in OCI	3.34	2.12
IV. Contribution by participants	-	-
V. Contribution by employers	-	-
VI. Benefits paid	(2.24)	(1.61)
VII. Closing Balance (I+II+III+IV+V+VI)	10.92	8.66

50.2.4 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 rating 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.

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50.2.5 Plan Assets

The value of plan assets for each category, are as follows:

(₹ in crore)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Gratuity	PRMS	Gratuity	PRMS
Cash & Cash Equivalents	0.40	0.20	0.16	2.34
State/Central Government Debt Securities	14.15	52.68	14.47	22.54
Corporate Bonds/Debentures	12.08	162.04	11.25	162.58
Others	30.96	-	31.25	-
Total	57.59	214.92	57.13	187.46

As at March 31, 2022, an amount of ₹ nil (as at March 31, 2021 ₹ 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 ₹ 19.67 crore (Previous year ₹ 16.57 crore).

50.2.6 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 March 31, 2022 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 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Discount rate & expected return on plan assets, if funded	7.45%	7.08%	7.45%	7.08%	7.45%	7.08%
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 RECL

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Method used	PUCM					
Discount rate & expected return on plan assets	7.37%	6.99%	7.37%	6.99%	7.37%	6.99%
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)	17.35	16.03	17.35	16.03	17.35	16.03

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50.2.7 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 31.03.2022		As at 31.03.2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
- Gratuity	(1.92)	2.06	(2.14)	2.24
- PRMS	(16.44)	17.48	(14.81)	15.79
- ERS	(0.39)	0.44	(0.31)	0.35
Salary Escalation/Medical inflation rate (0.50% movement)				
- Gratuity	0.33	(0.40)	0.3	(0.29)
- PRMS	16.28	(14.80)	14.78	(14.07)
- ERS	0.40	(0.36)	0.32	(0.29)
Medical Cost (10% movement)				
- PRMS	23.15	(21.43)	20.85	(19.33)

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.

50.2.8 Expected maturity analysis of the defined benefit plans in future years

(₹ in crore)

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Up to 1 year	6.43	9.78	16.03	13.80	1.93	1.73
1 to 5 years	28.25	29.65	97.02	83.36	6.90	5.17
Over 5 years	82.46	80.71	392.00	336.11	12.44	8.26
Total	117.14	120.14	505.05	433.27	21.27	15.16

The table above is drawn on the basis of expected cash flows.

50.2.9 Expected contributions to post-employment benefit plans

(₹ in crore)

Particulars	Gratuity		PRMS	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Expected contribution	3.27	7.56	13.71	18.46

50.2.10 The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.98 years (as at March 31, 2021: 15.94 years) for PFC and 12.20 years (as at March 31, 2021: 12.54 years) for subsidiary, RECL.

50.3 Other long-term employee benefits

50.3.1 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 encashed subject to a maximum of 300

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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 ₹ 20.99 crore (Previous year ₹ 13.40 crore) for the year has been made at the year end and debited to the Consolidated Statement of Profit and Loss.

50.3.2 Other employee benefits

Provision for settlement allowance and long service awards amounting to ₹ 1.14 crore for the year (Previous year ₹ 3.44 crore) has been made on the basis of actuarial valuation and debited to the Consolidated Statement of Profit and Loss.

50.3.3 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 nil (Previous year ₹ 0.20 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

The Group has recognised a Right of Use Asset and Lease Liability with respect to leasehold land:

51.1 The table below shows the movement of Lease Liabilities during the year

(₹ in crore)

Particulars	As at 31.03.2022	As at 31.03.2021
Opening balance	9.43	13.97
Additions during the year	11.95	-
Finance cost accrued during the period	1.75	1.35
Payment of lease liabilities	(3.72)	(4.55)
Reassessment of lease liabilities	(0.34)	(1.34)
Closing balance	19.07	9.43

51.2 The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

(₹ in crore)

Particulars	As at 31.03.2022	As at 31.03.2021
Up to 1 year	3.72	1.52
1-5 years	12.60	3.13
More than 5 years	55.51	56.29

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51.3 During the year 2021-22, the expenses relating to short-term/low value leases amounting to ₹ 13.50 crore (Previous year ₹ 22.60 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 ₹ 17.35 crore. (Previous year ₹ 26.39 crore)

52. Contingent Liabilities and Commitments:

(₹ in crore)

Sr. No	Particulars	As at 31.03.2022	As at 31.03.2021
Contingent Liabilities			
(i)	Guarantees ^{(a)&(b)}	8.29	44.65
(ii)	Claims against the Group not acknowledged as debts	30.39	29.85
(iii)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned ^(b)	11,101.40	6,521.86
(iv)	Additional demands raised by the Income Tax Department of earlier years which are being contested	262.13	90.30
	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	0.90	0.30
(v)	Service Tax/GST demand or show cause notices raised by Service Tax Department in respect of earlier years which are being contested	42.42	22.51
	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.	53.40	50.07
(vi)	Bank Guarantees	33.37	40.80
Commitments			
(i)	Estimated amount of contracts (excluding GST) remaining to be executed on capital account and not provided for	328.85	561.60
(ii)	Contractual commitments for the acquisition of intangible assets	-	0.16
(iii)	Other Commitments – CSR unspent amount pertaining to the period up to March 31, 2022	499.68	405.21
Total		12,360.84	7,767.31

(a) Default payment guarantee given by PFC in favour of a borrower company. The amount paid/payable against this guarantee is reimbursable by Government of Madhya Pradesh.

(b) Necessary impairment loss allowance has been made. Refer note 26

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 31.03.2022	As at 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	As at 31.03.2022	As at 31.03.2021
RECL	47.37%	47.37%	4,726.00	4,185.19	24,598.92	21,022.77

* Includes Instruments in nature of equity of ₹ 558.40 crore issued by PFC's subsidiary RECL

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54 Summarised financial information for Group's subsidiaries that have material non-controlling interests (before intra Group eliminations):

(₹ in crore)

Particulars (RECL)	As at 31.03.2022	As at 31.03.2021
Financial assets	4,06,800.96	3,97,259.16
Non-financial assets	4,054.75	3,593.66
Assets classified as held for sale	4.38	14.05
Financial liabilities	3,59,340.93	3,56,853.53
Non-financial liabilities	205.05	249.33
Liabilities directly associated with assets classified as held for sale	0.01	0.08
Equity attributable to the owners of the Company	26,715.19	22,741.16
Non-Controlling interests towards Instruments Entirely Equity in Nature	558.40	558.40
Non-Controlling interests towards Equity Shareholders	24,040.51	20,464.37
Total Non-controlling interests	24,598.91	21,022.77

(₹ in crore)

Particulars (RECL)	As at 31.03.2022	As at 31.03.2021
Total Revenue	39,339.20	35,575.40
Total Expenses	26,896.86	24,793.84
Profit/(loss) for the year	10,035.70	8,378.24
Profit/(loss) attributable to owners of the Company	5,282.28	4,409.87
Profit/(loss) attributable to the non-controlling interests	4,753.42	3,968.37
Other comprehensive income for the year	(57.90)	457.76
Other comprehensive income attributable to owners of the Company	(30.48)	240.94
Other comprehensive income attributable to the non-controlling interests	(27.42)	216.82
Total comprehensive income for the year	9,977.80	8,836.00
Total comprehensive income attributable to owners of the Company	5,251.80	4,650.81
Total comprehensive income attributable to the non-controlling interests	4,726.00	4,185.19
Dividends paid to non-controlling interests	1,142.15	1,028.97
Net cash inflow(outflow) from operating activities	(3,909.68)	(43,512.33)
Net cash inflow(outflow) from investing activities	(287.46)	860.52
Net cash inflow(outflow) from financing activities	3,158.89	42,113.34
Net cash inflow(outflow)	(1,038.25)	(538.47)

55. The Government of India (GoI) schemes being implemented in the Group

A. In respect of PFC

55.1 Revamped Distribution Sector Scheme (RDSS)

This Scheme was launched by GoI in July, 2021 to improve the operational efficiencies and financial sustainability of DISCOMs, by providing financial assistance to DISCOMs. It is a Reform based and result linked Distribution sector scheme. PFC along with RECL is the nodal agency for operationalisation of the scheme. The implementation period of the Scheme is 5 Years (FY 2021-22 to FY 2025-26) with the sunset date of 31.03.2026. The key objectives of the scheme is to:

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

PFC is eligible for nodal agency fee at the rate of 0.50% of the sum total of the gross budgetary component of the various projects approved by Monitoring Committee. The total amount of nodal agency fee income from this scheme for FY 2021-22 stands at Nil.

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The Scheme has an outlay of ₹ 3,03,758 crore with an estimated gross budgetary support of ₹ 97,631 crore from the GoI and the amount of GoI grant administered to the eligible entities till March 31, 2022 through PFC is ₹ 359 crore.

55.2 Integrated Power Development Scheme (IPDS) (with Restructured Accelerated Power Development and Reform Programme (R-APDRP) subsumed)

IPDS scheme was launched in December 2014 to 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. This scheme has the sunset date of March 31, 2022 and the ongoing approved projects have been subsumed under the new RDSS scheme.

The estimated outlay of the scheme was ₹ 32,612 crore including a budgetary support of ₹ 25,354 crore from GoI. R- APDRP scheme cost of ₹ 44,011 crore including budgetary support of ₹ 22,727 crore have also been carried forward to IPDS scheme. The amount of GoI grant administered to the eligible utilities till March 31, 2022 is ₹17,907.45 crore (₹ 15,782.44 crore as at March 31, 2021).

The total amount of nodal agency fee income from this scheme for FY 2021-22 stands at ₹ 8.60 crore (Previous year ₹ 4.65 crore). Additionally, the Company has also received ₹ 28.20 crore (Previous year ₹ 6.29 crore) as reimbursement of expenditure from MoP under the said scheme.

B. In respect of RECL

55.3 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme 'Pradhan Mantri Sahaj Bijli Har Ghar Yojana' - Saubhagya to achieve universal household electrification in the country during Oct 2017. 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. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. March 31, 2022.

55.4 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), the flagship scheme of Government of India covering all aspects of rural power distribution was launched in Nov 2014. 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:

- Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;
- Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;
- Micro-grid and Off-grid distribution network;
- Rural Electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The scheme had estimated outlay of ₹ 75,893 crore including budgetary support of ₹ 63,027 crore from Government of India during the entire implementation period. Additional Infra under DDUGJY was sanctioned with a total outlay of ₹ 7,069 crore including budgetary support of ₹ 5,302 crore. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. March 31, 2022.

55.5 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental

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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.

55.6 Revamped Distribution Sector Scheme (RDSS)

Government of India has approved the Revamped Distribution Sector Scheme (RDSS) to help DISCOMs improve their operational efficiencies and financial sustainability by providing result-linked financial assistance to them so as to strengthen supply infrastructure based on meeting pre-qualifying criteria and achieving basic minimum benchmarks. The scheme has an outlay of ₹ 3,03,758 crore over 5 years i.e. FY 2021-22 to FY 2025-26 including an estimated Government Budgetary Support (GBS) of ₹ 97,631 crore.

- (i) Reduction of AT&C losses to pan-India levels of 12-15% by 2024-25.
- (ii) Reduction of ACS-ARR gap to zero by 2024-25.
- (iii) Improvement in the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector.

Components of the scheme are:

Part A – Financial support for Prepaid Smart Metering & System Metering and up-gradation of the Distribution Infrastructure.

Part B – Training & Capacity Building and other Enabling & Supporting Activities.

55.7 J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed 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 transmission projects under PMDP in J&K state and Ladakh on nomination basis, as per actual cost to be discovered through competitive biddings.

55.8 11 kV Feeder Monitoring

Ministry of Power has appointed 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 PFCL

55.9 PFC's subsidiary PFCL 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 PFCL 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 PFCL for the quantum allocated to each bidder after completion of activity and the balance amount will be refunded to the bidder.

55.10 In connection with Aatma Nirbhar Bharat Abhiyan of Govt. of India, Power Departments/ Utilities in Union Territories has to be corporatised/privatised. MoP through PFC has conveyed to provide hand-holding support and the services of a transaction advisor to the UTs and to fund the expenditure incurred in this regard which will be recoverable from the successful bidder/ MoP along with interest. PFC has appointed PFCL as the nodal agency for this work.

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.

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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 agreements.

56.2 Status of documentation subsequent to reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile Andhra Pradesh, the State of Telangana has been formed on 02.06.2014. However, the assets and liabilities are yet to be transferred to the respective power 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 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.

57. Impact of COVID-19 on the Group

During the financial year ended March 31, 2022, India experienced two waves of COVID-19 pandemic following the spread of mutant coronavirus variants. These waves led to the imposition of temporary lockdown/curbs by Central/State Governments that were subsequently lifted.

The Group believes that considering its high credit worthiness and well-established relationship with stakeholders, there will not be any significant impact of this pandemic in continuing the business operations, in maintaining its financial position, and in its ability to continue as a going concern.

The impact of this pandemic on the Group will, *inter alia*, continue to be dependent on future developments which are uncertain. The Group shall also continue to closely monitor any material changes arising from future economic conditions and potential impact on its business.

58. 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.

58.1 The Group does not have any geographical segments as its operations are mainly carried out within the country.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

58.2 Revenue from major services

The following is an analysis of Group's revenue from operations from its major products/services:

	(₹ in crore)	
	FY 2021-22	FY 2020-21
Interest income		
- on loans	74,344.34	70,029.44
- others	542.78	816.14
Dividend income	68.86	88.74
Fees and commission income	1,069.58	490.36
Other operating income	236.10	231.42
Total Revenue from Operations	76,261.66	71,656.10

58.3 Information about major borrowers

No single borrower contributed 10% or more to respective companies' revenue for both FY 2021-22 and FY 2020- 21.

59. Amounts expected to be recovered/settled within 12 months and beyond for each line item under asset and liabilities

	(₹ in crore)		
	As at 31.03.2022		
Particulars	Within 12 months	More than 12 months	Total
ASSETS			
1 Financial Assets			
(a) Cash and Cash Equivalents	914.24	-	914.24
(b) Bank Balance other than included in Cash & Cash Equivalents	5,705.25	65.01	5,770.26
(c) Derivative Financial Instruments	1,324.01	7,266.72	8,590.73
(d) Trade Receivable	125.63	-	125.63
(e) Loans	87,291.13	6,45,559.63	7,32,850.76
(f) Investments	1,146.91	2,626.60	3,773.51
(g) Other Financial Assets	383.72	29,436.63	29,820.35
Total Financial Assets (1)	96,890.89	6,84,954.59	7,81,845.48
2 Non-Financial Assets			
(a) Current Tax Assets (Net)	29.79	465.46	495.25
(b) Deferred Tax Assets (Net)	-	7,315.37	7,315.37
(c) Investment Property	-	-	-
(d) Property, Plant and Equipment	-	668.94	668.94
(e) Capital Work-in-Progress	-	53.36	53.36
(f) Intangible Assets under development	-	-	-
(g) Other Intangible Assets	-	4.41	4.41
(h) Right of use asset	-	45.83	45.83
(i) Other Non-Financial Assets	169.12	382.56	551.68
(j) Investments accounted for using equity method	-	0.50	0.50
Total Non-Financial Assets (2)	198.91	8,936.42	9,135.34
3 Assets classified as held for sale	19.45	-	19.45
Total Assets (1+2+3)	97,109.25	6,93,891.01	7,91,000.27
LIABILITIES			

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

	(₹ in crore)		
	As at 31.03.2022		
Particulars	Within 12 months	More than 12 months	Total
1 Financial Liabilities			
(a) Derivative Financial Instruments	75.65	580.74	656.39
(b) Trade Payables	49.75	-	49.75
(c) Debt Securities	55,156.00	3,94,575.56	4,49,731.56
(d) Borrowings (other than Debt Securities)	45,795.24	1,48,821.74	1,94,616.98
(e) Subordinated Liabilities	399.28	15,728.46	16,127.74
(f) Other Financial Liabilities	3,294.17	29,304.72	32,598.89
Total Financial Liabilities (1)	1,04,770.09	5,89,011.22	6,93,781.31
2 Non-Financial Liabilities			
(a) Current Tax Liabilities (Net)	23.98	195.17	219.15
(b) Provisions	168.05	188.50	356.55
(c) Other Non-Financial Liabilities	312.33	55.77	368.10
Total Non-Financial Liabilities (2)	504.36	439.44	943.80
3 Liabilities directly associated with assets classified as held for sale	0.01	-	0.01
Total Liabilities (1+2+3)	1,05,274.46	5,89,450.66	6,94,725.12

60. Details in aggregate, for interests in all individually immaterial associates that are accounted for using the equity method:

	(₹ in crore)	
Particulars	FY 2021-22	FY 2020-21
Profit or loss from continuing operations	0.00	0.00
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	0.00	0.00

61. Disclosures in respect of entities consolidated as required under Schedule III to the Companies Act, 2013

61.1 Share in net assets i.e. total assets minus total liabilities

	(₹ in crore)	
	As at 31.03.2022	
Name of entity	As % of consolidated net assets	Amount
Parent		
PFC Ltd.	61.65%	59,350.28
Subsidiaries-Indian		
RECL	53.30%	51,314.10
PFC Consulting Limited (PFCL)	0.12%	111.41
Joint Venture-Indian*		
Energy Efficiency Services Limited (EESL)	-	-
Associates-Indian		
Chhattisgarh Surguja Power Limited	0.00%	-
Coastal Karnataka Power Limited	0.00%	-
Coastal Maharashtra Mega Power Limited	0.00%	-
Orissa Integrated Power Limited	0.00%	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(₹ in crore)

Name of entity	As at 31.03.2022		As at 31.03.2021	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
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%	0.05
Cheyur Infra Limited	0.00%	0.05	0.00%	0.05
Odisha Infrapower Limited	0.00%	0.05	0.00%	0.05
Deoghar Infra Limited	0.00%	0.05	0.00%	0.05
Bihar Infrapower Limited	0.00%	0.05	0.00%	0.05
Bihar Mega Power Limited	0.00%	0.05	0.00%	0.05
Jharkhand Infrapower Limited	0.00%	0.05	0.00%	0.05
Adjustments or eliminations effect	(15.06)%	(14,501.17)	(17.66)%	(14,444.96)
Total	100.00%	96,275.15	100.00%	81,790.25

*EESL ceases to be a Joint Venture w.e.f. 01.09.2021

61.2 Share in profit and loss

(₹ in crore)

Name of entity	As at 31.03.2022		As at 31.03.2021	
	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount
Parent				
PFC Ltd.	53.40%	10,021.90	53.73%	8,444.01
Subsidiaries-Indian				
RECL	53.47%	10,035.70	53.31%	8,378.24
PFC Consulting Limited (PFCCL)	0.20%	37.68	0.18%	28.11
Joint Venture-Indian*				
Energy Efficiency Services Limited (EESL)	(0.12)%	(22.40)	0.04%	6.24
Associates-Indian	0.00%	-	0.00%	-
Adjustments or eliminations effect	(6.95)%	(1,304.67)	(7.26)%	(1,140.40)
Total	100.00%	18,768.21	100.00%	15,716.20

*EESL ceases to be a Joint Venture w.e.f 01.09.2021

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

61.3 Share in other comprehensive income

(₹ in crore)

Name of entity	As at 31.03.2022		As at 31.03.2021	
	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Parent				
PFC Ltd.	148.74%	180.83	16.46%	90.20
Subsidiaries-Indian				
RECL	(47.63)%	(57.90)	83.55%	457.76
PFC Consulting Limited (PFCCL)	0.00%	-	0.00%	-
Joint Venture-Indian*				
Energy Efficiency Services Limited (EESL)	(0.15)%	(0.19)	0.21%	1.17
Associates-Indian	0.00%	-	0.00%	-
Adjustments or eliminations effect	(0.96)%	(1.17)	(0.23)%	(1.24)
Total	100.00%	121.57	100.00%	547.89

*EESL ceases to be a Joint Venture w.e.f 01.09.2021

61.4 Share in total comprehensive income

(₹ in crore)

Name of entity	As at 31.03.2022		As at 31.03.2021	
	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Parent				
PFC Ltd.	54.01%	10,202.73	52.47%	8,534.21
Subsidiaries-Indian				
RECL	52.82%	9,977.80	54.33%	8,836.00
PFC Consulting Limited (PFCCL)	0.20%	37.68	0.17%	28.11
Joint Venture-Indian*				
Energy Efficiency Services Limited	(0.12)%	(22.59)	0.05%	7.41
Associates-Indian	0.00%	-	0.00%	-
Adjustments or eliminations effect	(6.91)%	(1,305.84)	(7.02)%	(1,141.64)
Total	100.00%	18,889.78	100.00%	16,264.09

*EESL ceases to be a Joint Venture w.e.f 01.09.2021



Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

62. 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.
63. Figures of the previous year have been regrouped/rearranged wherever necessary, in order to make them comparable.
64. Figures have been rounded off to the nearest crore of rupees with two decimals.

Sd/-
(Manohar Balwani)
CGM & Company Secretary

For and on behalf of the Board of Directors
Sd/-
(Parminder Chopra)
Director (Finance)
DIN: 08530587

Signed in terms of our report of even date attached

For Dass Gupta & Associates
Chartered Accountants
Firm's Registration No. 000112N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

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

For Prem Gupta & Company
Chartered Accountants
Firm's Registration No. 000425N

Sd/-
CA Prem Behari Gupta
Partner
Membership No. 080245

Place: New Delhi
Date : May 25, 2022

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 Development and Consultancy Limited (formerly REC Power Distribution Company Limited)
1	Information for the year ended as on ²	31.03.2022	31.03.2022	31.03.2022
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	48,452.28	111.35	328.50
5	Instruments in the nature of Equity	558.40	-	-
6	Total Assets	4,10,412.61	230.52	518.61
7	Total Liabilities	3,59,427.01	119.12	190.02
8	Investments	2,157.97	-	91.52
9	Turnover ³	38,785.92	91.09	177.20
10	Profit before Taxation	12,424.90	51.11	68.88
11	Provision for Taxation	2,378.98	13.43	15.85
12	Profit after taxation	10,045.92	37.68	53.03
13	Proposed Dividend	947.96	Nil	8.91
14	% of Shareholding	52.63%	100.00%	100.00%

Note:

1. The Company does not have any foreign subsidiary.

2. Reporting period of all the subsidiaries is same as that of the holding company.

3. Turnover is considered as Revenue from Operations.

4. Name of Subsidiaries which are yet to commence operations - Nil

5. Name of Subsidiaries which have been liquidated or sold during the year - Nil

Power Finance Corporation Ltd. | 36th Annual Report 2021-22

Diversifying Growth Consolidating Strengths

Part “B”: Associates and Joint Ventures

(₹ in crore)

B.	Name of Associates	Latest audited Balance Sheet Date	Shares of 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
Associates ¹										
1	Sakhigopal Integrated Power Company Ltd ²	31-Mar-21	50,000	0.05	“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 ²	31-Mar-21	50,000	0.05		NA	0.05	(0.00)	-	
3	Coastal Karnataka Power Ltd ²	31-Mar-21	50,000	0.05		NA	-	(0.00)	-	
4	Coastal Maharashtra Mega Power Ltd ³	31-Mar-21	50,000	0.05		NA	-	-	-	
5	Jharkhand Infrapower Ltd ²	31-Mar-21	50,000	0.05		NA	0.05	-	-	
6	Chhattisgarh Surguja Power Limited ²	31-Mar-21	50,000	0.05		NA	-	-	-	
7	Odisha Infrapower Ltd ²	31-Mar-21	50,000	0.05		NA	0.05	-	-	
8	Orissa Integrated Power Ltd ²	31-Mar-21	50,000	0.05		NA	(0.07)	-	-	
9	Cheyur Infra Ltd ²	31-Mar-21	50,000	0.05		NA	0.05	-	-	
10	Coastal Tamil Nadu Power Ltd ²	31-Mar-21	50,000	0.05		NA	0.08	-	-	
11	Bihar Infrapower Limited ²	31-Mar-21	50,000	0.05		NA	0.05	-	-	
12	Bihar Mega Power Limited ²	31-Mar-21	50,000	0.05		NA	0.05	-	-	
13	Deoghar Infra Limited ²	31-Mar-21	50,000	0.05		NA	0.05	-	-	
14	Deoghar Mega Power Ltd ²	31-Mar-21	50,000	0.05		NA	0.05	-	-	
15	Tatiya Andhra Mega Power Ltd ³	31-Mar-21	50,000	0.05		NA	-	-	-	
16	Ananthpuram Kurnool Transmission Ltd.	31-Mar-22	10,000	0.01		NA	0.01	-	-	
17	Khetri Narela Transmission Ltd.	31-Mar-22	10,000	0.01		NA	0.01	-	-	
18	Bhadla Sikar Transmission Ltd. ²	31-Mar-21	10,000	0.05		NA	-	-	-	
19	Mohanlalganj Transmission Limited	31-Mar-22	10,000	0.05		NA	0.01	0.00	-	
20	Kishtwar Transmission Limited ²	31-Mar-21	10,000	0.05		NA	-	-	-	
21	Bijawar-Vidhrbha Transmission Limited ^{2&5}	31-Mar-21	10,000	0.01		NA	-	-	-	
22	Tanda Transmission Company Limited ⁴	31-Mar-20	50,000	0.05		NA	-	-	-	
23	Shongtong Karcham - Wangtoo Transmission Limited ⁴	31-Mar-20	10,000	0.01		NA	-	-	-	
24	Bidar Transmission Limited	31-Mar-22	50,000	0.05		NA	0.07	-	(0.01)	
25	ER NER Transmission Limited	31-Mar-22	50,000	0.05		NA	(0.26)	-	(0.31)	
26	Koderma Transmission Limited	31-Mar-22	50,000	0.05		NA	(1.92)	-	-	
27	MP Power Transmission Package I Limited	31-Mar-22	50,000	0.05		NA	(1.62)	-	(0.80)	
28	Rajgarh Transmission Limited	31-Mar-22	50,000	0.05		NA	(0.10)	-	(0.20)	
29	Chandil Transmission Limited ²	31-Mar-22	50,000	0.05		NA	(2.15)	-	-	
30	Dumka Transmission Limited ²	31-Mar-22	50,000	0.05		NA	(2.10)	-	-	
31	Mandar Transmission Limited ²	31-Mar-22	50,000	0.05		NA	(1.87)	-	-	

Note:

- 1 SPVs from sl no 1 to 23 are under pre-operative stage and yet to commence operations.
- 2 Amount of Profit/Loss is as per management approved financial statements as on 31.03.2022
- 3 These SPVs are under the process of Striking off with MCA. Accordingly, investments in these SPVs was provided for impairment.
- 4 Two associates namely Tanda Transmission Company Limited and Shongtong Karcham-Wangtoo Transmission Limited have been de-notified by Ministry of Power (MoP) and these companies are required to be wound up.
- 5 Bijawar-Vidarbha Transmission Limited has been recommended for closure/de-notification by National Committee on Transmission (NCT).
- 6 Names of associates or joint ventures which have been liquidated or sold during the year :

Name of SPV	Date of Sale
Fatehgarh Bhadla Transco Limited	04-06-2021
Sikar New Transmission Limited	04-06-2021
MP Power Transmission Package II Limited	01-11-2021
Kallam Transmission Limited	28-12-2021
Gadag Transmission Limited	17-03-2022
Khavda Bhuj Transmission Limited	18-01-2022
Karur Tansmission Limited	18-01-2022
Koppal-Narendra Transmission Limited	13-12-2021
Nangalbibra Transmission Limited	16-12-2021
Sikar II Aligarh Transmission Limited	08-06-2021

7 The Following 5 Companies were incorporated during the year:

Chhatarpur Transmission Limited
Mohanlalganj Transmission Limited
Kishtwar Transmission Limited
Nangalbibra-Bongaigaon Transmission Limited
Khavda-Bhuj Transmission Limited

- 8 Chhatarpur Transmission Limited was incorporated after 1st Jan, 2022 and as per Sec 2(41) of the Companies Act, 2013, where the Company has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year shall be its first financial year. Therefore, the Balance Sheet of this Company has not been prepared.
- 9 During the year, pursuant to agreement executed amongst the Joint Venture partners i.e. NTPC Limited, Power Finance Corporation Limited, REC Limited and Power Grid Corporation of India Limited, EEEL ceased to be a jointly controlled entity of the Company with effect from September 01, 2021.

Sd/-
(**Manohar Balwani**)
CGM & Company Secretary

Sd/-
(**Parminder Chopra**)
Director (Finance)
DIN - 08530587

Signed in terms of our report of even date attached

For **Dass Gupta & Associates**
Chartered Accountants
Firm's Registration No.: 000112N

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

For **Prem Gupta & Company**
Chartered Accountants
Firm's Registration No.: 000425N

Sd/-
CA Naresh Kumar
Partner
Membership No. 082069

Place : New Delhi
Date : 25.05.2022



Notes

Reference Information

Registered Office

‘Urjanidhi’,
1, Barakhamba Lane,
Connaught Place, New Delhi - 110001
Tel. No.: (91) (11) 23456000
Website: <http://www.pfcindia.com>

Subsidiaries (as on March 31, 2022)

PFC Consulting Limited
REC Limited
REC Power Development and Consultancy Limited
Chandil Transmission Limited^{\$}
Dumka Transmission Limited^{\$}
Koderma Transmission Limited^{\$}
Mandar Transmission Limited^{\$}
Bidar Transmission Limited^{\$}
Rajgarh Transmission Limited^{\$}
MP Power Transmission Package-I Limited^{\$}
ER-NER Transmission 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^{*,^}
Ananthapuram Kurnool Transmission Limited^{*}
Bhadla Sikar Transmission Limited^{*}
Khetri Narela Transmission Limited^{*}
Kishtwar Transmission Limited^{*}
Mohanlalganj Transmission Limited^{*}
Chhatarpur Transmission Limited^{*}

[^] SPV under the process of striking-off
^{*} Through PFC Consulting Limited.
^{\$}Through REC Ltd.

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
Prem Gupta & Company, Chartered Accountants

Secretarial Auditors

Amit Agarwal & Associates, Company Secretaries

Registrar & Share Transfer Agent

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

Bankers

Reserve Bank of India
State Bank of India
ICICI Bank
HDFC Bank



(A Maharatna Company)



POWER FINANCE CORPORATION LIMITED

(A Government of India Undertaking)

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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