

28th
Annual Report
2013-2014

POWERING THE ALLIANCE OF A
SUSTAINABLE FUTURE



POWER FINANCE CORPORATION LTD.





VISION

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

MISSION

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

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





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REFERENCE INFORMATION

Registered Office

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

Subsidiaries

PFC Consulting Limited
PFC Green Energy Limited
PFC Capital Advisory Services Limited
Power Equity Capital Advisors Private Limited
Chhattisgarh Surguja Power Ltd.
(previously known as Akaltara Power Ltd.)
Coastal Karnataka Power Limited
Coastal Maharashtra Mega Power Limited
Coastal Tamil Nadu Power Limited
Orissa Integrated Power Limited
Sakhigopal Integrated Power Company Limited
Ghogarpalli Integrated Power Company Limited
Tatlya Andhra Mega Power Limited
Deoghar Mega Power Limited
Cheyyur Infra Limited
Odisha Infrapower Limited
DGEN Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
Tanda Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)
Ballabgarh-GN Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Limited)

Shares Listed at

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Company Secretary

Shri Manohar Batwani

Auditors

M/s N. K. Bhargava & Co.,
Chartered Accountants

M/s K. B. Chandna & Co.,
Chartered Accountants

Registrar & Share Transfer Agent

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

Bankers

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



PERFORMANCE AT A GLANCE

PARTICULARS	2009-10	2010-11	2011-12	2012-13	2013-14
I RESOURCES (At the end of the Year) (₹ in Crore)					
Equity Capital	1148	1148	1320	1320	1320
Interest Subsidy Fund from GoI	663	452	376	146	124
Reserves and Surplus	12113	14035	19388	22734	26055*
Borrowings:					
(i) Foreign Currency Loans (incl. Foreign Currency Notes)	2759	4963	5590	8424	8926
(ii) Bonds	45801	56137	83920	105334	126505
(iii) Long Term Rupee Loans	16223	18208	16545	17005	22470
(iv) Short Term Rupee Loans	2325	6291	4071	8820	1314
II FINANCING OPERATIONS (During the Year) (₹ in Crore)					
Loans and Grants Sanctioned#	65465	75197	69024	78875	65060
Loans and Grants Disbursed#	25808	34122	41418	46368	47802
Repayment by Borrowers to PFC	8977	12119	9257	14929	18822
Repayment by PFC to Lenders	7858	10394	14296	11304	22231
III WORKING RESULTS (For the Year) (₹ in Crore)					
Administrative Expenses	106	93	124^	139^	163^
Profit Before Tax	3013	3544	4104	5967	7558
Provision for Tax(including Deferred Tax Liability)	656	924	1072	1547	2140
Profit After Tax	2357	2620	3032	4420	5418
IV NO. OF EMPLOYEES	324	365	379	427	446

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

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

^ Inclusive of Personnel and other expenses



As on 31.03.2014

23%

₹5418 Cr.

NET PROFIT

34%

₹8480 Cr.

NET INTEREST
INCOME

25%

₹21,537 Cr

TOTAL INCOME

18%

₹1,89,231 Cr

LOAN ASSETS

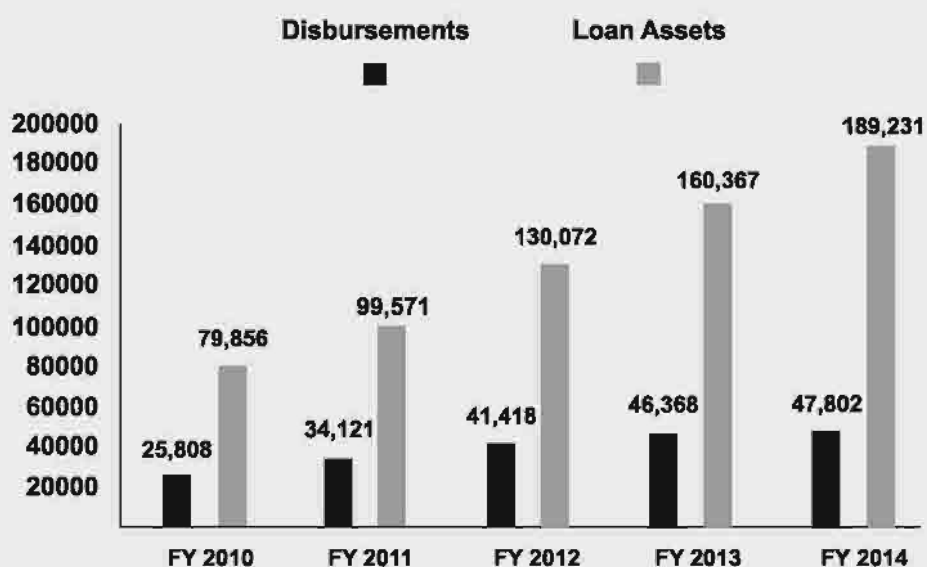
3%

₹47,802 Cr

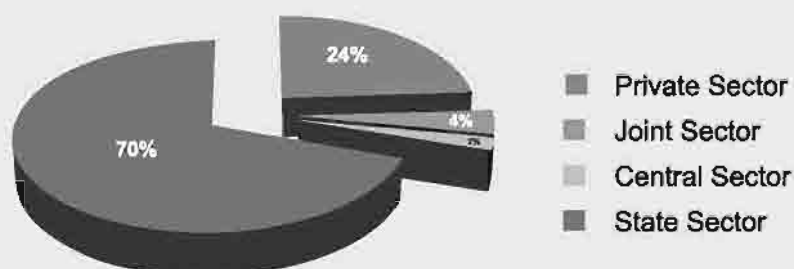
DISBURSEMENTS
(Includes R-APDRP)

FINANCIAL HIGHLIGHTS

₹ IN CRORE

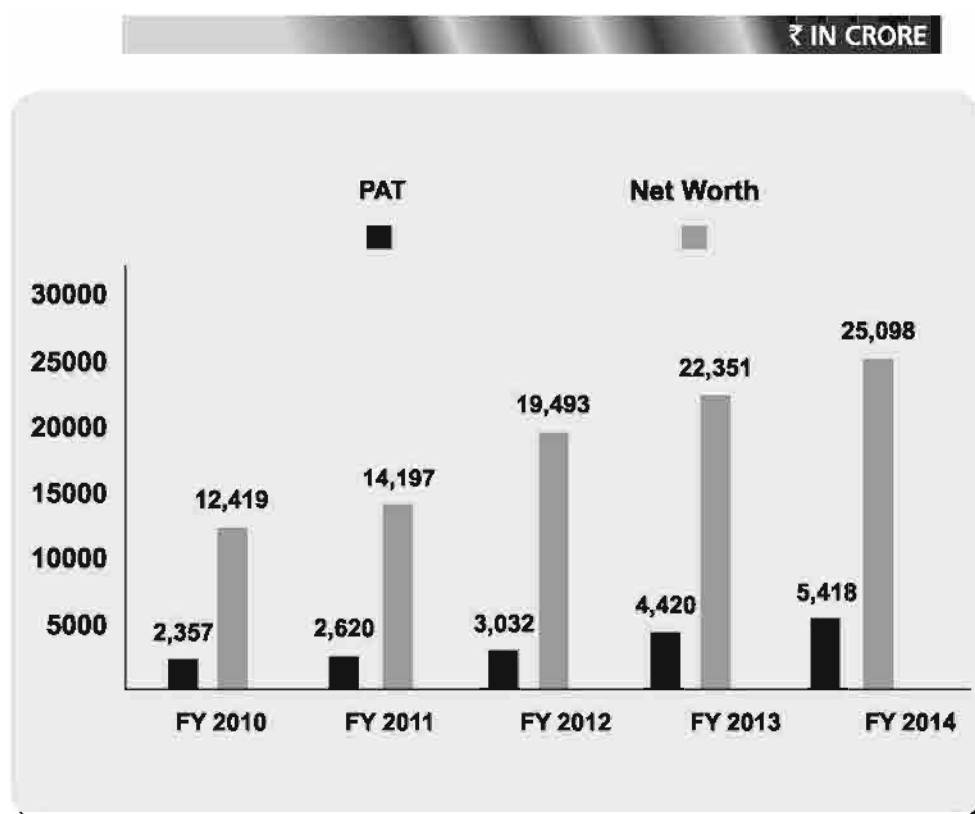


Disbursement - Borrower - Wise

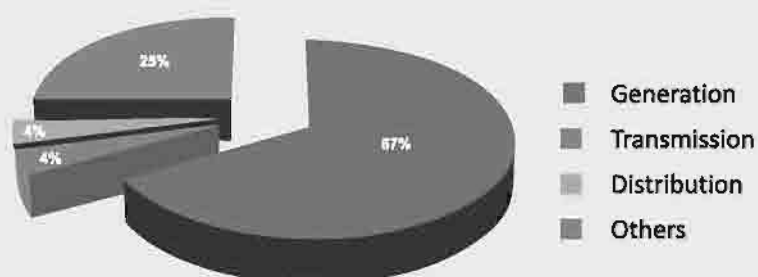


2013-2014

As on 31.03.2014



Disbursement - Discipline - Wise



LETTER TO SHAREHOLDERS

Ladies and Gentlemen,

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



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

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

The Economy

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

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

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

Outlook on Power Sector

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



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

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

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

Performance Highlights

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

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

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

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

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

Other Business Highlights

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

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

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

2. Push to Renewable Energy

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

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

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

PFC Capital Advisory Services Limited (PFCCAS) was incorporated as a wholly owned subsidiary of your Company on July 18, 2011 to focus on sectoral requirements for financial advisory services, including syndication services. PFCCAS has already captured syndication business worth about Rs.5,000 Crore cumulatively till 31.03.2014 pertaining to 7 power projects of 5,300MW capacity. During fiscal 2014, PFCCAS saw kick start of its operations by arranging sanction of loans of Rs. 1,060 Crore out of loans underwritten by PFC.

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

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

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

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

2. Ultra Mega Power Projects (UMPPs)

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

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

3. Independent Transmission Projects (ITPs)

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

4. Power Sector Reports by your Company

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



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

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

Other Initiatives

Corporate Governance

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

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

Corporate Social Responsibility (CSR)

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

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

Future Strategy

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

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

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

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



Acknowledgements

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

I take this opportunity to also express my gratitude to the Hon'ble Minister of State for Power, Coal and New & Renewable Energy, officials of the Ministry of Power, Ministry of Finance, Reserve Bank of India, Department of Public Enterprises, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Ltd., Planning Commission, CEA, C&AG, Statutory Auditors and other concerned Government Departments/Agencies at the Central and State level, and various international financial institutions/banks, Commercial Banks, Financial Institutions, Registrars and other agencies for their continuous support. I would also like to extend my immense gratitude to the Electronic and Print Media, whose honest and unbiased coverage of our achievements have helped reinforce our shareholders' confidence in us.

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

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

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

(M.K. Goel)
Chairman & Managing Director

AWARDS



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



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

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of Power Finance Corporation Ltd. will be held on Friday, the September 26, 2014 at 10:00 AM at Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2014, the Reports of the Board of Directors and Auditors thereon.
2. To confirm interim dividend and declare final dividend for the year 2013-14.
3. To appoint a Director in place of Shri A. K. Agarwal (DIN:01987101), who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix the remuneration of the Statutory Auditors.

SPECIAL BUSINESS

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

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

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


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

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

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

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

By order of the Board of Directors



Manohar Balwani
Company Secretary

Registered office:

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

NOTES:-

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



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

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

PROCEDURE AND INSTRUCTIONS FOR E-VOTING

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

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

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

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

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

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

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

Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on September 11, 2014.

11. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. Therefore, Members are advised to encash their Dividend warrants immediately on receipt. The details of investors' (whose payment is due) are available on MCA website (Form 5 INV) as well as company's website so as to enable the investors to claim the same.
12. The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including annual report can be sent by e-mail to the members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their email id, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold the shares in physical form are requested to get their e-mail id registered with Karvy Computershare Private Limited, Registrar & Share Transfer Agent (RTA) of the Company.
13. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS Mandate Form to Karvy Computershare Private Limited, Registrar & Share Transfer Agent (RTA) of the Company. Those holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ RTA/DP with complete details need not send it again.
14. The shareholders holding shares in physical form and do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Karvy.
16. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or our Registrar & Share Transfer Agent alongwith relevant Share Certificates.
17. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and/or change in address and bank account, to Company's Registrar & Share Transfer Agent.
18. The Members of the Company in the 27th Annual General Meeting held on September 26, 2013 authorized the Board of Directors to fix the remuneration of Statutory Auditors for the FY 2013-14. Accordingly, the Board of Directors fixed audit fee of ₹20,00,000/- for the Statutory Auditors for the FY 2013-14 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses. Further, the Statutory Auditors of the Company for the FY 2014-15 have been appointed by C&AG of India, the members may authorize the Board of Directors to fix an appropriate remuneration of Auditors for the FY 2014-15 as may be deemed fit by the Board.
19. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company in the prescribed form. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
20. Member who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agent of the Company and to their respective depository participants, in case shares are held in electronic mode.
21. Pursuant to the requirement under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Board of Directors shall place before the shareholders, a certificate from the auditors of the company that the Employee Stock Option Scheme of the Company i.e. "PFC ESOP-2010" scheme has been implemented in accordance with these guidelines and in accordance with the resolution passed in the annual general meeting held on September 21, 2010.
22. Members desirous of getting any information on financial statements and any other business of this Meeting are requested to address their queries to Company Secretary of the Company at the registered office of the Company at least fifteen days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
23. All relevant documents referred to in the accompanying notice and Statutory Registers are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.
24. The entire Annual Report is also available on the Company's website www.pfcindia.com.

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

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

Item No. 5

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

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

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

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

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

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

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

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

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

Item No. 6

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

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

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

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

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

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

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

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



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

Name	Shri A.K. Agarwal
Date of Birth and Age	08.12.1956/57 years
Date of Appointment	13.07.2012
Qualification	BE(Elect) with Hons.
Expertise In Functional Areas	As Director (Projects), he is responsible for appraisal, sanction and disbursement of financing proposals in the state and private sectors, which include generation, transmission, distribution and renewable energy projects of the utilities and increasing focus on consortium lending & expanding PFC's business through funding of backward & forward linkages i.e. coal gas, oil & equipment manufacturing.
Directorship In other companies	<ul style="list-style-type: none"> • PFC Consulting Limited • Coastal Karnataka Power Ltd. • Chattisgarh Surguja Power Ltd. • Orissa Intergrated Power Ltd. • Sakthigopal Intergrated Power Ltd. • Ghogarpali Intergrated Power Ltd. • Tatlya Andhra Mega Power Ltd. • PFC Green Energy Limited • PFC Capital Advisory Services Ltd. • Odisha Infra Power Ltd.
Chairman/Membership of committees* across all public companies	Power Finance Corporation Ltd. Member, Audit Committee Member, Stakeholders Relationship and Shareholders' / Investors' Grievance Committee of Directors
Number of shares held in the company	25859

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

DIRECTORS' PROFILE

Shri M.K. Goel

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



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

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

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

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

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

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



Shri Radhakrishnan Nagarajan, 57 years, holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant, Cost Accountant and a certified associate of Indian Institute of Bankers. Shri Nagarajan has more than three decades of experience having worked in Andhra Bank and in PFC at different positions. He joined PFC

in the year 1995 and had been holding the post of Executive Director (Finance) since January 2008 before joining the Board in July, 2009.

During his tenure as Executive Director (Finance) in PFC,

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

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

Shri R. Nagarajan was holding 26869 equity shares in the Company as on March 31, 2014.

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



Shri Anil Kumar Agarwal, 57 years, is B.E. (Elect.) with Hons. from MNREC, Allahabad. As Director (Projects), he is responsible for appraisal, sanction and disbursement of financing proposals in the state and private sectors, which include generation, transmission, distribution and renewable energy projects of the

utilities and increasing focus on consortium lending & expanding PFC's business through funding of backward & forward linkages i.e. coal gas, oil & equipment manufacturing.

Shri Agarwal has spent more than 35 years in the power sector in various capacities in BHEL and PFC. In BHEL he was responsible for commissioning of Thermal plants at various project sites in Northern India. Shri Agarwal has been serving PFC for more than 23 years and has been actively involved in assisting utilities in procurement of goods under ADB/WB financing, thermal appraisal, entity appraisal of private sector projects, renewable energy, fixing of sanction and disbursement targets and their achievement, coordinating activities of Projects Division. He was also holding the charge of CEO, PFC GEL a 100% subsidiary of PFC and was Chairman of EESL (a JV of PFC).

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

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



Shri B. N. Sharma, 55 years, is presently Joint Secretary to the Ministry of Power, Government of India. He holds a bachelor's degree and a master's degree in financial management. He is an IAS officer of the Rajasthan cadre and has experience in the civil services for about 28 years. Prior to joining MoP, he has served as the Principal

Secretary in medical, health and family welfare department in

Rajasthan. Shri Sharma has also served as the Commissioner of the commercial taxes department at Rajasthan, Managing Director of Rajasthan State Industrial and Investment Corporation Limited, Chairman and Managing Director of Rajasthan Financial Corporation and as the Secretary of the finance department and elementary, secondary and Sanskrit education department in Rajasthan. Prior to that he has worked as collector and district magistrate of Jaipur, Alwar and Tonk districts in Rajasthan, as Chairman and Managing Director of Jaipur Vidhyut Vitran Nigam Limited, Jaipur, and as Secretary, Rajasthan State Electricity Board, Jaipur. Shri Sharma has also served as a Director on the boards of various companies including Rajasthan Drugs and Pharmaceuticals Limited, Rajasthan Medical Services Corporation Limited, Rajasthan Small Industries Corporation Limited, Rajasthan Asset Management Company Private Limited, Rajasthan Trustee Company Private Limited and Rajasthan Electronics and Instruments Limited.

Shri B.N.Sharma was holding nil equity shares in the Company as on March 31, 2014.

Shri J. N. Prasanna Kumar
Independent Director



Shri J. N. Prasanna Kumar, 64 years, holds a bachelor's degree in commerce and is a qualified Chartered Accountant. He retired as Director (Finance) of Neyveli Lignite Corporation Limited (NLC) and has held additional charges as CMD in NLC for six months during his tenure. He is presently a partner in G.P Ramachandran and Associates (CA firm).

Shri J.N. Prasanna Kumar was holding nil equity shares in the Company as on March 31, 2014.

Shri Vijay Mohan Kaul
Independent Director



Shri Vijay Mohan Kaul, 62 years, holds a Bachelor's degree in Mechanical Engineering from IIT, Delhi and a MBA Degree. Shri Kaul has over 39 years of experience in multidisciplinary functions like management of power and transmission projects, joint ventures, contract management, quality assurance, human resource management

etc. in premier organisations like Power Grid Corporation of India Limited, NTPC Limited, Engineers India Ltd etc. He superannuated as Director (personnel), Power Grid Corporation of India Limited in March, 2012.

Shri Vijay Mohan Kaul was holding nil equity shares in the Company as on March 31, 2014.

Shri Yogesh Chand Garg
Independent Director



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

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

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

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

DIRECTORS' REPORT 2013-2014

To

The Members,

Power Finance Corporation Limited

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

1.0 FINANCIAL HIGHLIGHTS

(a) PROFITABILITY

(₹ in crore)

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

(b) LENDING OPERATIONS

(₹ in crore)

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

(c) R-APDRP OPERATIONS

(₹ in crore)

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

2.0 FINANCIAL PERFORMANCE

2.1 REVENUE

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

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

2.2 EXPENSES

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

2.3 PROFIT

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

2.4 SHARE CAPITAL

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

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

2.5 DIVIDEND

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

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

2.6 ISSUE OF TAX FREE BONDS

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

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

3.1 Financial Assistance (Excluding R-APDRP)

3.1.1 Sector-wise

(₹ in crore)

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

3.1.2 Discipline-wise

(₹ in crore)

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

* Others include Decentralized Management, Project Settlement, Pre Investment Fund, Technical Assistance Project, Medium Term Loan, Buyers Line of Credit, Equipment Manufacturing Loan, Loan for Asset Acquisition, Bill Discounting, Studies, Loan for Redemption of bonds, Purchase of power through PXI, Computerization, Funding of Regulatory Assets, Loan Against Receivables etc.

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

3.0 LENDING OPERATIONS

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

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

3.1.3 Product-wise

(₹ in crore)

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

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

3.2 Financial Assistance under R-APDRP

(₹ in crore)

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

3.3 GENERATION PROJECTS

3.3.1 THERMAL PROJECTS

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

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

3.3.2 HYDRO PROJECTS

Hydro generation capacity in the country needs significant augmentation for overall systems to have optimal energy mix. During the FY 2013-14, loans amounting to ₹10,581 crore were sanctioned and an amount of ₹4,389 crore was disbursed by your company. The cumulative financial support provided by the Company for hydro generation scheme is

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

3.4 RENOVATION, MODERNISATION AND LIFE EXTENSION

3.4.1 THERMAL PROJECTS

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

3.4.2 HYDRO PROJECTS

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

3.5 TRANSITIONAL LOANS

Your Company has formulated Broad Guidelines for Transitional Financing to Discoms for supplementing the Financial Restructuring Scheme approved by Government of India by providing funding towards the yearly cash gap as per Financial Restructuring Plan (FRP). The objective

is to provide financial support to meet the temporary liquidity crunch being faced by the Discoms and to enable these Discoms to bring financial turnaround over a specified period. Your Company has sanctioned transitional loans of ₹22,569 crore to various Discoms in the states of Punjab, Haryana, Uttar Pradesh, Rajasthan and Tamil Nadu against which an amount of ₹20,159 crore has already been disbursed by the company as on March 31, 2014. Further, out of the total loan disbursed to Uttar Pradesh, your company has subscribed to the bonds of U P Power Corporation Ltd. for an amount of ₹1,171 crore as per the FRP.

4.0 REALISATION

Your Company gives utmost priority to the realisation of its dues towards principal, interest etc. Out of ₹39,674.86 crore to be recovered towards principal, interest etc. under rupee term loans, bill discounting, working capital, lease financing, foreign currency loan, loans for equipment financing and guarantee fee, an amount of ₹38,753.94 crore was actually realised representing an overall

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

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

In addition to above, the company has also made a provision of ₹469.42 crore on standard assets outstanding as on March 31, 2014, which would strengthen PFC's balance sheet by providing a buffer provisioning and inspire higher levels of confidence amongst investors, regulators and other stakeholders in your company.

5.0 RESTRUCTURED LOANS

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

(₹ in crore)

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

6.0 BORROWINGS

6.1 BORROWINGS FROM DOMESTIC MARKET

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

6.2 EXTERNAL BORROWINGS

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

6.3 CASH CREDIT/OVERDRAFT FACILITIES

For day to day operations, your company continued to follow prudent strategies for optimum utilization of fund based resources. To hedge any financial liquidity bottlenecks, ample credit lines to the tune of ₹4850 crore were maintained with various scheduled commercial banks for short term funding which do not bear any commitment charges towards unutilized limits.

7.0 FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

8.0 CREDIT RATING

Domestic

Ratings assigned by domestic rating agencies during FY 2013-14, for Company's long term domestic borrowing programme (including bank loans) were the highest rating of CRISIL AAA, ICRA AAA and CARE AAA by CRISIL, ICRA and CARE respectively. The Company's short term domestic borrowing programme (including bank loans) was awarded the highest rating of CRISIL A1+, ICRA A1+ and CARE A1+ by CRISIL, ICRA and CARE respectively.

International

During the FY 2013-14, the international credit rating agencies Moody's, Fitch and Standard and Poor's have given to the company, long term currency issuer ratings of Baa3, BBB- and BBB- respectively, which are at par with sovereign rating for India.

9.0 RISK MANAGEMENT

9.1 ASSET LIABILITY MANAGEMENT

Your Company has put in place an effective Asset Liability Management System and constituted an Asset Liability Management Committee (ALCO) headed by Director (Finance). ALCO monitors risks related to liquidity & interest rate and also monitors implementation of decisions taken in the ALCO meetings. The Asset Liability Management framework includes periodic analysis of long term liquidity profile of asset receipts and debt service

obligations. Such analysis is made every month in yearly buckets for the next 10 years and is used for critical decisions regarding the time, volume and maturity of profile of the borrowings, creation of new assets and mix of assets and liabilities in terms of time period (short, medium and long-term). While the liquidity risk is being monitored with the help of liquidity gap analysis, the interest rate risk is managed by analysis of interest rate sensitivity gap statements, evaluation of Earning at Risk (EaR) on change of interest rate and creation of assets and liabilities with the mix of fixed floating interest rates.

The maturity profile of major items of assets and liabilities as at March 31, 2014 is set out below:

(₹ in crore)

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

9.2 FOREIGN CURRENCY RISK MANAGEMENT

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

As on March 31, 2014, the total foreign currency liabilities were USD 999.13 million, JPY 41,643.20 million and Euro 20.87 million. On an overall basis, the currency exchange rate risk is covered to the extent of 18% through hedging instruments and lending in foreign currency.

9.3 INTEGRATED ENTERPRISE WIDE RISK MANAGEMENT

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

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

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

10.1 UMPPs

Your Company has been designated as the 'Nodal Agency' by Ministry of Power (MoP), Government of India, for development of Ultra Mega Power Projects (UMPPs), with a capacity of about 4,000 MW each. Sixteen such UMPPs were identified to be located at Madhya Pradesh (Sasan), Gujarat (Mundra), Andhra Pradesh (Krishnapatnam), Jharkhand (Tilaiya), Chhattisgarh (Surguja), Karnataka, Maharashtra (Munge), Tamil Nadu (Cheyyur), Odisha (Sundargarh), 2 Additional UMPPs in Odisha and 2nd UMPP in Andhra Pradesh (Prakasam), Tamil Nadu, Gujarat, Jharkhand (Deoghar) and Bihar.

UMPP is the initiative of Government of India with Ministry of Power as the 'facilitator' for the development of these UMPPs while Central Electricity Authority (CEA) is the 'Technical Partner'. Till March 2014, 15 Special Purpose Vehicles (SPVs) were established by the Company for UMPPs, out of these, 13 SPVs were incorporated to undertake preliminary site investigation activities necessary for conducting the bidding process for the projects. These SPVs shall be transferred to successful bidder(s) selected through Tariff Based International Competitive Bidding Process for implementation and operation.

Out of these 13 SPVs, 4 SPVs have been transferred to the successful bidders as indicated below:

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

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

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

10.2 ITPs

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

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

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

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

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

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

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

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

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

As a part of R-APDRP, for the first time, Information Technology (IT) is being deployed in identified 1,412 towns of the country for establishment of accurate, reliable & sustainable base line data, business process automation, carrying out energy audit for identifying AT&C losses and better consumer services etc. in the power distribution sector.

Also under Part-A, projects for Supervisory Control and Data Acquisition (SCADA) System/ Distribution Management System (DMS) is being established in big towns in the country (about 72 towns envisaged) for real time operation and control of Distribution Network for improvement of efficiency, quality and reliability of power supply.

Further, under Part-B, projects for Distribution Strengthening and Improvement are being implemented in over 1,240 towns of the country. The main focus of the scheme is reduction of AT&C losses to 15% or below.

Your Company, as nodal agency, has contributed significantly in implementation of RAPDRP programme during the FY 2013-14. The company cumulatively upto FY 2013-14 sanctioned, Part-A(IT) schemes of all eligible 1,412 towns, Part-A(SCADA) schemes for all envisaged 72 towns and Part-B schemes for 1,244 towns out of envisaged 1,250 towns. During the year, your company sanctioned ₹4,331 crore of projects. The cumulative sanction under R-APDRP is ₹ 38,089 crore as on March 31, 2014.

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

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

states in which, all business process software modules are functional and energy audit reports are being derived from the system.

During the year, for implementation of Part-B projects of R-APDRP, utilities have tied up counterpart funding amounting to ₹389 crore. With this, cumulative counterpart funding tied up amounts to ₹14,854 crore of which ₹3,780 crore is from PFC. Implementation work has commenced cumulatively in 1049 towns, to strengthen & improve distribution system and reduce AT&C losses to 15% or below.

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

For capacity building and to recognize the need and to keep pace with technology, contemporary knowledge and skill, your company imparted training on various themes to personnel of Power Utilities for 25,800 man days against MoU target of 6,000 man days.

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

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

12.0 EXTERNALLY AIDED PROJECTS

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

13.0 INITIATIVES TOWARDS REFORMS AND RESTRUCTURING

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

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

CATEGORISATION OF UTILITIES

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

Quarterly and Annual Report of State Power Utilities

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

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

During FY 2013-14, your company also released 10th edition of the 'Report on the Performance of State Power Utilities (SPUs)' for the years 2009-10 to 2011-12 covering 91 utilities. The Report is an integral part of your company's constant endeavor towards tracking the performance of State Power Sectors by analyzing financial and operational performance e.g. profitability, gap between average cost of supply and average realization (₹ /kwh), net worth, capital employed, receivables, payables, capacity (MW), generation (Mkwh), AT&C losses (%) etc at utility, state, regional and national level. The Report provides a reliable database and helps in determining the results associated with the reforms in the sector and is also recognized by various stakeholders as a useful source of information regarding the state power sector.

The Report for the years 2010-11 to 2012-13 covering 77 utilities has been prepared and submitted to Ministry of Power as per the targets set in the MoU. The final Report (11th) on the performance of all SPUs for the period 2010-11 to 2012-13 has been finalized.

14.0 POLICY INITIATIVES

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

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

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

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

The interest rates in respect of term loan and short term loan were reviewed and revised periodically during the financial year. The financial charges/fees were also reviewed and modified. Further, guarantee fee and other financial charges for issuance of Guarantee for Credit Enhancement has been introduced.

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

15.0 FACILITATION SERVICES

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

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

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

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

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

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

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

17.0 PROMOTION OF POWER TRADING THROUGH POWER EXCHANGE

In the FY 2008-09, the Central Electricity Regulatory Commission had granted its permission to set up power exchanges in the country. As on date, 2 power exchanges, namely, Power Exchange India Ltd. (PXIL) and Indian Energy Exchange Ltd. (IEX) are in operation. These power exchanges have a nationwide presence in the form of electronic exchange for trading in power. The trading through power exchanges have certainly lent an impetus for power sector development since it acts as an open and transparent mechanism for buyers and sellers and provides investment signal to the prospective investors. Further with the presence of these exchanges, the available resources shall be used optimally.

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

18.0 EQUITY FINANCING

Equity investment business is generally considered as a logical extension of debt business. Your Company is endeavoring to make a mark in the area of equity investment to capitalize on its vast domain knowledge & experience attained during its over 25 years of operations. Your company aims to leverage its financial strength, large debt providing capability and power sector expertise to invest in equity of suitable power projects. Over a period of time, your company proposes to build an equity portfolio of power assets which could provide consistent gains in the form of dividend and/or capital appreciation. PFC has obtained consent of RBI to invest in equity of power projects ranging between 0.5% and 5% of its own net worth in a single company. Presently, "Equity Policy", paving way for PFC to take equity stakes in power projects, is being revisited to make it more flexible and customer friendly before evaluating equity proposals.

19.0 SUBSIDIARIES

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

- (i) PFC Consulting Limited
- (ii) PFC Green Energy Limited
- (iii) PFC Capital Advisory Services Limited
- (iv) Power Equity Capital Advisors Private Limited

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

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

19.1 PFC CONSULTING LIMITED

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

and ITPs. PFCCL has been nominated as the 'Bid Process Coordinator' for selection of developer for the Independent Transmission Projects (ITPs) by Ministry of Power, Govt.

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

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

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

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

19.2 PFC GREEN ENERGY LIMITED

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

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

PFC GEL has taken steps to increase its business in the



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

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

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

19.3 PFC CAPITAL ADVISORY SERVICES LIMITED

PFC Capital Advisory Services Limited (PFCCAS) was incorporated as a wholly owned subsidiary of your company on July 18, 2011 to focus on sectoral requirements for financial advisory services, including syndication services. The Company is also involved with the activities related to Power Lenders' Club, an exclusive set of Banks & FIs financing power projects under a consortium arrangement under the aegis of PFC. The authorised capital of the Company is ₹1 crore and the paid up share capital of the Company is ₹0.10 crore.

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

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

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

19.4 POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

Power Equity Capital Advisors private limited (PECAP), the wholly owned subsidiary of your company has not been able to transact any business due to lack of business proposals even after its acquisition by PFC and accordingly approval has been sought from MoP for dissolving and getting the name of the Company struck off from the records of Registrar of Companies under the provisions of Section 560 of the Companies Act, 1956, which is awaited.

20.0 JOINT VENTURES AND ASSOCIATE COMPANIES

20.1 NATIONAL POWER EXCHANGE LIMITED

In order to promote short term trading through power exchange, your company had promoted National Power Exchange Ltd (NPEX), jointly with NTPC, NHPC and TCS during 2008-09. Your company has contributed ₹2.19 crore (being 16.66% of paid up equity upto March 31, 2014) towards equity contribution. NTPC and NHPC had expressed their intention to exit from JV Company and based on the recommendations of the Group of Promoters (GoP) of NPEX in March 2014, the Board of Directors of NPEX has decided for voluntary winding up of NPEX.

20.2 PTC INDIA LIMITED

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

20.3 ENERGY EFFICIENCY SERVICES LIMITED

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

21.0 MEMORANDUM OF UNDERSTANDING WITH GOVT. OF INDIA

Your Company has been consistently accorded 'Excellent' Rating by Government of India since FY 1993-94 except for FY 2004-05. For the FY 2013-14, your company has achieved all the MoU targets and is likely to be accorded 'Excellent' rating.

22.0 PRESIDENTIAL DIRECTIVES

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

23.0 CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

24.0 EMPLOYEES STOCK OPTIONS PLAN (ESOP)

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

The Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Govt. of India, through its directions on pay revision had also made it mandatory for all the Central Public Sector Enterprises (CPSEs) to formulate an Employee Stock Option Plan (ESOP) and pay 10% to 25% of the Performance Related Pay (PRP) of the employees in the form of ESOPs. In accordance with the said directions of the DPE, the Board of Directors of your company had formulated an Employee Stock Option Plan titled as 'PFC-ESOP 2010' which was also approved by the Shareholders in their 24th Annual General Meeting held on September 21, 2010. Subsequently, the Board of Directors had decided that 25% of the PRP of the employees should be given in the form of ESOPs.

For FY 2009-10, out of 87,888 Options granted during the FY 2011-12, your company had allotted 83,306 equity shares during previous financial year. During FY 2013-14, 4,255 equity shares have been allotted upon exercise of the stock options by the employees. The Options can be exercised within a period of two years from the date of vesting i.e. July 29, 2012 by paying ₹10/- per option. Thus, the remaining options are due to lapse if not exercised by the employees by the end of the said period.

For FY 2010-11, 92,964 options had been granted during the FY 2012-13 to the eligible employees. However, out of the 92,964 options granted, 69,954 options have been settled in cash and 1,572 options have been cancelled during previous financial year. The remaining 21,438 equity shares have been allotted upon exercise of the stock options by the employees during FY 2013-14.

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

25.0 HRD INITIATIVES

LEARNING & DEVELOPMENT

Your company attaches great importance to the employee development and their competency. Your company reviews the need for learning as an on going process and provide opportunity to keep the employees abreast with latest trend in their respective functional areas. Additionally to keep pace with competition, senior executives are given exposure in advance management techniques through premier management Institutes in India and abroad. In order to achieve this, the Company has an annual training plan to assess the various training needs. Necessary professional skills are also imparted across all levels of employees through customized training interventions.

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

26.0 HUMAN RESOURCE MANAGEMENT

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

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

27.0 WELFARE MEASURES

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

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

Your Company as a part of its social responsibility makes all-out efforts to ensure compliance of the Directives and Guidelines

issued by the Govt. for the reservation to be allowed for SC/ST/OBC/Persons with Disabilities. The steps taken include due reservations and relaxation as applicable under the various directives.

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

29.0 REPRESENTATION OF WOMEN EMPLOYEES

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

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

30.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts for the FY 2013-14, the applicable accounting standards had been followed;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of FY 2013-14 and of the profit of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors had prepared the Annual Accounts for FY 2013-14 on a going concern basis.

31.0 AUDITORS

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

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

32.0 COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

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

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

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

34.0 DEBENTURE TRUSTEES

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

35.0 REDEMPTION AND STATUS OF UNCLAIMED AMOUNTS

Bonds

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

Equity

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

36.0 VIGILANCE

During the FY 2013-14, the Vigilance Unit functioned as an effective tool of management, the thrust being on preventive vigilance. This aspect was emphasized by conducting periodic & surprise inspections of various units and by issuing effective guidelines to streamline systems with the aim of eliminating gaps and ensuring transparency in day to day operations. Information technology was used as an effective tool for providing on-line services to all the stakeholders and to enhance organizational efficiency. Vigilance Unit also undertook the review of operational manuals of various activities of the Company. A number of comprehensive manuals on different areas of company's activities have already been notified after review and some other manuals are in process of finalization. Detailed investigations were also carried out in respect of registered complaints during this period.

In accordance with the directives of CVC, Vigilance Awareness week was observed from October 28, 2013 to November 2, 2013 in the head office and regional offices of the Company. As part of a sequence of events during the 'Vigilance Awareness Week', a one day

workshop on "Sustaining an Organization's Ethical Vision" was organized for the employees of your company. In the programme, interactive sessions were organised with prominent faculty members on varied subjects like personal values and ethics and how to deal with day to day situations involving ethical dilemmas faced during working in an organization.

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

The Vigilance Unit worked for systematic improvements with a view to bring about greater transparency, objectivity and accountability thereby contributing to the overall efficiency and effectiveness of the organization.

37.0 OFFICIAL LANGUAGE

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

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

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

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

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

38.0 RIGHT TO INFORMATION ACT

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

Your company has implemented the Right to Information Act, 2005 to provide information to the citizens of India and also to maintain accountability and transparency in the working of the company. The Company has designated a Public Information Officer (PIO), an Appellate Authority and a Transparency Officer at its registered office for effective implementation of the RTI Act.

During the FY 2013-14, all 89 applications received under the RTI Act, were duly processed and replied to. In compliance with Section 4 of the RTI Act, requisite disclosures have been updated and hosted on PFC website. Your company has also complied with the directions of Central Information Commission (CIC) regarding filing of online Quarterly/Annual Return for the FY 2013-2014.

SUOMOTO DISCLOSURES UNDER SECTION 4 OF THE RTI ACT 2005

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

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

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

39.0 GRIEVANCE REDRESSAL

Your Company has separate Grievance Redressal Systems for dealing with the grievances of the employees, its customers and the public at large. The systems are duly notified and are easily accessible. A designated Nodal Officer is

responsible to ensure quick redressal of grievances within the permissible time frame. The company also has a notified Citizen's Charter to ensure transparency in its work activities. This Charter is available on the website of the Company to facilitate easy access.

40.0 DETAILS OF PROCUREMENT FROM MSEs

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

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

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

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

41.0 POSTAL BALLOT

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

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

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

42.0 BOARD OF DIRECTORS

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

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

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

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

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

43.0 STATUTORY AND OTHER INFORMATION

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

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

44.0 ACKNOWLEDGEMENT

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

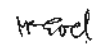
The Board also conveys its gratitude to the shareholders,

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

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

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

For and on behalf of the Board of Directors



(M. K. Goel)

Chairman & Managing Director

Place : New Delhi

Dated : 25/08/2014



**Disclosures pursuant to the provisions of Clause 12 of the Securities and Exchange Board of India
(Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as
amended, As on March 31, 2014**

S.No.	Particulars	PFC-ESOP 2010
(a)	Options Granted	109326
(b)	The Pricing Formula	Face Value of ₹10
(c)	Options Vested	153
(d)	Options Exercised	108999
(e)	Total number of shares arising as a result of exercise of options	108999
(f)	Options Forfeited/Surrendered	174
(g)	Options Lapsed	Nil
(h)	Variation in terms of ESOP	Nil
(i)	Money realised by exercise of options	₹1,08,9990
(j)	Total Number of Options in force	153
(k)	Employee-wise details of options granted during the financial year 2013-14 to:	
	(i) Senior managerial personnel :	
	Name	No. of options granted
	NIL	NA
	(ii) Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year	
	Name	No. of options granted
	NIL	NA
	(iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	
	Name	No. of options granted
	NIL	NA
(l)	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	41.04
(m)	The stock based compensation cost calculated as per the intrinsic value method for the year ended March 31, 2014 is 2,73,804. If the stock based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the total cost to be recognised in the financial statements for the year ended March 31, 2014 would be ₹2,55,698. The effect of adopting the fair value method on the net income and earnings per share is presented below:	
	Pro Forma Adjusted Net Income and Earning Per Share	
	Particulars	₹
	Net Income as reported	
	Add: Intrinsic Value Compensation Cost	273804
	Less: Fair Value Compensation Cost	255698
	Adjusted Pro Forma Net Income	18106
	Earning Per Share: Basic As Reported Adjusted Pro Forma	
	Earning Per Share: Diluted As Reported Adjusted Pro Forma	



(n)	Weighted average exercise price of options granted during the year whose	
	(i) Exercise price equals market price	Nil
	(ii) Exercise price is greater than market price	Nil
	(iii) Exercise price is less than market price	Nil
	Weighted average fair value of options granted during the year whose	
	(i) Exercise price equals market price	Nil
	(ii) Exercise price is greater than market price	Nil
	(iii) Exercise price is less than market price	Nil
(o)	Method and assumption used to estimate the fair value of options granted during the year:	
	No options were granted during the year.	

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

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

Note: 1. Persons named above were regular employees of the Company.

2. None of the employees listed above is related to any director of the Company.

3. The amount shown above is inclusive of all the payment made to them during the whole of FY 2013-14.



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

Sl. No.	Name & Address of Trustee	Bond Series
1.	IL&FS Trust Company Limited The IL&FS Financial Centre, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051	9.60% TAXU PFC Bonds (2017)-XIII Series 8.21% TAXU PFC Bonds (2017)-XVII Series 7.87% TAXU- PFC Bonds (2017)-XVIII Series Zero Coupon Bonds-(2022) XIX Series 7.19% 10YRS TAX FREE BONDS 12-13 TR-I SERIES 1 7.69% 10YRS TAX FREE BONDS 2012-13 TR-I SERIES-1 7.36% 15YRS TAX FREE BONDS 2012-13 TR-I SERIES-2 7.86% 15YRS TAX FREE BONDS 2012-13 TR-I SERIES-2 6.88% TR-2 TAX FREE BONDS 12-13 7.38% tr-2 TAX FREE BONDS 12-13 7.04% TR-2 TAX FREE BONDS 12-13 7.54% TR 2 TAX FREE BONDS 12-13 8.35% TAXU PFC Bonds- Series 104-A 8.30% TAXU PFC Bonds- Series 104-B 8.19% TAXU PFC Subordinated Bonds- Series 105 8.29% TAXU PFC Bonds- Series 106-A 8.27% TAXU PFC Bonds- Series 106- B 8.01% TAXU PFC Bonds- Series 107-A 8.46% TAXU PFC Bonds- Series 107-B 9.80% TAXU PFC Bonds- Series 108 9.81% TAXU PFC Bonds- Series 109 9.58% TAXU PFC Bonds- Series 110 9.65% TAXU PFC Subordinated Bonds- Series 111 9.70% TAXU PFC Bonds- Series 112-A-(STRPPs) 9.70% TAXU PFC Bonds- Series 112-B-(STRPPs) 9.70% TAXU PFC Bonds- Series 112-C-(STRPPs) 9.70% TAXU PFC Subordinated Bonds- Series 114 9.69% TAXU PFC Bonds- Series 113 Tax Free Bonds 2013-14 Tranche I Series 1A Tax Free Bonds 2013-14 Tranche I Series 2A Tax Free Bonds 2013-14 Tranche I Series 3A Tax Free Bonds 2013-14 Tranche I Series 1B Tax Free Bonds 2013-14 Tranche I Series 2B Tax Free Bonds 2013-14 Tranche I Series 3B
2.	IDBI Trusteeship Services Ltd Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai- 400 001	7.00% TAXU PFC Bonds (2011)-XXI-B Series 8.85% TAXU PFC Bonds (2021)-XXVIII Series 8.80% TAXU PFC Bonds (2016)-XXIX-A Series 8.78% TAXU PFC Bonds (2016)-XXXI-A Series 9.90% TAXU PFC Bonds (2017)-XXXIII-B Series 9.90% TAXU PFC Bonds (2017)-XXXIV Series

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



		<p>Long Term Infrastructure Bonds 2011-12 -Series-II</p> <p>Long Term Infrastructure Bonds 2011-12 -Series-III</p> <p>Long Term Infrastructure Bonds 2011-12 -Series-IV</p> <p>Long Term Infrastructure Bonds 2011-12 -Series-86A</p> <p>Long Term Infrastructure Bonds 2011-12 -Series-86B</p> <p>Long Term Infrastructure Bonds 2011-12 -Series-86C</p> <p>Long Term Infrastructure Bonds 2011-12 -Series-86D</p> <p>8.70% TAXU PFC Bonds – Series 73</p> <p>9.70% TAXU PFC Bonds – Series 74</p> <p>9.64% TAXU PFC Bonds – Series 75-A</p> <p>9.62% TAXU PFC Bonds – Series 75-B</p> <p>9.61% TAXU PFC Bonds – Series 75-C</p> <p>9.36% TAXU PFC Bonds – Series 76-A</p> <p>9.46% TAXU PFC Bonds – Series 76-B</p> <p>9.41% TAXU PFC Bonds – Series 77-A</p> <p>9.45% TAXU PFC Bonds – Series 77-B</p> <p>9.44% TAXU PFC Bonds – Series 78-B</p> <p>7.51% SEC TAX FREE PFC Bonds – Series 79-A</p> <p>7.75% SEC TAX FREE PFC Bonds – Series 79-B</p> <p>8.09% SEC TAX FREE PFC Bonds – Series 80-A</p> <p>8.16% SEC TAX FREE PFC Bonds – Series 80-B</p> <p>9.63% TAXU PFC Bonds – Series 82-A</p> <p>9.64% TAXU PFC Bonds – Series 82-B</p> <p>9.70% TAXU PFC Bonds – Series 82-C</p> <p>9.55% TAXU PFC Bonds – Series 83</p> <p>9.33% TAXU PFC Bonds – Series 84</p> <p>9.51% TAXU PFC Bonds – Series 85-A</p> <p>9.30% TAXU PFC Bonds – Series 85-C</p> <p>9.26% TAXU PFC Bonds – Series 85-D</p> <p>9.72% TAXU PFC Bonds – Series 87-B</p> <p>9.59% TAXU PFC Bonds – Series 87-C</p> <p>9.42% TAXU PFC Bonds – Series 87-D</p> <p>9.66% TAXU PFC Bonds – Series 88-B</p> <p>9.48% TAXU PFC Bonds – Series 88-C</p>
5.	<p>GDA Trusteeship Ltd. GDA HOUSE", Plot No.85, Survey No. 94/95 Paud Road, Pune-411038</p>	<p>Long Term Infrastructure Bonds 2011-Series-I</p> <p>Long Term Infrastructure Bonds 2011-Series-II</p> <p>Long Term Infrastructure Bonds 2011-Series-III</p> <p>Long Term Infrastructure Bonds 2011-Series-IV</p> <p>Tax Free Bonds 2011-12 Series I</p> <p>Tax Free Bonds 2011-12 Series II</p> <p>9.52% TAXU PFC Bonds – Series 89-A</p> <p>9.46% TAXU PFC Bonds – Series 89-B</p>



	<p>9.61% TAXU PFC Bonds – Series 90-A</p> <p>9.41% TAXU PFC Bonds – Series 90-B</p> <p>9.40% TAXU PFC Bonds – Series 91-A</p> <p>9.39% TAXU PFC Bonds – Series 91-B</p> <p>9.21% TAXU PFC Bonds – Series 92-A</p> <p>9.27% TAXU PFC Bonds – Series 92-B</p> <p>9.29% TAXU PFC Bonds – Series 92-C</p> <p>8.85% TAXU PFC Bonds – Series 93-A</p> <p>8.91% TAXU PFC Bonds – Series 93-B</p> <p>7.21% TAX FREE PFC Bonds – Series 94-A</p> <p>7.38% TAX FREE PFC Bonds – Series 94-B</p> <p>7.22% TAX FREE PFC Bonds – Series 95-A</p> <p>7.38% TAX FREE PFC Bonds – Series 95-B</p> <p>8.90% TAXU PFC Bonds – Series 96</p> <p>8.75% TAXU PFC Bonds – Series 97</p> <p>8.72% TAXU PFC Bonds – Series 98-A (STRPPs)</p> <p>8.72% TAXU PFC Bonds – Series 98-B (STRPPs)</p> <p>8.72% TAXU PFC Bonds – Series 98-C (STRPPs)</p> <p>8.77% TAXU PFC Bonds – Series 99-A</p> <p>8.82% TAXU PFC Bonds – Series 99-B</p> <p>8.86% TAXU PFC Bonds – Series 100-A</p> <p>8.84% TAXU PFC Bonds – Series 100-B</p> <p>8.95% TAXU PFC Bonds – Series 101-A</p> <p>9.00% TAXU PFC Bonds – Series 101-B</p> <p>8.90% TAXU PFC Bonds – Series 102(A)-I (STRPPs)</p> <p>8.90% TAXU PFC Bonds – Series 102(A)-II (STRPPs)</p> <p>8.90% TAXU PFC Bonds – Series 102(A)-III (STRPPs)</p> <p>8.87% PFC BOND SERIES 102-B</p> <p>8.87% TAXU PFC Bonds – Series 103</p>
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MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of the Company (PFC) is pleased to present its Report on Industry scenario including Company's performance during the FY 2013-14.

Industry Structure and Development

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

Generation

Installed Capacity

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

Capacity addition

During the Twelfth Plan period (2012-17), the capacity addition has been estimated at 88,537 MW comprising 26,182 MW in the central sector, 15,530 MW in the state sector, and 46,825 MW in the private sector respectively. The capacity addition target for the year 2013-14 was set at 18,432.30 MW. However, a capacity addition of 17,825.01 MW has been achieved during the financial year 2013-14, the details of which are as follows :

Transmission

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

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

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

(MW)

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

(Sources: CEA)

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

Distribution

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

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

Opportunities/Threats/Risks/Concerns

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

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

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

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

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

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

Concurrently, a scheme for financing of projects in the area of Equipment Manufacturing (EM) for power Sector has also been introduced. The objective of this scheme is to provide financial assistance for setting up/expansion of equipment manufacturing

capacity for power sector; covering of main plant equipments, balance of plant equipments, Transmission & Distribution equipment, non-conventional energy sources, nuclear power plants' equipment and other relevant projects such as projects aimed at Demand Side Management (DSM) etc.

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

Outlook

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

Corporate Social Responsibility and Sustainable Development (CSR&SD)

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

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

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

Internal control system and its adequacy

The company maintained a robust system of internal control including suitable monitoring procedures which ensures accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and company policies. Suitable delegation of power and guidelines for accounting has been issued for uniform compliance. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants in close co-ordination with Company's own internal audit department. Besides, Company's Audit Committee periodically reviews the important findings of different Audits keeping a close watch on compliance with internal control system.

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

PFC is an ISO 9001:2008 certified Company. These stringent internal control processes and credit review mechanisms reduce the number of defaults and ultimately contribute in gaining the faith of all the stakeholders.

Segment-wise or product-wise performance

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

Financial and Operational performance

The company continued to accomplish a healthy growth during the financial year 2013-14. The total revenues grew by 25% from ₹ 17,266.14 crore to ₹ 21,522 crore in FY 2013-14. Profit before Tax (PBT) grew by 27% from ₹ 5,967 crore to ₹ 7,558 crore in financial year 2013-14. Profit after Tax (PAT) grew by 23% from ₹ 4,420 crore to ₹ 5,418 crore in financial year 2013-14.

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

Renewable and Clean Development Mechanism (RE&CDM)

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

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

Foreign Exchange Earnings and Outgo

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

Human Resources

Your Company considers its employees as most valuable assets and aims to align human resource practices with business goals. Your Company takes pride of its highly motivated and committed team of employees. The employees performed to their full potential and contributed to the growth and development of the Company. The Company is committed to building the competencies of its employees and improving their performance through training and development. The Company focus is on identifying gaps in its employees' competencies and preparing employees for changes in competitive environments, as well as to meet organizational challenges. Towards this direction, the Company has an annual training plan system to assess the various training needs. Requisite skills are also imparted across all level of employees through customized training intervention. The Company has very cordial and harmonious relationship with its employees. There were no man-days lost during the period under review. The Company had 446 employees on its rolls as on March 31, 2014.

Cautionary Note

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook.

REPORT ON CORPORATE GOVERNANCE

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

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

A report in line with the requirements of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE) is given below as a part of the Director's Report along with a Certificate issued by a Practicing Company Secretary regarding compliance with the provisions of Corporate Governance:

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

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

- 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.

2. Board of Directors

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

Composition

As on March 31, 2014 the Company's Board comprised of seven (7) Directors which includes three (3) Whole Time Functional Directors, one (1) Part Time Government Nominee Director and three (3) Non Official Part Time (Independent) Directors.

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

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

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

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

Number of Board Meetings

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

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

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

Annual General Meeting

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

Directors' attendance at the Board Meetings during the FY 2013-14 and at the last Annual General Meeting, number of directorships in other companies and Membership / Chairmanship in other committees etc. are as follows:

Name and Designation	Board Meetings		No of other Directorships as on March 31, 2014*	Membership in the committees of other companies as on March 31, 2014**		Attendance at the last AGM held on September 26, 2013
	Held during the tenure	Attended		As Member	As Chairman	
Shri M.K. Goel Director (Commercial) & holding Addl. charge of Chairman and Managing Director (w.e.f. September 13, 2013)	7	7	5	Nil	Nil	Present
Director (Commercial)	4	4				
Shri Satnam Singh Chairman and Managing Director (upto September 13, 2013)	4	4	NA	NA	NA	NA
Shri R. Nagarajan Director (Finance)	11	11	7	Nil	Nil	Present
Shri A. K. Agarwal Director (Projects)	11	11	10	Nil	Nil	Present
Shri B. N. Sharma Director (Government Nominee)	11	11	1	Nil	Nil	Not Present
Shri J.N. Prasanna Kumar Independent Director	11	11	Nil	Nil	Nil	Present
Shri Vijay Mohan Kaul Independent Director (w.e.f. June 24, 2013)	9	8	2	2	Nil	Present
Shri Yogesh Chand Garg Independent Director (w.e.f. August 22, 2013)	7	7	Nil	Nil	Nil	Present
Shri Ajit Prasad Independent Director (upto October 7, 2013)	5	5	NA	NA	NA	Present
Shri Krishna Mohan Sahni Independent Director (upto December 30, 2013)	8	8	NA	NA	NA	Present

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

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

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

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he is a Director.

None of the Directors of the Company are in any way related to each other.

Information placed before the Board of Directors

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

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

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

Compliance with applicable laws

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

3. a) Code of Conduct

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

Based on the affirmation received from Board Members and Senior Management Personnel, declaration regarding compliance of Code of Conduct made by the Chairman & Managing Director is given below :

Declaration as required under Listing Agreement and DPE's Guidelines on Corporate Governance

"All the members of the Board and Senior Management Personnel have affirmed compliance of the 'Code of Business Conduct & Ethics for Board Members and Senior Management' for the financial year ended on March 31, 2014."



M.K. Goel
Chairman & Managing Director

b) Code for Prevention of Insider Trading

In pursuance of Securities and Exchange Board of India (Insider Trading) Regulations, 1992 as amended from time to time, your Company has formulated a comprehensive "Code for Prevention of Insider Trading" to preserve the confidentiality and to prevent misuse of un-published price sensitive information. Every director, officer and designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her assignment at the company and not to misuse his or her position or information to gain personal benefit or to provide benefit to any third party. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the securities of the Company and the consequences of non-compliance. The Company Secretary has been appointed as Compliance Officer and is responsible for ensuring adherence of the 'Code for Prevention of Insider Trading'.

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

c) Anti Fraud Policy

Your Company has adopted an "Anti Fraud policy" to provide a system of detection and prevention of fraud in the Company. It aims to promote consistent legal and ethical organizational behavior by assigning responsibility for the development of controls and providing guidelines for reporting of fraud/suspected fraud and conduct of investigation of suspected fraudulent behavior. The scope of policy extends to fraud or suspected fraud in the Company involving employees (including contractual employees) as well as other stakeholders of your company.

4. Committees of the Board of Directors

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board of Directors and its committees meet at regular intervals.

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

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

4.1 Audit Committee

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

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

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



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

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

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

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

The Chairman of the Audit Committee was present at the Annual General Meeting held on September 26, 2013.

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

4.2 Nomination, Remuneration and HR Committee

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

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

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

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

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

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

4.2A Remuneration Policy

The Company is a Central Public Sector Undertaking in which all members of the Board are appointed by the President of India through the administrative ministry i.e. Ministry of Power, Govt. of India, which, inter-alia, fixes the remuneration of such Whole Time Directors through their respective appointment orders/pay fixation orders.

Remuneration of Whole Time Directors

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

Details of remuneration of Whole Time Directors of the company during FY 2013-14 are given below:

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

Notes:

- The performance linked incentives are paid as per the Performance Evaluation System of the Company.
- The appointment of Directors and payment of their remuneration are decided by President of India as per the Articles of Association of the Company. Therefore, there is no provision for notice period and severance fees for the directors.
- None of the Directors opted for stock options for FY 2011-12 and FY 2012-13.

4.2B Remuneration of Independent and Government Nominee Directors

The Independent & Government Nominee Directors do not have any material pecuniary relationship or transactions with the Company. However, the Independent Directors were paid the sitting fees at a rate fixed by the Board within the limits as prescribed under the Companies Act, 1956 for attending the meetings of the Board and Committees of Directors. Presently, sitting fee of ₹ 20,000 for attending each meeting of the Board and Committees of Directors is being paid to each Independent Director.

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

4.3 Stakeholder Relationship and Shareholders'/Investors' Grievance Committee

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

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

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

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

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

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

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

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

* out of which 1 complaint was settled in April, 2014 and remaining 1 is sub judice

4.4 Loans Committee

The Loans Committee of the Directors has been constituted for sanctioning of financial assistance upto ₹ 500 crore to individual schemes or projects including enhancement of financial and lease assistance and relaxation of eligibility conditions, subject to overall ceiling of ₹10,000 crore in a financial year.

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

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

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

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

4.5 Committee of Functional Directors

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

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

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

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

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

4.6 Risk Management Committee

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

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

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

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

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

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

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

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

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

4.8 Ethics Committee of Directors

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

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

Shri M.K. Goel	Chairman
Shri Vijay Mohan Kaul	Member
Shri Yogesh Chand Garg	Member

4.9 CSR & Sustainable Development Committee of Directors

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

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

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

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

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

5. General Body Meeting

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

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

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

6. Subsidiary Companies

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

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

7. Disclosures

- (1) The Company has not entered into any transaction of material nature with its promoters, the directors or the management, their relatives or its subsidiaries, that may have any potential conflict with the interest of the Company. Further, the details of related party transactions are presented in note No 6.1 in Part - C "Other Notes on Accounts" of Annual Accounts in the Annual Report.
- (2) Neither any penalty nor any stricture has been imposed by SEBI, Stock Exchanges or any other Statutory Authority on any matter relating to capital market during the last three years.
- (3) Under the provisions of "Anti Fraud Policy" adopted by the Company, a whistle blower mechanism is in place for reporting of fraud or suspected fraud in the Company involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and/or any other parties with a business relationship with the Company. Further, the Company affirms that no personnel have been denied access to the Audit Committee.
- (4) No item of expenditure was debited in books of account which was not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.



- (5) Adoption / non adoption of the non mandatory requirements of the Clause 49 of the Listing Agreement are given under Annexure A.
- (6) The Company has laid down the procedures to inform the board about the risk assessment and minimization. The Board of Directors of the company periodically reviews these procedures to ensure risks are managed through a properly defined framework.
- (7) In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and Companies (Accounting Standards) Rules, 2006 to the extent applicable.

8. Means of Communication

The company recognizes communication as a key element of the overall Corporate Governance framework and therefore emphasizes continuous, efficient and relevant communication to all external constituencies. The Company communicates with its shareholders through its annual report, general meeting, newspapers and disclosures through website. The Company also communicates with its institutional shareholders through investor conferences. While the Quarterly/annual financial results are published in national newspapers the same are also available on the website of the Company, viz. www.pfcindia.com and are also submitted to stock exchanges for wider dissemination.

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

9. CEO / CFO certification

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

10. Shareholders Information

1) Annual General Meeting

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

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

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

3) Date of Book Closure

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

4) Payment of Dividend

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

The record date for the payment of Final Dividend for FY 2013-14 is September 11, 2014. The Dividend, if declared at the AGM, would be paid to the shareholders within 30 days from the date of declaration of the same at the AGM.

5) Dividend History

Year	Total Paid-up Capital (₹ In crore)	Total Amount of Dividend paid (₹ In crore)	Rate of Dividend (%)	Date of Payment (Interim & Final)
2008-09	1147.77	459.11	40%	March 5, 2009 (Interim) & September 29, 2009 (Final)
2009-10	1147.77	516.50	45%	February 12, 2010 (Interim) & September 29, 2010 (Final)
2010-11	1147.77 (Interim)	401.72	35%	January 31, 2011 (Interim)
	1319.93 (Final)	197.99	15%	October 8, 2011 (Final)
	Total	599.71	50%	-
2011-12	1319.93 (Interim)	659.97	50%	February 17, 2012 (Interim)
	1320.00 (Final)	132.00	10%	October 3, 2012 (Final)
	Total	791.97	60%	-
2012-13	1320.00 (Interim)	792.01	60%	February 13, 2013 (Interim)
	1320.00 (Final)	132.00	10%	October 7, 2013 (Final)
	Total	924.01	70%	-

6) Listing on Stock Exchanges

PFC shares are listed on the following stock exchanges:

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

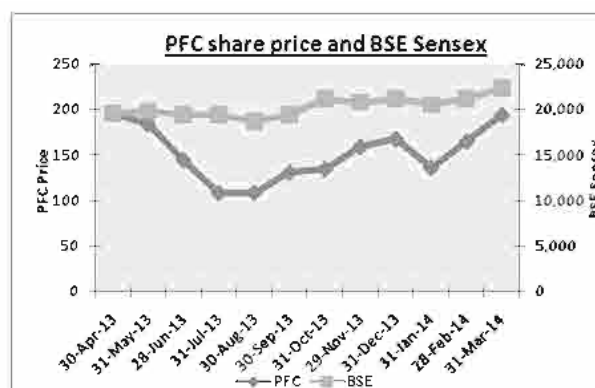
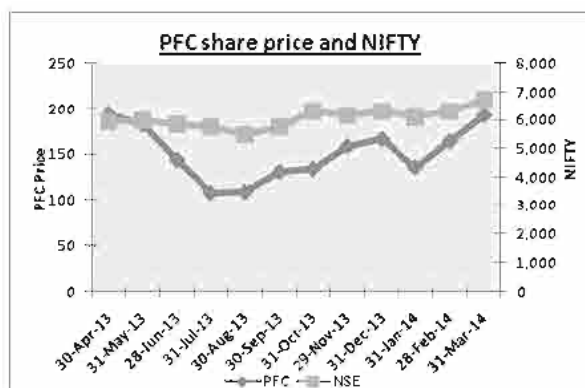
The annual listing fees for the FY 2014-15 have been paid to NSE and BSE.

7) Market Price Data

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



8) Performance in comparison to Indices



9) Registrar and Transfer Agent

Registered Office

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

Communication Address

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

10) Share Transfer System

The shares under physical segment are transferred through Karvy Computershare Private Limited, Registrar and Transfer Agent.

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

11) Details of Demat Suspense Account

The details of shares in the Demat Suspense account as on March 31, 2014 is as follows:

S. No.	Description	No. of Cases	No. of Shares
I)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2013	51	5482
II)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2013-2014	2	137
III)	Number of shareholders to whom shares were transferred from suspense account during the year 2013-2014	2	137
iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2014	49	5345

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

12) Distribution of shareholding

➤ Distribution of shareholding as on March 31, 2014

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

● Shareholding pattern as on March 31, 2014

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

13) Dematerialization of shares

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

Category	No. of shares	% of total capital issued
NSDL	1310019321	99.00%
CDSL	10007310	1.00%
Physical	14073	0.00%
Total	1320040704	100.00%



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

➤ **Employee Stock Options:**

For FY 2009-10, out of 87,888 Options granted during the FY 2011-12, the company had allotted 83,306 equity shares during previous financial year. During FY 2013-14, 4,255 equity shares have been allotted upon exercise of the stock options by the employees. Each Option, upon exercise of the same, would give rise to one equity share of ₹10/- each fully paid up. However, the Options can be exercised within a period of two years from the date of vesting i.e. July 29, 2012 by paying ₹10/- per option. Thus, the remaining 327 options are due to lapse if not exercised by the employees by the end of the said period.

For FY 2010-11, 92,964 options had been granted during the FY 2012-13 to the eligible employees. However, out of the 92,964 options granted, 69,954 options have been settled in cash and 1,572 options have been cancelled during previous financial year. The remaining 21,438 equity shares have been allotted upon exercise of the stock options by the employees during FY 2013-14.

Members may refer to the disclosures annexed to the Directors' Report with regard to particulars of Employees Stock Option.

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

15) Address for correspondence

Registered Office:

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

Company Secretary

Shri Manohar Batwani
Tel: +91 11 23456020
Fax: +91 11 23456786
e-mail: investorsgrievance@pfcindia.com

Non-Mandatory Requirements

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

1. **The Board :** The Company is headed by an executive Chairman. None of the Independent Directors on the Board of the Company has been appointed, in aggregate, for a period exceeding nine (9) years.
2. **Remuneration Committee :** The appointment of Chairman and Managing Director and other Directors and fixation of their remuneration are decided by President of India as per the Articles of Association of the Company. However, in line with the requirement under Department of Public Enterprises (DPE) guidelines on Corporate Governance for CPSEs and Companies Act, the Company has constituted a "Nomination, Remuneration and HR Committee" comprising of three independent directors.
3. **Shareholder Rights :** The quarterly financial results of the Company are published in leading newspapers as mentioned under the heading "Means and Communication" of the Corporate Governance report and also displayed on the website of the Company.
4. **Audit Qualifications :** There are no audit qualifications for the FY 2013-14.
5. **Training to Board members :** Various seminars, conferences, training programmes etc. are attended by the Board members from time to time. Further, under the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, a policy for training of Board members has been formulated.
6. **Mechanism for evaluating non-executive Board Members :** Not yet adopted by the Company.
7. **Whistle Blower Policy :** The Company has not adopted any separate "Whistle Blower policy". However, under the provisions of "Anti Fraud Policy" adopted by the Company, a whistle blower mechanism is in place for reporting of fraud or suspected fraud in the Company involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and/or any other parties with a business relationship with the Company.



CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Power Finance Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Power Finance Corporation Limited (the Company), for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchange(s) as well as Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For Sanjay Grover & Associates
Company Secretaries

Date 25.08.2014
Place : New Delhi

Sanjay Grover
C.P. No. 3850

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

Corporate Identity Number (CIN) of the Company	L65910DL1986GOI024862
Name of the Company	Power Finance Corporation Limited (PFC)
Registered address	'Urjankhi', 1, Barakhamba Lane, Connaught Place, New Delhi-110001
Website	www.pfcindia.com
E-mail Id	mb@pfcindia.com
Financial Year reported	2013-2014
Sector(s) that the Company is engaged in (industrial activity code-wise)	64990 (Other financial service activities, except insurance and pension funding activities)
List three key products/services that the Company manufactures/provides (as in balance sheet)	(i) Rupee Term Loan (RTL) (ii) Short Term Loan (STL) (iii) Buyer's Line of credit (SLC)
Total number of locations where business activity is undertaken by the Company I. Number of International Locations II. Number of National Locations	None 2 Regional offices- Mumbai, Chennai
Markets served by the Company - Local/State/National/International	National

Section B: Financial Details of the Company (as on March 31, 2014)

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

Section C: Other Details

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

Section D: BR Information

- Details of Director/Directors responsible for BR
 - Details of the Director/Directors responsible for implementation of the BR policy/policies

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

b) Details of the BR head

S.No.	ParticularDetails
1.	DIN Number (If applicable)
2.	Name
3.	Designation
4.	Telephone number
5.	E-mail id

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

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly areas under:

- P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 - Businesses should provide goods and services that are safe and contribute to sustainability through out their life cycle.
- P3 - Businesses should promote the well-being of all employees.
- P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 - Businesses should respect and promote human rights.
- P6 - Businesses should respect, protect, and make efforts to restore the environment.
- P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 - Businesses should support inclusive growth and equitable development.
- P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S.No.	Question	Business Ethics	Product Responsibility	Well being of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for....	Y	PFC being an NBFC, this principle has limited applicability	Y	Y	The policy embedded in company's HR policies and practices	Y	The policy is embedded in company's various policies & practices	Y	The policy is embedded in company's various policies and practices
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	-	Y	-	Y	-
3.	Does the policy conform to any national /international standards?	Y	-	Y	Y	-	Y	-	Y	-
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	-	Y	Y	-	Y	-	Y	-



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

http://www.pfcindia.com/Content/Code_of_Conduct.aspx
http://www.pfcindia.com/Content/Anti_Fraud_Policy.aspx
http://www.pfcindia.com/Content/Fair_Practices_Code.aspx
<http://www.pfcindia.com/Content/CSR%20and%20SD%20POLICY.aspx>



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

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

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

CSR & SD Committee headed by an Independent Director has been constituted to give direction to the CSR and SD activities of the Company and to make recommendations to the Board of Directors for taking up various CSR & SD projects. During FY 2013-14, nine meetings of the Committee were held.

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

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

Section E: Principle-wise performance

Principle 1

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Power Finance Corporation Ltd. (PFC) is a leading power sector public financial institution and a non-banking financial company, providing fund and non-fund based support for the development of the Indian power sector. It plays a major role in channelizing investment into the power sector and acts as a vehicle for development of this sector. Its clients include state power utilities, central power sector utilities, power departments, private power sector utilities (including independent power producers), joint sector power utilities etc. PFC has developed the Fair Practices Code (FPC) for its lending operations based on the RBI guidelines, which intends to provide assurance to all the borrowers of the Company's commitment to fair dealing and transparency in its businesses transactions.

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

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

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

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Under the Anti-Fraud Policy, the Company had not received any complaint during the FY 2013-14. The company had received 37 complaints from the shareholders of the Company during the FY 2013-14 in addition to 1 complaint pending at the beginning of the year. Out of which 36 complaints (94.74%) were resolved by March 31, 2014 leaving a balance of 2 complaints of which 1 has since been resolved in April 2014.

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

Principle 2

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

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

PFC has a dedicated Renewable Energy Group to focus and accelerate the development of business in the Renewable Energy Sector which includes Wind, Biomass, Small Hydro, Solar, etc. The company offers special interest rates for Renewable Energy Generation Projects and considers providing financial assistance to all types of Renewable Energy Projects.

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

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

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

- i. **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**
Not Applicable.
- ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**
Not Applicable.
3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**
Not Applicable.
4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**
Not Applicable.
5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so?**
Not Applicable.

Principle 3

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

As on March 31, 2014 there are 446 employees in PFC.

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

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

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

As on March 31, 2014, there were 88 women employees on the rolls of the company.

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

As on March 31, 2014, there were 10 differently abled employees on the rolls of the company.

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

PFC has PFC Employees Union, PFC SC/ST/OBC Welfare Association and PFC Executive Association.

6. **What percentage of your permanent employees is members of this recognized employee association?**

All permanent employees are members of these recognized employee associations.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S.No.	Category	No of complaints filed during the financial year	No of complaints pending as on March 31, 2014
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

• Permanent Employees	-	82%
• Permanent Women Employees	-	77%
• Casual/Temporary/Contractual Employees	-	NIL
• Employees with Disabilities	-	33%

Principle 4

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

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

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

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

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

All Govt. of India directives are followed for recruitment and at various levels of career progression for these people (all reserved category employees (SC/ST/OBC/PWD & Minorities). Various infrastructure arrangements were made for benefits of PWD persons. Meritorious awards are being given to children of these categories along with other children by giving special relaxation in percentage of marks. Separate Liaison Officers are in place to look after the welfare of the employees in the ambit of this category. It is ensured that a person of reserved/minority category of appropriate level is nominated as member in various selection and promotion committees to look into the interest of the employees of reserved categories.

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

Principle 5

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

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

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

The details of stakeholder complaints during FY 2013-14 are given herein below:

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

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?
The CSR&SO Policy covers the Company as a whole.

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

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

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

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

Since PFC offers financial products only, the question is not applicable.

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

The above question is not applicable to PFC as it is not a manufacturing company. However, considering the emerging prospects in the development and financing of renewable energy sector, Company has set up a wholly owned subsidiary exclusively for funding renewable energy sector. While there is separate subsidiary for financing of renewable energy projects, your Company still continues to fund larger renewable energy projects and has a dedicated Renewable Energy Group to focus and accelerate the development of business in the Renewable Energy Sector which include Wind, Biomass, Small Hydro, Solar etc. The company offers special interest rates for Renewable Energy Generation Projects and is considering funding all types of Renewable Energy Projects.

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

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

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

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

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

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

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?
Not Applicable.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on March 31, 2014.
Not Applicable.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
Yes, PFC is a member of SCOPE, FICCI, PHD Chambers of Commerce & Industry, Central Board of Irrigation and Power, ASSOCHAM, CII and World Energy Council.
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;
If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
PFC supports the initiatives taken by above Associations in their endeavors for the advancement or improvement of public good.

Principle 8

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

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

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

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

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

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

4. What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?
The Company had allocated ₹ 44.38 crores for CSR & SD initiatives in the FY 2013-14. However, PFC had sanctioned projects/activities worth ₹ 70.21 crores in FY 2013-14 and disbursed ₹ 46.52 crores which included projects sanctioned in FY 2013-14, FY 2012-13 & FY 2011-12 under CSR & SD activities. During the year PFC had implemented wide range of activities in the field of Solar energy, Skill Development, Relief to the victims of Natural calamities in various states.

PFC had supported a number of programmes across various states such as 'Improving Operational Reliability and Service Quality of Primary Health Centres' (₹ 7.54 cr) through The Energy Resources Institute (TERI), 'Supply, installation and commissioning of Solar street Lighting Systems at Giridh, Dhanbad & Bokaro of Jharkhand (₹1.05 cr)', 'Supply, installation and commissioning of Mini/ Micro Off Grid Solar PV Power Plants in three villages in Haryana (₹ 3.84 crore)', 'Supply, installation and commissioning of Grid connected Roof Top Solar PV plant (500 kWp) in Kalinga Institute of Social Sciences, Bhubaneswar (₹ 2.03 cr) through Solar Energy Corporation of India Ltd. (SECI).

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

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

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

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

Principle 9

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

As on March 31, 2014, there were no pending customer complaints.

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

Not Applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, Irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on March 31, 2014. If so, provide details thereof, in about 50 words or so

Not Applicable.

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

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

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

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

Annexure to Business Responsibility Report

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



POWERING THE ALLIANCE
OF A SUSTAINABLE FUTURE



BALANCE SHEET

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

(₹ in crore)

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

SIGNIFICANT ACCOUNTING POLICIES

OTHER NOTES ON ACCOUNTS

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

Part B

Part C

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

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

Signed in terms of our report of even date

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

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

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

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

Place : New Delhi
Date : 27.05.2014



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

Description	Note Part A	Year ended 31.03.2014	Year ended 31.03.2013
(₹ in crore)			
I. Revenue from Operations			
Interest	12	20,976.71	16,922.91
Other Operating Income	12	543.71	343.23
II. Other Income			
Other Income	13	15.04	6.41
III. Total Revenue (I + II)		21,537.46	17,272.55
IV. EXPENSES			
Interest, Finance and Other Charges	14	13,199.59	10,991.08
Bond issue Expenses	15	79.09	97.33
Employee Benefit Expenses	16	79.56	80.94
Provision for contingencies		469.89	80.65
Provision for decline in value of investments		(0.15)	(0.003)
Depreciation and Amortization expenses	6	4.93	5.70
CSR and Sustainable Development Expenses		63.23	16.30
Other Expenses	17	83.30	42.12
Prior Period Items (Net)	18	(0.29)	(8.81)
Total Expenses		13,979.15	11,305.51
V. Profit before exceptional and extraordinary items and tax (III-IV)		7,558.31	5,967.04
VI. Exceptional items		0.00	0.00
VII. Profit before extraordinary items and tax (V-VI)		7,558.31	5,967.04
VIII. Extraordinary items		0.00	0.00
IX. Profit Before Tax (VII-VIII)		7,558.31	5,967.04
X. Tax Expenses			
(1) Current Tax			
for current year		2,075.81	1,543.57
for earlier years		10.32	(128.48)
(2) Deferred Tax liability(+) / Asset(-)		54.43	132.36
XI. Profit (Loss) for the year from continuing operations (IX-X)		5,417.75	4,419.60
XII. Earnings per equity share of ₹ 10/- each (Refer Note No. 15 of Part-C - Other Notes on Accounts)			
(1) Basic (₹)		41.04	33.48
(2) Diluted (₹)		41.04	33.48

SIGNIFICANT ACCOUNTING POLICIES

Part B

OTHER NOTES ON ACCOUNTS

Part C

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

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

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

Signed in terms of our report of even date

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

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

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

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

Place : New Delhi
Date : 27.05.2014

NOTE - Part A - 1 SHARE CAPITAL

		(₹ in crore)	
Description		As at 31.03.2014	As at 31.03.2013
A	Authorized :		
	200,00,00,000 Equity shares of ₹ 10/- each (Previous year 200,00,00,000 equity shares of ₹ 10/- each)	2,000.00	2,000.00
	Total	2,000.00	2,000.00
B	Issued, subscribed and paid up :		
	132,00,15,011 Equity shares of ₹ 10/- each fully paid-up (Previous year 131,99,31,705 equity shares of ₹ 10/- each fully paid up)	1,320.02	1,319.93
	Add : 25,693 Equity shares of ₹ 10/- each fully paid-up (previous year 83,306 equity shares of ₹ 10/- each fully paid-up)	0.02	0.09
	Total	1,320.04	1,320.02
Notes :-			
1.	Information on Shares in the company held by each shareholder holding more than 5 percent of paid-up equity share capital :		
	Name of Holders	31.03.2014	31.03.2013
	President of India	% of Share Holding 72.80*	73.72
		No. of Shares Held 96,09,55,589	97,30,61,665
		Amount (₹ in crore) 960.96	973.06
	Life Insurance Corporation of India	% of Share Holding 7.80	5.77
		No. of Shares Held 10,28,99,599	7,61,64,471
		Amount (₹ in crore) 102.90	76.16
2.	Under the Company stock option plan titled as PFC - ESOP 2010, the Remuneration Committee in their meeting held on 23rd December, 2011 had given its approval for FY 2009-10 for grant of 88,040 options, effective from 29th July, 2011 and in their meeting held on 30th April 2012 had given its approval for FY 2010-11 for the grant of 92,964 options effective from 30th April 2012 to regular employees of the Company through PFC Employees Welfare Trust, at a price of ₹ 176.05/- per option for FY 2009-10 and ₹ 180.75/- per option for FY 2010-11, exclusive of the face value of ₹ 10/- per share, convertible into equivalent number of equity shares of ₹ 10/- each on payment of ₹ 10 per share. For FY 2009-10, out of 88,040 options, 87,888 options has been granted, 83,306 equity shares have been allotted during the previous financial year and 4,255 equity shares during the current year upon exercising the stock option under the scheme. For FY 2010-11, out of 92,964 options granted, 89,954 options have been settled in cash and 1,572 options have been cancelled during the previous financial year and allotted 21,438 equity shares during the current year upon exercising the stock option under the scheme. * Refer Note No. 19.2 of Part-C - Other Notes on Accounts		

NOTE - Part A - 2 RESERVES & SURPLUS

		(₹ in crore)	
Description		As at 31.03.2014	As at 31.03.2013
(A)	Securities Premium Reserve		
	Opening balance	4,094.50	4,092.87
	Add : Addition during the year *	1.87	1.51
	Less: Issue Expenses (FPO)	0.00	(0.32)
		4,096.37	4,094.50
(B)	Debenture Redemption Reserve		
	Opening balance	274.85	55.79
	Add : Transfer from Profit and Loss Appropriation (Refer Note No. 4 of Part-C - Other Notes on Accounts)	271.23	548.08
		546.08	219.06
(C)	Others		
(i)	Reserve for Bad & doubtful debts u/s 36(1)(viii)(c) of Income-Tax Act, 1961		
	Opening balance	1,409.01	1,156.81
	Add : Transfer from Profit and Loss Appropriation	321.43	250.40
		1,730.44	1,409.01
(ii)	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97	599.85	599.85
(iii)	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98		
	Opening balance	7,139.87	5,982.06
	Add : Transfer from Profit and Loss Appropriation	1,464.74	1,155.90
	Add : Transfer from General Reserve	0.00	1.91
	Add : Transfer from Surplus **	37.85	0.00
	Less: Transfer to General Reserve	(17.80)	0.00
		8,624.46	7,139.87
(iv)	CSR and SD Reserve		
	Opening balance	18.85	0.00
	Less: Transfer to Surplus (Refer Note No. 21.2 of Part-C - Other Notes on Accounts)	(18.85)	0.00
		0.00	18.85
(v)	General Reserve		
	Opening balance	3,034.49	2,594.40
	Add : Transfer from Profit and Loss Appropriation	542.00	442.00
	Add : Transferred from Special Reserve	17.80	0.00
	Less: Transferred to Special Reserve	0.00	1.91
		3,594.29	3,034.49



(vi) Foreign Currency Monetary Item Translation Difference A/c
(Refer Note No. 11 of Part-C - Other Notes on Accounts)

Opening balance
Add : Net addition during the year

(477.97)
(231.24) (709.21) (515.41)
37.44 (477.97)

(D) Surplus

Opening balance
Add : Transfers from CSR and SD Reserve
Less : Transfers to Special Reserve under Income Tax Act, 1961 **
Add : Surplus retained from the Profit and Loss Appropriation for the year

6,162.68
18.85
(37.65)
1,428.41 7,572.29 1,258.47 6,162.68
26,054.57 22,256.13

Note: Profit and Loss Appropriation

Profit after tax for the year

5,417.75 4,419.60

Less : CSR and SD Reserves

Transfer to CSR and SD Reserve (relating to earlier years)
Transfer from CSR and SD Reserve (relating to earlier years)
Transfer to CSR and SD Reserve (relating to current year)

0.00
0.00
0.00 0.00 16.39
(9.30) 18.85

Less : Transfer to Reserves

Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1)(viii)(c) of
Income Tax Act, 1961

321.43 250.40

Transfer to Special Reserve created and maintained u/s 36(1)(vii) of
Income Tax Act, 1961

1,464.74 1,155.90

Debenture Redemption Reserve

271.23 219.06

General Reserve

542.00 2,598.40 442.00 2,067.36

Less : Dividend & Corporate Dividend Tax

Interim Dividend

1,161.64 792.01

Proposed Final Dividend

26.40 132.00

Corporate Dividend Tax on Interim Dividend

197.41 128.48

Proposed Corporate Dividend Tax

4.49 1,389.94 22.43 1,074.92

Total

1,428.41 1,258.47

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

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

NOTE - Part A - 3
BORROWINGS

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Current	Non-Current	Total	Current	Non-Current	Total
A. Long Term Borrowings						
I. Secured						
Bonds						
Infrastructure Bonds (Refer Note No. from 1 to 12)	0.00	361.55	361.55	0.00	361.55	361.55
Tax Free Bonds (Refer note no. from 13 to 38)	0.00	11,275.11	11,275.11	0.00	6,275.12	6,275.12
Other Bonds (Refer Note No. 39 to 45)	0.00	11,140.00	11,140.00	0.00	0.00	0.00
Sub Total (I)	0.00	22,776.66	22,776.66	0.00	6,636.67	6,636.67
II. Un-secured						
a) Bonds						
Other Bonds / Debentures (Refer Note No. 46 and 47)	10,399.90	89,528.17	99,928.07	3,262.90	95,434.62	98,697.52
Subordinated Bonds (Refer Note No. 48)	0.00	3,800.00	3,800.00	0.00	0.00	0.00
Foreign Currency Notes (Refer Note No. 50)	0.00	1,088.82	1,088.82	0.00	986.40	986.40
	10,399.90	94,416.99	1,04,815.89	3,262.90	96,421.02	99,683.92
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) (Refer Note No. 51)	24.57	265.36	289.93	19.98	251.49	271.47
Syndicated Foreign Currency Loans from banks / Financial Institutions (Refer Note No. 52)	3,674.53	3,872.56	7,547.09	0.00	6,946.68	6,946.68
Foreign Currency Loans (FCNR (B) from banks)	0.00	0.00	0.00	219.20	0.00	219.20
	3,699.10	4,137.92	7,837.02	239.18	7,198.17	7,437.35
c) Rupee Term Loans						
Rupee Term Loans (From Banks) (Refer Note No. 53)	810.00	21,160.00	21,970.00	3,980.00	10,895.00	14,875.00
Rupee Term Loans (From Financial Institutions) (Refer Note No. 54)	500.00	0.00	500.00	2,130.00	0.00	2,130.00
	1,310.00	21,160.00	22,470.00	6,110.00	10,895.00	17,005.00
Sub Total (II)	15,409.00	1,19,714.91	1,35,123.91	9,612.08	1,14,514.19	1,24,126.27
B. Short Term Borrowings						
Rupee Term Loans						
I. Secured						
Loan against FD	0.00	0.00	0.00	860.55	0.00	860.55
Sub Total (I)	0.00	0.00	0.00	860.55	0.00	860.55
II. Un-secured						
Commercial Paper (Refer Note No. 55)	1,314.49	0.00	1,314.49	4,890.20	0.00	4,890.20
Working Capital Demand Loan / OD / CC / Line of Credit	0.00	0.00	0.00	2,959.22	0.00	2,959.22
Sub Total (II)	1,314.49	0.00	1,314.49	7,849.42	0.00	7,849.42
Total (A) + (B)	16,723.49	1,42,491.57	1,59,215.06	18,322.05	1,21,150.86	1,39,472.91

Notes:-

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

SL No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ In crore)	Date of Redemption	Redemption details	Nature of Security
1	Infrastructure Bonds (2011-12) Series-III	21.11.2011	8.75%	3.23	22-Nov-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
2	Infrastructure Bonds (2011-12) Series - IV	21.11.2011	8.75%	8.83	22-Nov-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
3	Infrastructure Bonds (2010-11) Series-3	31.03.2011	8.50%	6.13	1-Apr-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,971.21 crore as on 31.03.2014 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
4	Infrastructure Bonds (2010-11) Series-4	31.03.2011	8.50%	22.75	1-Apr-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
5	Infrastructure Bonds 86 C Series	30.03.2012	8.72%	0.95	31-Mar-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
6	Infrastructure Bonds 86 D Series	30.03.2012	8.72%	2.75	31-Mar-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
7	Infrastructure Bonds 86 A Series	30.03.2012	8.43%	9.04	31-Mar-17	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
8	Infrastructure Bonds 86 B Series	30.03.2012	8.43%	17.81	31-Mar-17	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	

S No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ In crore)	Date of Redemption	Redemption details	Nature of Security
9	Infrastructure Bonds (2011-12) Series-I	21.11.2011	8.50%	32.43	22-Nov-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
10	Infrastructure Bonds (2011-12) Series-II	21.11.2011	8.50%	51.15	22-Nov-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
11	Infrastructure Bonds (2010-11) Series-1	31.03.2011	8.30%	66.80	1-Apr-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,971.21 crore as on 31.03.2014 of the company along with first charge on immovable property situated at Jangpura, New Delhi.
12	Infrastructure Bonds (2010-11) Series-2	31.03.2011	8.30%	139.68	1-Apr-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
		Total		361.55			

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

S No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ In crore)	Date of Redemption	Nature of Security
13	Tax Free Bonds (2013-14) - Series 3A	16-11-2013	8.67%	1,067.38	16-Nov-33	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
14	Tax Free Bonds (2013-14) - Series 3B	16-11-2013	8.92%	861.96	16-Nov-33	
15	Tax Free Bonds (2013-14) - Series 2A	16-11-2013	8.54%	932.70	16-Nov-28	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
16	Tax Free Bonds (2013-14) - Series 2B	16-11-2013	8.79%	353.32	16-Nov-28	
17	Tax Free Bonds Series 107 B	30-08-2013	8.46%	1,011.10	30-Aug-28	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
18	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.04%	3.32	28-Mar-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
19	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.54%	65.88	28-Mar-28	
20	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.36%	136.84	4-Jan-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
21	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.86%	220.16	4-Jan-28	
22	Tax Free Bonds Series 95 B	29-11-2012	7.38%	100.00	29-Nov-27	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables / loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
23	Tax Free Bonds Series 94 B	22-11-2012	7.38%	25.00	22-Nov-27	
24	Tax Free Bonds(2011-12) tranche -I - Series II	01.02.2012	8.30%	1,280.58	1-Feb-27	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
25	Tax Free Bonds Series 80 B	25.11.2011	8.16%	209.34	25-Nov-26	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
26	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15-Oct-26	
27	Tax Free Bonds (2013-14) - Series 1A	16-11-2013	8.18%	325.07	16-Nov-23	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
28	Tax Free Bonds (2013-14) - Series 1B	16-11-2013	8.43%	335.47	16-Nov-23	

29	Tax Free Bonds Series 107 A	30-08-2013	8.01%	113.00	30-Aug-23	First pari passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
30	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	6.88%	47.64	28-Mar-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
31	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	7.38%	48.52	28-Mar-23	
32	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.19%	176.99	4-Jan-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
33	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.69%	165.76	4-Jan-23	
34	Tax Free Bonds Series 95 A	29-11-2012	7.22%	30.00	29-Nov-22	First pari passu charge on the Immovable Property situated at Chennai.
35	Tax Free Bonds Series 94 A	22-11-2012	7.21%	255.00	22-Nov-22	All present and future receivables / loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
36	Tax Free Bonds(2011-12) tranche -I - Series I	01.02.2012	8.20%	2,752.55	1-Feb-22	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
37	Tax Free Bonds Series 80 A	25.11.2011	8.09%	334.31	25-Nov-21	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
38	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15-Oct-21	
Total				11,275.11		

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

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



43	Taxable Bonds Series 109	07.10.2013	9.81%	4,500.00	7-Oct-18	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under/ pursuant to the Transaction Documents.
44	Taxable Bonds Series 108	27.09.2013	9.80%	1,600.00	27-Sep-16	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under/ pursuant to the Transaction Documents.
45	Taxable Bonds Series 110	05.12.2013	9.58%	1,990.00	5-Dec-15	First pari passu charge on total receivables of the Company, excluding the receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under/ pursuant to the Transaction Documents.
		Total		11,140.00		
46	Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 379.67 crore (previous year ₹ 351.22 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 (net of Unamortized Interest of ₹ 370.33 crore (previous year ₹ 398.78 crore)).					
47	The details of Unsecured Taxable (Non cumulative) Bonds are as follows :					
S No	Bond Series	Coupon Rate		Date of Redemption		Amount(₹ in crore)
1	71 - C Series	9.05%		15-Dec-30		192.70
2	66 - C Series	8.85%		15-Jun-30		633.00
3	103 Series	8.94%		25-Mar-28		2,807.00
4	102 - A (III) Series	8.90%		18-Mar-28		403.00
5	101 - B Series	9.00%		11-Mar-28		1,370.00
6	77- B Series	9.45%		1-Sep-26		2,568.00
7	76 - B Series	9.46%		1-Aug-26		1,105.00
8	71 - B Series	9.05%		15-Dec-25		192.70
9	66 - B Series	8.75%		15-Jun-25		832.00
10	66 - B Series	8.75%		15-Jun-25		700.00
11	65 - Series	8.70%		14-May-25		1,087.50
12	65 - Series	8.70%		14-May-25		250.00
13	64 - Series	8.95%		30-Mar-25		492.00
14	63 - Series	8.90%		15-Mar-25		184.00
15	62 - B Series	8.80%		15-Jan-25		1,172.60
16	61 - Series	8.50%		15-Dec-24		351.00
17	57 - B Series	8.60%		7-Aug-24		866.50
18	85 - D Series	9.26%		15-Apr-23		736.00
19	102 - A(II) Series	8.90%		18-Mar-23		403.00
20	102 - B Series	8.87%		18-Mar-23		70.00
21	100 - B Series	8.84%		4-Mar-23		1,310.00
22	92 - C Series	9.29%		21-Aug-22		640.00
23	91- B Series	9.39%		29-Jun-22		2,695.20
24	88- C Series	9.48%		15-Apr-22		184.70
25	78- B Series	9.44%		23-Sep-21		1,180.00
26	76- A Series	9.36%		1-Aug-21		2,589.40

S.No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
27	75- C Series	9.61%	29-Jun-21	2,084.70
28	74 Series	9.70%	9-Jun-21	1,693.20
29	XXVIII Series	8.85%	31-May-21	600.00
30	73 Series	9.18%	15-Apr-21	1,000.00
31	72 - B Series	8.99%	15-Jan-21	1,219.00
32	71 - A Series	9.05%	15-Dec-20	192.70
33	70 Series	8.78%	15-Nov-20	1,549.00
34	68 - B Series	8.70%	15-Jul-20	1,424.00
35	66 - A Series	8.65%	15-Jun-20	500.00
36	65 - Series	8.70%	14-May-20	162.50
37	65 - Series	8.70%	14-May-20	1,175.00
38	85 - C Series	9.30%	15-Apr-20	79.50
39	64 - Series	8.95%	30-Mar-20	492.00
40	87 - D Series	9.42%	20-Mar-20	650.80
41	63 - Series	8.90%	15-Mar-20	184.00
42	100 - A Series	8.86%	4-Mar-20	54.30
43	99 - B Series	8.82%	20-Feb-20	733.00
44	62 - A Series	8.70%	15-Jan-20	845.40
45	61 - Series	8.50%	15-Dec-19	351.00
46	60 - B Series	1 year INCM TBMK + 179 bps	20-Nov-19	925.00
47	59 - B Series	8.80%	15-Oct-19	1,216.60
48	57 - B Series	8.60%	7-Aug-19	866.50
49	90 - B Series	9.41%	1-Jun-19	391.00
50	98 (III) Series	8.72%	8-Feb-19	324.00
51	82- C Series	9.70%	15-Dec-18	2,060.00
52	52 - C Series	11.25%	28-Nov-18	1,950.60
53	51 - C Series	11.00%	15-Sep-18	3,024.40
54	XLIX - B Series	10.85%	11-Aug-18	428.60
55	XLVIII - C Series	10.55%	15-Jul-18	259.70
56	XLVII - C Series	9.68%	9-Jun-18	780.70
57	104 - B Series	8.30%	15-May-18	351.00
58	102 - A(I) Series	8.90%	18-Mar-18	403.00
59	101 - A Series	8.95%	11-Mar-18	3,201.00
60	99 - A Series	8.77%	20-Feb-18	2.00
61	98 (II) Series	8.72%	8-Feb-18	324.00
62	72 - A Series	8.97%	15-Jan-18	144.00
63	97 Series	8.75%	15-Jan-18	1,000.00
64	XL - C Series	9.28%	28-Dec-17	650.00
65	XVIII Series	7.87%	13-Nov-17	25.00
66	93 - B Series	8.91%	15-Oct-17	950.00
67	XVII Series	8.21%	3-Oct-17	25.00
68	92 - A Series	9.01%	21-Aug-17	50.00
69	92 - B Series	9.27%	21-Aug-17	1,930.00
70	91 - A Series	9.40%	29-Jun-17	107.50
71	90 - A Series	9.61%	1-Jun-17	552.90
72	XIII Series	9.60%	24-May-17	65.00
73	XXXV Series	9.96%	18-May-17	530.00
74	XIII Series	9.60%	16-May-17	125.00
75	89 - A Series	9.52%	2-May-17	2,595.00
76	88- B Series	9.66%	15-Apr-17	100.20
77	XXXIV Series	9.90%	30-Mar-17	500.50
78	XXXIII - B Series	9.90%	22-Mar-17	561.50
79	87 - C Series	9.59%	20-Mar-17	217.50

S No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
80	87 - B Series	9.72%	20-Mar-17	23.00
81	84 Series	9.33%	17-Feb-17	1,521.20
82	98 (I) Series	8.72%	8-Feb-17	324.00
83	82 - B Series	9.64%	15-Dec-16	825.00
84	XXXI - A Series	8.78%	11-Dec-16	1,451.20
85	XVIII Series	7.87%	13-Nov-16	25.00
86	XVII Series	8.21%	3-Oct-16	25.00
87	XXIX - A Series	8.80%	7-Sep-16	250.00
88	77 - A Series	9.41%	1-Sep-16	1,083.60
89	75 - B Series	9.62%	29-Jun-16	360.00
90	106 - B Series	8.27%	25-Jun-16	3,033.00
91	104 - A Series	8.35%	15-May-16	4,000.00
92	XXVII - A Series	8.20%	17-Mar-16	1,000.00
93	XXVI Series	7.95%	24-Feb-16	1,261.80
94	XXV Series	7.60%	30-Dec-15	1,734.70
95	52 - B Series	11.30%	28-Nov-15	5.80
96	XVIII Series	7.87%	13-Nov-15	25.00
97	XVII Series	8.21%	3-Oct-15	25.00
98	50 - C Series	10.70%	25-Aug-15	80.80
99	68 - A Series	8.25%	15-Jul-15	147.00
100	106 - A Series	8.29%	25-Jun-15	1,250.00
101	65 - Series	8.70%	14-May-15	1,337.50
102	89 - B Series	9.46%	2-May-15	2,056.00
103	85 - A Series	9.51%	15-Apr-15	661.30
104	64 - Series	8.95%	30-Mar-15	492.00
105	63 - Series	8.90%	15-Mar-15	184.00
106	83 Series	9.55%	13-Jan-15	1,292.30
107	61 - Series	8.50%	15-Dec-14	351.00
108	82 - A Series	9.63%	15-Dec-14	2,100.00
109	96 Series	8.90%	14-Dec-14	1,903.00
110	XVIII Series	7.87%	13-Nov-14	25.00
111	XXI B Series	7.00%	2-Nov-14	51.90
112	59 - A Series	8.45%	15-Oct-14	288.20
113	93 - A Series	8.85%	15-Oct-14	1,788.00
114	XVII Series	8.21%	3-Oct-14	25.00
115	58 - B Series	8.45%	17-Sep-14	331.10
116	57 - B Series	8.60%	7-Aug-14	866.50
117	75 - A Series	9.64%	29-Jun-14	555.00
118	55 - B Series	7.50%	11-May-14	146.90

Total 99,548.40

48 The details of Unsecured Subordinate Bonds are as follows :

S. No.	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
1	Subordinated Tier II Debt Bond	9.70%	21-Feb-24	2,000.00
2	Subordinated Tier II Debt Bond	9.65%	13-Jan-24	1,000.00
3	Subordinated Tier II Debt Bond	8.19%	14-Jun-23	800.00
Total				3,800.00

49 As at 31.03.2014, Bonds of ₹ 6.90 crore (previous year ₹ 7.40 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.50 crore (previous year ₹ 0.50 crore) are held by PFC Ltd. Gratuity Trust.

50 Foreign currency 6.61% Senior Notes (USPP - I) of USD 180 million amounting to ₹1,088.82 crore (previous year ₹ 986.40 crore) are redeemable at par on 05.09.2017.

Notes : -

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

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

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

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

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

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

Notes : -

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

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

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

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

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

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

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

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

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



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

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

(₹ in crore)

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

(₹ in crore)

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

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



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

Description	GROSS BLOCK		DEPRECIATION				NET BLOCK	
	Opening Balance as at 01.04.2013	Additions/ Deductions/ Adjustments as at 31.03.2014	Closing Balance as at 31.03.2014	Opening Balance as at 01.04.2013	For the year 01.04.2013 to 31.03.2014	Prior period Adjustments	Withdrawn/ Written back as at 31.03.2014	Closing Balance as at 31.03.2014
I. Tangible Assets : Owned Assets								
Land (Freehold)	3.38	0.00	0.00	3.38	0.00	0.00	0.00	3.38
Land (Leasehold)	37.87	0.00	0.00	37.87	0.00	0.00	0.00	37.87
Buildings	24.92	0.00	0.00	24.92	0.89	0.00	0.00	17.72
EDP Equipments	13.81	0.71	0.24	14.28	1.42	0.00	0.18	3.22
Office and other equipments	13.84	0.47	0.17	14.14	0.91	0.00	0.09	6.17
Furniture & Fixtures	7.49	0.18	0.11	7.56	0.43	0.00	0.08	2.19
Vehicles	0.08	0.10	0.02	0.16	0.02	0.00	0.02	0.01
Total	101.39	1.46	0.54	102.31	3.67	0.00	0.37	70.56
Previous year	98.88	3.91	1.40	101.39	4.22	(0.01)	0.51	71.75
II. Intangible Assets : Purchased Software (Useful Life - 5 years)	7.87	0.01	0.10	7.78	1.26	(0.02)	0.00	3.78
Previous year	6.86	1.01	0.00	7.87	1.48	0.01	0.00	4.26
III. Capital Works In Progress -Intangible Assets **	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Previous year	0.45	0.00	0.45	0.00	0.00	0.00	0.00	0.45

** Software Applications

NOTE - Part A - 7
NON- CURRENT INVESTMENTS

Description	(₹ in crore)	
	As at 21.03.2014	As at 31.03.2013
(A) Trade Investments (Quoted)		
I. Equity Instruments		
- Valued at Cost		
1,20,00,000 (Previous year 1,20,00,000) Equity Shares of ₹ 10/- each fully paid up of PTC Ltd.	12.00	12.00
Sub Total	12.00	12.00
(B) Other Investments (Unquoted-Non Trade)		
I. Equity Instruments		
21,87,015 (Previous year 21,87,015 Equity Shares of ₹ 10/- each fully paid up of National Power Exchange Ltd. **	2.19	2.19
32,20,000 (Previous Year 28,00,000) Equity Shares of ₹ 10/- each fully paid up of Power Exchange India Ltd. (Refer Note No. 6.6(ii) Part C - Other Notes on Accounts)	3.22	2.80
2,25,00,000 (Previous Year 2,25,00,000) Equity Shares of ₹ 10/- each fully paid up of Energy Efficiency Services Ltd **	22.50	22.50
10,07,50,000 (Previous Year 2,66,40,000) Equity Shares of ₹ 10/- each fully paid up of Subsidiaries **	100.75	26.64
II. Preference Shares		
20,00,00,000 (Previous Year 8,40,00,000) 10% Cumulative Fully Convertible Preference shares of ₹10/- each fully paid up of Subsidiaries **	200.00	84.00
III. Others		
- Valued at Cost (Less diminution, if any, other than temporary)		
76,82,816 (Previous year 76,82,816) Units of *Small is Beautiful Fund of KSK Investment Advisor Pvt. Ltd. (Face value per unit is ₹10) (Refer Note No. 6.6 (i) of Part-C - Other Notes on Accounts)	7.68	7.68
Less : Provision for diminution	0.00	0.15
Sub Total	336.34	145.66
TOTAL	348.34	157.66

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

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



**NOTE - Part A - 8
LOANS**

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Current maturities (Twelve Months)	Non-Current	Total	Current maturities (Twelve Months)	Non-Current	Total
A. Long Term Loans						
I Secured Loans						
a) Considered Good						
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	12,822.05	1,14,952.56	1,27,774.61	10,741.69	91,997.07	1,02,738.76
RTLs to Independent Power Producers	1,047.01	16,706.58	17,753.59	989.56	13,269.75	14,259.31
Foreign Currency Loans to Independent Power Producers	30.32	47.78	78.10	27.46	70.76	98.22
Foreign Currency Loans to State Power Utilities	12.83	25.66	38.49	0.00	0.00	0.00
Buyer's Line of Credit	67.94	492.07	560.01	10.20	122.36	132.56
Lease Financing to Borrowers **	33.15	209.39	242.54	49.95	235.12	285.07
RTLs to Equipment Manufacturers	247.69	810.65	1,058.34	224.83	688.79	913.62
Incomes accrued & due on loans	438.65	14,699.64	15,138.29	35.23	1,06,383.85	1,06,419.08
b) Others						
RTL to Independent Power Producers-NPA	414.68	581.74	996.42	196.77	723.01	919.78
Less: Provision for contingencies	88.62	107.42	196.04	27.70	72.30	100.00
FCL to Independent Power Producers-NPA	110.37	120.92	231.29	77.80	136.93	214.73
Less: Provision for contingencies	22.07	24.18	46.25	7.78	13.69	21.47
Sub Total (I)	15,114.00	1,33,815.75	1,48,929.75	12,318.01	1,07,157.80	1,19,475.81

II. Un-Secured Loans						
a) Considered Good						
Rupae Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	2,683.35	25,746.29	28,429.64	3,005.33	32,068.20	35,073.53
RTLs to Independent Power Producers	206.05	8,018.88	8,224.93	115.64	3,146.20	3,261.84
Foreign Currency Loans to State Power Utilities	0.00	0.00	0.00	11.99	34.87	46.86
Buyer's Line of Credit	0.00	11.17	11.17	4.87	87.57	92.44
Incomes accrued & due on loans	39.55	2,925.95	33,776.34	0.01	3,137.84	0.01
Sub Total (I)	2,925.95	33,776.34	36,705.29	3,137.84	35,336.84	38,474.68
Total A (I + II)	18,042.95	1,67,592.09	1,85,635.04	15,455.85	1,42,494.64	1,57,960.49
B. Bonds						
I Un-secured Bonds / Debentures						
Bonds / Debentures from State Power Corporations	0.00	1,170.50	1,170.50	0.00	0.00	0.00
Bonds / Debentures from Independent Power Producers	0.00	29.52	29.52	0.00	29.53	29.53
Total B	0.00	1,200.02	1,200.02	0.00	29.53	29.53
C. Short Term Loan						
I Secured Loans - Considered Good						
Working Capital Loans to State Electricity Boards and State Power Corporations	812.98	0.00	812.98	1,000.00	0.00	1,000.00
Working Capital Loans to Independent Power Producers	100.00	0.00	100.00	0.00	0.00	0.00
Sub Total (I)	912.98	0.00	912.98	1,000.00	0.00	1,000.00
II Un-Secured Loans - Considered Good						
Working Capital Loans to State Electricity Boards and State Power Corporations	1,483.08	0.00	1,483.08	1,416.11	0.00	1,416.11
Incomes accrued & due on loans	0.12	0.00	0.12	0.00	0.00	0.00
Sub Total (II)	1,483.20	0.00	1,483.20	1,416.11	0.00	1,416.11
Total C (I + II)	2,396.18	0.00	2,396.18	2,416.11	0.00	2,416.11
Grand Total (A+B+C)	20,439.13	1,68,792.11	1,89,231.24	17,871.96	1,42,524.17	1,60,396.13

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

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

Description	As at 31.03.2014			As at 31.03.2013		
	Current	Non-Current	Total	Current	Non-Current	Total
A. LOANS & ADVANCES						
I Loans (considered good) *						
a) to Employees (Secured)	2.51	15.55	18.06	2.34	15.23	17.57
b) to Employees (Unsecured)	5.32	35.70	41.02	4.11	27.26	31.37
II Advances (Un-secured considered good)						
Advances recoverable in cash or in kind or for value to be received	182.02	92.97	254.99	0.10	219.44	219.54
a) to Subsidiaries (including interest recoverable there on) (Refer Note No. 6.4 of Part-C - Other Notes on Accounts)						
b) to Employees	0.81	0.00	0.81	0.77	0.00	0.77
c) Prepaid Expenses	2.11	0.00	2.11	2.02	0.00	2.02
d) Others	99.72	0.33	100.05	79.64	0.30	79.94
e) Advance Income Tax and Tax Deducted at Source (net)	0.00	53.37	53.37	0.00	105.05	105.05
f) Security Deposits	3.55	0.02	3.57	3.25	0.27	3.52
B. OTHER ASSETS						
I Accrued but not due :						
a) Interest on Loan Assets	3,885.26	0.00	3,885.26	3,257.45	0.00	3,257.45
b) Other charges	15.63	0.00	15.63	16.11	0.00	16.11
c) Interest on Loans to Employee	0.25	11.74	11.99	0.23	8.52	8.75
d) Interest on Deposits and Investments	0.00	0.00	0.00	26.05	0.00	26.05
C Loans & Advances (Un-secured - Others)						
Non Performing Assets (NPAs)	104.77	0.00	104.77	84.14	0.00	84.14
Less : Provision for contingencies	21.71	0.00	21.71	9.26	0.00	9.26
Total	4,240.24	209.88	4,449.92	3,466.95	378.07	3,843.02

* Note :
Loans and Advances include :

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

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

(₹ in crore)

Description	As at 31.03.2014		As at 31.03.2013	
A. Equity Instruments - Valued scrip wise at lower of cost or fair value (Trade and Quoted)				
5,39,349 Shares (Previous year - 5,39,349 Shares) (Face value of ₹ 10/- each fully paid up) of PGCIL purchased at a cost of ₹ 52	2.80		2.80	
Less : Provision for diminution	0.00	2.80	0.00	2.80
97,952 Shares (Previous year - 97,952 Shares) (Face value of ₹ 10/- each fully paid up) of REC Ltd. purchased at a cost of ₹ 105	1.03		1.03	
Less : Provision for diminution	0.00	1.03	0.00	1.03
Total		3.83		3.83
Particulars	Book Adjusted Value		Market Value	
Aggregate of Quoted Investments	3.83		7.91	
(previous year)	(3.83)		(7.75)	
TOTAL	3.83		7.91	
(Previous year)	(3.83)		(7.75)	

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

(₹ in crore)

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

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

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
I. Interest		
Interest on Loans	20,953.45	16,893.51
Lease Income	25.26	29.40
Sub Total (I)	20,978.71	16,922.91
II. Other Operating Income		
Prepayment Premium on Loans	182.74	10.96
Upfront fees on Loans	34.54	39.69
Management, Agency & Guarantee Fees	142.64	115.56
Commitment charges on Loans	4.15	4.34
Less : Commitment charges on Loans waived	(0.75)	0.00
Income from surplus funds	161.89	156.10
Nodal Agency Fees under R-APDRP (Refer Note No. 12 (ii) of Part-C - Other Notes on Accounts)	18.50	16.52
Sub Total (II)	543.71	343.23
Total	21,522.42	17,266.14

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

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

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

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

NOTE - Part A - 15
BOND ISSUE EXPENSES

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

NOTE - Part A - 16
EMPLOYEE BENEFIT EXPENSES

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

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

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

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

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

Part - B

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

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

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

2. RECOGNITION OF INCOME / EXPENDITURE

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

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

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

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

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

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

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

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

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

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

3. FIXED ASSETS / DEPRECIATION

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

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

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

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

4. INTANGIBLE ASSETS / AMORTIZATION

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

5. INVESTMENTS

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

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

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

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

6. PROVISIONS / WRITE OFF AGAINST LOANS AND ADVANCES

Prudential Norms

6.1 PFC being a Government owned Non Banking Financial Company (NBFC) is exempt from the RBI directions relating to



Prudential Norms. The Company, however, has formulated its own set of Prudential Norms with effect from 01.04.2003, which has been revised from time to time.

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

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

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

- i) Loans in respect of projects which are under implementation as per RBI Circular No. ref DBS. FID No. C-11/01.02.00/2001-02 dated February 1, 2002 read with D.O. letter DBS FID No 1285/01.02.00/2001-02 dated May 14, 2002 and RBI letter No. DBOD.BP.No.7675/21.04.048/2008-09 dated 11.11.2008.
- ii) A facility which is backed by the Central / State Government guarantee or by the State Government undertaking for deduction from central plan allocation or a loan to State department, for a period not exceeding 12 months from the date from which Company's dues have not been paid by the borrower.
- iii) A loan disbursed to an integrated power entity which is bifurcated on account of division of states, the Company shall follow the Government order issued for division of assets and liabilities, unless the same is stayed by any court and the case is pending in the court.
- iv) Non servicing of part of dues due to dispute by the borrower for a period not exceeding 12 months from the date from which the company's dues have not been paid by the borrower. The disputed income shall be recognized only when it is actually realized. Any such disputed income already recognized in the books of accounts shall be reversed. Disputed dues means amount on account of financial charges like commitment charges, penal interest etc. and the disputed differential income on account of interest reset not serviced by the borrower due to certain issues remains unresolved. A dispute shall be acknowledged on case to case basis with the approval of the Board of Directors.

- 6.3** NPA classification and provisioning norms for loans, other credits, hire purchase and lease assets are given as under:

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

For the purpose of assets classification and provisioning :

- a) Facilities granted to Government Sector & Private Sector Entities shall be classified borrower wise with the following exceptions :
 - i) Government sector loans, where cash flow from each project are separately identifiable and applied to the same project, PFC shall classify such loans on project wise basis.
- b) The amount of security deposits kept by the borrower with the PFC in pursuance to the lease agreement together with the value of any other security available in pursuance to the lease agreement may be deducted against the provisions stipulated above.
- c) NPA subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of installments of principal amount, or interest amount, by whatever modality, shall not be upgraded to the standard category until expiry of one year of satisfactory performance under the restructuring and / or rescheduling and / or renegotiation terms.
- d) Interest restructuring which is normally done by PFC to help the borrowers to convert the past high cost debts into lower interest bearing debts will not be considered as re-schedulement / debt restructuring.
- e) Facilities falling under paragraph 6.2 (i), supra, shall be classified in line with RBI guidelines for asset classification of infrastructure projects, as applicable to banks from time to time, but provisioning for such facilities shall be as per PFC Prudential Norms applicable from time to time.

- 6.4** Provision against NPAs (Assets other than Hire Purchase and Leased assets) is made at the rates indicated below:

- (i) Sub-standard assets : 10%
 - (ii) Doubtful assets :
 - (a) Secured portion / facility including that guaranteed by the State / Central Government or by the State Government undertaking for deduction from central plan allocation or loan to state department.
 - Upto 1 year : 20%
 - 1 – 3 years : 30%
 - More than 3 years : 100%
 - (b) Unsecured* : 100%
- * A facility which is backed by Central / State Government Guarantee or by State Government undertaking for deduction from central plan allocation or a loan to state department would be treated as secured for the purpose of making provision.
- (iii) Loss assets : 100%
- The entire loss assets shall be written off. In case, a loss asset is permitted to remain in the books for any reason, 100% of outstanding shall be provided for.

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

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

Lease and hire purchase assets

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

Hire purchase assets

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

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

Additional provision for hire purchase and leased assets

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

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

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

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

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

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

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

Standard Assets.

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

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

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

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

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

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

* Completion Date for projects where COD is not applicable.

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

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

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

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

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

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

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

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

- (v) Adjustment of Interest:

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

- (vi) Funded Interest:

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

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

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

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

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

(viii) Reversal of Provision:

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

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

(ix) Conversion of Debt into Equity:

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

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

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

(x) Conversion of Debt into Debentures:

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

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

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

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

- a) A facility which is backed by Central / State Government Guarantee or by State Government undertaking for deduction from central plan allocation or a loan to state department.
- b) Loans falling under paragraph 6.2(i).

7. FOREIGN EXCHANGE TRANSACTIONS

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

- i. Expenses and income in foreign currency; and
- ii. Amounts borrowed and lent in foreign currency.

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

- i) Foreign currency loan liabilities.
- ii) Funds kept in foreign currency account with banks abroad.
- iii) Contingent liabilities in respect of guarantees given in foreign currency.
- iv) Income earned abroad but not remitted / received in India.
- v) Loans granted in foreign currency.
- vi) Expenses and income accrued but not due on foreign currency loans / borrowing.

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

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

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

8. DERIVATIVE TRANSACTIONS

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

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

9. GRANTS FROM GOVERNMENT OF INDIA

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



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

10. INTEREST SUBSIDY FUND

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

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

11. R-APDRP FUND

11.1 Amounts received from the Government of India under Re-structured Accelerated Power Development & Reforms Programme (R – APDRP) as a Nodal agency for on-lending to eligible borrowers are back to back arrangements with no profit or loss arising to the Company.

12. INCOME / RECEIPT / EXPENDITURE ON SUBSIDIARIES

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

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

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

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

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

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

13. EMPLOYEE BENEFITS

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

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

13.2 Other Employee Benefits

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

14. INCOME TAX

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

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

14.2 Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

15. CASH FLOW STATEMENT

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

PART - C OTHER NOTES ON ACCOUNTS

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

2. Contingent liabilities:

(₹ in crore)

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

(b) Additional demands raised by the Income Tax Department totaling to ₹ 49.87 crore (as on 31.03.2013 ₹ 55.93 crore) of earlier years are being contested. Further, the Income Tax Department has filed appeals before ITAT against the orders of CIT (A) allowing relief to the Company totaling to ₹ 79.26 crore (as on 31.03.2013 ₹ 67.96 crore). The same are being contested. The Management does not consider it necessary to make provision, as the probability of tax liability devolving on the Company is negligible.

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

4. Ministry of Corporate Affairs (MoCA), Government of India, vide its Circular No. 6/3/2001 – CL.V dated 18.04.2002 prescribed adequacy of Debenture Redemption Reserve (DRR) as 50% of the value of debentures issued through public issue; subsequently, the MoCA through its circular No. 11/02/2012-CL-V(A) dated 11.02.2013 modified the adequacy of DRR to 25%.

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

5. Foreign currency actual outgo and earning:

(₹ in crore)

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

6.1 Related party disclosures:

Key managerial personnel:

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

Managerial remuneration:

(₹ in crore)

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

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

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



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

S. No.	Name of the companies	Date of investment	No. of shares subscribed	% of ownership	Amount (₹ in crore)
A Subsidiary Companies (I)					
1.	PFC Consulting Limited	09.04.2008	50,000	100%	0.05
2.	(a) PFC Green Energy Limited (Equity Shares)	29.07.2011 08.12.2011 29.03.2012 21.03.2013 18.06.2013 07.10.2013	50,000 44,50,000 4,90,000 2,10,00,000 1,36,00,000 6,04,10,000	100%	100.00
	(b) PFC Green Energy Limited (Preference Shares)	21.03.2013 18.06.2013 07.10.2013	8,40,00,000 5,44,00,000 6,16,00,000	100%	200.00
3.	PFC Capital Advisory Services Ltd	01.09.2011	1,00,000	100%	0.10
4.	Power Equity Capital Advisors (Private) Limited	15.04.2008 11.10.2011	15,000 35,000	100%	0.05
	Sub-Total (A)		30,02,00,000		300.20
B Subsidiary Companies promoted as SPVs for Ultra Mega Power Projects (II)					
1.	Coastal Maharashtra Mega Power Limited	05.09.2006	50,000	100%	0.05
2.	Orissa Integrated Power Limited	05.09.2006	50,000	100%	0.05
3.	Coastal Karnataka Power Limited	14.09.2006	50,000	100%	0.05
4.	Coastal Tamil Nadu Power Limited	31.01.2007	50,000	100%	0.05
5.	Chhattisgarh Surguja Power Limited	31.03.2008	50,000	100%	0.05
6.	Sakhigopal Integrated Power Company Limited	27.01.2010	50,000	100%	0.05
7.	Ghogarpalli Integrated Power Company Limited	27.01.2010	50,000	100%	0.05
8.	Tatiya Andhra Mega Power Limited	27.01.2010	50,000	100%	0.05
9.	Deoghar Mega Power Limited	30.07.2012	50,000	100%	0.05
10.	Cheyur Infra Limited.	24.03.2014	50,000	100%	0.05
11.	Odisha Infrapower Limited	27.03.2014	50,000	100%	0.05
	Sub-Total (B)		5,50,000		0.55
C Joint venture Companies (I)					
1	National Power Exchange Limited	18.12.2008 03.09.2010	8,33,000 13,54,015	16.66%	2.19
2.	Energy Efficiency Services Limited	21.01.2010 26.03.2013	6,25,000 2,18,75,000	25%	22.50
	Sub-Total (C)		2,46,87,015		24.69
	TOTAL (A) + (B) + (C)		32,54,37,015		325.44

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

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

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

6.4 The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below: (₹ in crore)

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

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

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

6.6

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

The Company has outstanding investment of ₹ 7.68 crore (as on 31.03.2013 ₹ 7.68 crore) in units of Small is Beautiful Fund. The face value of the Fund is ₹ 10 per unit. The NAV as on 31.03.2014 is ₹ 9.70 per unit (₹ 9.77 per unit as on 31.03.2013). As investment in Small is Beautiful Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

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

Power Exchange India Ltd. (PXIL) has been promoted by National Stock Exchange (NSE) and National Commodity and Derivatives Exchange Limited (NCDEX). The authorized share capital is ₹ 100 crore consisting of 8 crore equity shares of ₹ 10/- each and 2 crore preference shares of ₹ 10/- each as on 31.03.2014. The paid up equity share capital of PXIL is ₹ 46.47 crore, as on 31.03.2014. The Company has subscribed ₹ 3.22 crore (₹ 2.80 crore as on 31.03.2013) of the paid up capital of PXIL.

7. Interest Differential Fund (IDF) – KFW

The agreement between KFW and PFC provides that the IDF belongs to the borrowers solely and will be used to cover the exchange risk variations under this loan and any excess will be used in accordance with the agreement. The balance in the IDF fund has been kept under separate account head titled as Interest Differential Fund – KFW and shown as a liability. The total fund accumulated as on 31.03.2014 is ₹ 54.63 crore (as on 31.03.2013 ₹ 54.73 crore), after transferring exchange difference of ₹ 16.56 crore (as on 31.03.2013 ₹ 15.21 crore).

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

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

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

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

(₹ in crore)

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

(ii) The Company had sanctioned an amount of ₹ 88.90 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). The sanction was reduced to ₹ 88.85 crore in December 2006. The gross investment stood at the level of ₹ 4.21 crore as on 31.03.2014. The lease rent is to be recovered within a period of 15 Years, starting from 19.07.2004, which comprises of 10 years as a primary period and 5 years as a secondary period.

(iii) The Company had sanctioned an amount of ₹ 98.44 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 18-05-2004). The gross investment stood at ₹ 22.53 crore as on 31.03.2014. The lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as a primary period and a maximum of another 10 years as a secondary period.

(iv) The Company had sanctioned an amount of ₹ 93.51 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). The gross investment stood at ₹ 1.96 crore as on 31.03.2014. The lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as a primary period and a maximum of 9 years and 11 months as a secondary period.

(v) The Company had sanctioned an amount of ₹ 228.94 crore in the year 2008 as finance lease for financing wind turbine generator (commissioned on 18.05.2004). The gross investment stood at ₹ 404.82 crore as on 31.03.2014. The lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as a primary period and a maximum of 7 years as a secondary period.

b) Operating Lease:

The Company's operating leases consists:-

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 4.19 crore (during year ended 31.03.2013 ₹ 3.84 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 16 – Employee Benefit Expenses. Lease payments in respect of premises for offices are shown as office rent in Note Part A 17 – Other Expenses.

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

(i) The Company claimed subsidy from Govt. of India at net present value calculated at indicative interest rates in accordance with the GOI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of the actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. The impact of difference between the indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after the end of the respective schemes. However on the basis of the projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), the Company estimated the net excess amount of ₹ 6.32 crore and ₹ 74.53 crore as at 31.03.2014 for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. This net excess amount is worked out on overall basis and not on individual basis and may vary due to change in assumptions, if any, during the projected period such as changes in moratorium period, repayment period, loan restructuring, pre-payment, interest rate reset etc. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of the respective scheme.

(ii) The balance under the head Interest Subsidy Fund shown as liability, represents the amount of subsidy received from Ministry of Power, Govt. of India which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG & SP), which comprises of the following :-

(₹ in crore)

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

11. The Company had exercised the option under para 46A of the AS-11 - 'The Effects of Changes in Foreign Exchange Rates', to amortize the exchange differences on the long term foreign currency monetary items over their tenure. Consequently, as on 31.03.2014 the balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 709.21 crore (as on 31.03.2013 ₹ 477.97 crore) and shown on the "Equity and Liabilities" side of the balance sheet under the head "Reserve and Surplus", as a separate line item.

12. (i) The Company has been designated as the Nodal Agency for operationalisation and associated service for implementation of the Re-structured Accelerated Power Development and Reforms Programme (R – APDRP) during XI Plan by the Ministry of Power, Government of India (GOI) under its overall guidance. Further, MoP vide order dated 08.07.2013 had agreed to continue R-APDRP in XII / XIII Plan, inter-alia including extension of Part-A projects completion period from 3 to 5 years.

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

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

The details are furnished below :

(₹ in crore)

Particulars	Amount recoverable from borrowers & payable to GOI		R – APDRP Fund		Amount payable to GOI (Interest earned on Fixed Deposit)	
	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13
Opening balance as on 1st day of the Financial Year	6,694.63	5,502.88	0.00	0.00	0.25	11.09
Additions during the period	640.00	1,217.45	640.00	1,217.45	0.00	1.03
Recoveries / refunds / changes during the period	(18.78)	(25.70)	(640.00)	(1,217.45)	(0.25)	11.93
Closing balance (A)	7,315.85	6,694.63	0.00	0.00	0.00	0.19
Interest Accrued but not due (Int. earned on FD)(B)					0.00	0.06
Interest on loan under R-APDRP						
(i) Accrued but not due						
Opening Balance	1,327.94	775.24				
Additions during the period	627.24	552.70				
Transfer to Accumulated Moratorium Interest	(340.43)					
Transfer to Interest Accrued and Due	(9.66)					
Closing Balance	1,605.09	1,327.94				
(ii) Accrued and due						
Opening Balance	0.00					
Additions During the period	9.66					
Recovered and refunded to GoI	(5.97)					
Closing Balance	3.69					
Interest on loan under R-APDRP (C) = (i + ii)	1,608.78	1,327.94				
Accumulated Moratorium Interest						
Opening Balance	0.00					
Additions During the period	340.43					
Recovered and refunded to GoI	(1.51)					
Closing Balance (D)	338.92					
Interest on Accumulated Moratorium Interest						
(i) Accrued but not due						
Opening Balance	0.00					
Additions During the period	4.48					
Transfer to interest accrued and due	(3.06)					
Closing Balance	1.42					
(ii) Accrued and due						
Opening Balance	0.00					
Additions During the period	3.06					
Recovered and refunded to GoI	(0.85)					
Closing Balance	2.21					
Interest on Accumulated Moratorium Int. (E) = (i + ii)	3.63					
Closing Balance (A+B+C+D+E)	9,267.18	8,022.57	0.00	0.00	0.00	0.25

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

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

* Exclusive of Service Tax

** Reversal for FY 2012-13

- (iii) As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, Gol, the total amount receivable against the nodal agency fee plus the reimbursement of actual expenditure will not exceed ₹ 850 crore or 1.7 % of the likely outlay under Part A & B of R–APDRP, whichever is less.
- (iv) In line with the R – APDRP scheme approved by MoP, Gol, vide Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010, till 31.03.2013, Nodal Agency Fees under R – APDRP had been accounted for @ 1% of the sanctioned project cost in three stages - 0.40% on sanction of the project, 0.30% on disbursement of the funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B). Further, actual expenditure, including expenditure allocable on account of PFC manpower, incurred for operationalising the R– APDRP were reimbursed / reimbursable by Ministry of Power, Government of India.

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

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

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

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

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

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

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

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

14. The net deferred tax liabilities of ₹ 274.22 crore (as on 31.03.2013 ₹ 219.79 crore) have been computed as per Accounting Standard 22 Accounting for Taxes on Income.

The breakup of deferred tax liabilities is given below: -

(₹ in crore)

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

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

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Net Profit after tax used as numerator (₹ in crore)	5,417.75	4,419.60
Weighted average number of equity shares used as denominator (basic)	132,00,31,803	131,99,82,855
Weighted average number of equity shares used as denominator (diluted)	132,00,39,328	131,99,90,939
Earning per share (basic & diluted) (₹)	41.04	33.48
Face value per share (₹)	10	10

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

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

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

S. No.	Exchange Rates	31.03.2014	31.03.2013
1	USD / INR	60.49	54.80
2	JPY / INR	0.5903	0.5847
3	EURO / INR	83.48	70.28

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

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

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

20.1 Disclosures as per Accounting Standard –15:-

A. Provident fund

The Company pays fixed contribution to provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the statement of profit and loss. The trust to ensure a minimum rate of return to the members as specified by GoI. However, any short fall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will take place in this regard in the near future and hence no further provision is considered necessary.

B. Gratuity

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

C. Pension

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

D. Post Retirement Medical Scheme (PRMS)

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

E. Terminal Benefits

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

F. Leave

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

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

The summarised position of various defined benefits recognized in the Statement of Profit and Loss, Balance Sheet are as under (Figures in brackets () represents to as on 31.03.2013)

i) Expenses recognised in Statement of Profit and Loss

(₹ in crore)

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

(*) Includes ₹ 0.07 crore (as on 31.03.2013 ₹ 0.13 crore), ₹ 0.58 crore (as on 31.03.2013 ₹ 0.58 crore) and ₹ 0.11 crore (as on 31.03.2013 ₹ 0.04 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) The amount recognized in the Balance Sheet

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 31.03.2014 (i)	17.98 (16.16)	11.75 (9.50)	20.66 (20.39)
Fair value of plan assets at 31.03.2014 (ii)	17.12 (14.67)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-0.86 (-1.48)	-11.75 (-9.50)	-20.66 (-20.39)
Net asset / (liability) recognized in the Balance Sheet	-0.86 (-1.48)	-11.75 (-9.50)	-20.66 (-20.39)

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

(₹ in crore)

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

iv) Changes in the fair value of plan assets

(₹ in crore)

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

v) One percent increase / decrease in the inflation rate would impact liability for medical cost of PRMS, as under:-

Cost increase by 1% ₹ 1.72 Crore

Cost decrease by 1% ₹ -1.79 Crore

vi) During the year, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 0.86 crore, to PRMS of ₹ 2.75 crore, to leave ₹ 6.17 crore and to pension ₹ Nil (during the year ended 31.03.2013 towards contribution to the Gratuity Trust of ₹1.48 crore, to PRMS of ₹ 1.62 crore, to leave ₹ 6.04 crore and to pension ₹ 0.69 crore). Above amount includes ₹ 0.07 crore (as on 31.03.2013 ₹ 0.13 crore), ₹ 0.58 crore (as on 31.03.2013 ₹ 0.58 crore) and ₹ 0.11 crore (as on 31.03.2013 ₹ 0.04 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

G. Other Employee Benefits:-

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

H. Details of the Plan Asset:- Gratuity

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

(₹ in crore)

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

Actuarial assumptions

Principal assumptions used for actuarial valuation are:-

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

The estimates of future salary increases considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

(₹ in crore)

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

(₹ in crore)

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

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

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

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

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

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

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

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

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

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

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

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

Signed in terms of our report of even date

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

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

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

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

Place : New Delhi
Date : 27.05.2014



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

(₹ in crore)

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

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

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

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

Signed in terms of our report of even date

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

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

Place : New Delhi
Date : 27.05.2014

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

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



INDEPENDENT AUDITORS' REPORT

To

The Members of

Power Finance Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Power Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

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

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

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

Place : Delhi

Date : 27.05.2014



Annexure to Independent Auditor's Report
(Referred to in Paragraph (1) under Report on Other Legal and Regulatory Requirements)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
(b) As explained to us, the management carries out the physical verification of fixed assets at the year end in a phased manner. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification.
(c) The Company has not disposed off substantial part of fixed assets during the year and has not affected the going concern status of the Company.
2. The main object of the company is to provide finance to power projects and does not involve carrying purchase / sale of goods and any inventories; hence clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
3. As explained to us, the Company has neither taken nor granted any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
4. Having regard to the nature of Company's business and based on our scrutiny of Company's records and the information and explanations received by us, we report that Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and services rendered by the company. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of fixed assets and services rendered by the company.
5. Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there was no transaction during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Company is non-banking financial company, the provisions under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 pertaining to maintenance of cost records, does not apply.
9. In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the company, we report that:
 - (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Wealth tax, Service Tax and other material statutory dues as applicable to it and there is no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months as on 31st March, 2014, as per the accounts of the company.
 - (b) According to the records of the Company, there are no dues of Income tax / Wealth tax / Service tax, etc., which have not been deposited by the Company on account of any dispute, as per the accounts of the Company.
10. The Company has no accumulated losses and has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.



12. The Company has not granted loans and advances against pledge of shares, debentures and other securities as primary security. However in certain cases the Company has obtained shares / debenture / other securities in the form of collateral securities duly pledged. The company has maintained adequate records / has made arrangement with security trustee / agent for maintenance of adequate record in respect of these collateral securities.
13. The Company is neither a chit fund nor a nidhi / mutual benefit fund / society. Hence, the requirements of clause 4(xiii) of the 'Order' do not apply to the Company.
14. In our opinion and according to the information given to us, the Company is not dealing or trading in shares, securities, debentures. Further, as per information and explanations provided we state that, all the Investments have been held by the Company in its own name.
15. The Company has given guarantees in connection with loans taken by others from banks or financial institutions. According to information & explanations given to us we are of the opinion that, the terms and conditions of the guarantees given are not prima-facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the term loans taken by the Company have been utilized for the purpose for which they were raised.
17. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investments by the Company.
18. According to the records of the Company and the information and explanations given to us, the Company has not made any preferential allotment of shares, to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
19. According to the information and explanations given to us, the company has created securities / charges in respect of secured bonds issued.
20. According to the information and explanations given to us, the company has disclosed the end use of the money raised in Public issue of Tax free Bonds and the same has been verified and found to be correct.
21. To the best of our knowledge and according to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

Place : Delhi
Date : 27.05.2014



NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

To
The Board of Directors
Power Finance Corporation Limited.
Urjan Nidhi, 1, Barakhamba Lane
Connaught Place
New Delhi-110001

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Corporation, we report that:

1. The company is engaged in the business of non-banking financial institution, having valid certificate of registration from Reserve Bank of India issued on 28-07-2010 vide No. is B-14.00004 in lieu of earlier certificate No. 14.00004 dated 10.02.1998.
2. As per amendments to NBFC Regulations vide notification Nos. 134 to 140, dated 13.01.2000, the Government Companies have been exempted from applicability of provisions of RBI Act relating to maintenance of liquid assets and creation of Reserve Funds and the directions relating to acceptance of public deposits and prudential norms. The exemption of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 was also notified vide RBI Master Circular No. 145 dated 1st July, 2009.
3. The Company has not accepted any public deposits during the year 2013-14.
4. For the Financial year ending 31st March, 2014, the Corporation has complied with the Accounting Standards, Income recognition, Provisioning for Bad and Doubtful debts, and Exposure Norms as per the prudential norms formulated by the Company and approved by the Ministry of Power referred to / as stated in the Significant Accounting Policies.

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

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

Place : Delhi
Date : 27.05.2014



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER FINANCE CORPORATION LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH, 2014

The preparation of financial statements of Power Finance Corporation Limited, New Delhi for the year ended 31 March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on (independent audit in accordance with the standards on Auditing) prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 May, 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Power Finance Corporation Limited, New Delhi for the year ended 31 March, 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(TANUJA S. MITTAL)

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

Place : New Delhi
Dated : 24 June, 2014



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

(₹ in crore)

Description	Note Part A	As at 31.03.2014	As at 31.03.2013
A. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1,326.04	1,320.02
(b) Reserves & Surplus	2	26,292.23	22,359.70
(2) Non-Current Liabilities			
(a) Long Term Borrowing	3		
Secured		22,776.66	6,636.67
Unsecured		1,19,714.91	1,14,514.19
(b) Deferred Tax Liabilities (Net) (Refer Note No. 16 of Part-C - Consolidated Other Notes on Accounts)		273.00	218.63
(c) Other Long Term Liabilities	4	347.62	539.81
(d) Long Term Provisions	5	473.19	162.35
(3) Current Liabilities			
(a) Current Maturity of Long Term Borrowings (Unsecured)	3	15,409.00	9,612.08
(b) Short -Term Borrowings	3		
Secured		0.24	860.55
Un-secured		1,314.49	7,849.42
(c) Trade Payables		2.54	2.69
(d) Other Current Liabilities	4	6,266.05	5,067.75
(e) Short Term Provisions	5	219.74	195.50
Total		1,94,319.71	1,69,339.36
B. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	6		
(i) Tangible Assets		104.00	102.40
Less: Accumulated Depreciation		34.85	31.24
(ii) Intangible Assets		7.00	7.89
Less: Accumulated Amortization		5.35	4.10
(iii) Capital Works in Progress			0.00
(b) Non-Current Investments	7		
Trade		12.00	12.00
Others		11.60	11.03
(c) Long Term Loans	8		
Secured		1,33,839.83	1,07,157.80
Un-Secured		34,976.36	35,366.37
(d) Other Non-Current Assets			
(i) Fixed Deposits with Scheduled Banks (original maturity more than twelve months)	11	27.36	22.85
(ii) Other	9	210.62	376.80
(2) CURRENT ASSETS			
(a) Current Investments	10	3.83	3.83
(b) Trade Receivables			
More than Six Months		1.11	2.25
Others		5.93	4.12
(c) Cash and cash Bank Balances	11	459.44	4,957.48
(d) Current Maturity of Long Term Loans	8		
Secured		15,114.80	12,318.01
Un-Secured		2,928.95	3,137.84
(e) Short Term Loans	8		
Secured		912.98	1,000.00
Un-Secured		1,483.20	1,416.11
(f) Other Current Assets	9	4,259.44	3,477.92
Total		1,94,319.71	1,69,339.36

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

Part B
Part C

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWAN)
Company Secretary

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

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

Signed in terms of our report of even date

Sd/-
For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No - 000425N
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

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

Place : New Delhi
Date : 27.05.2014

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

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

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

Part B

CONSOLIDATED OTHER NOTES ON ACCOUNTS

Part C

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

Sd/-
(MANOHAR BALWANI)
Company Secretary

For and on behalf of the Board of Directors

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

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

Signed in terms of our report of even date

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

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

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

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

Place : New Delhi
Date : 27.05.2014



NOTE - Part A - 1
CONSOLIDATED SHARE CAPITAL

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

Notes:-

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

Name of Holders		31.03.2014	31.03.2013
President of India	% of Share Holding	72.80 *	73.72
	No. of Shares Held	96,09,55,589	97,30,61,665
	Amount (₹ in crore)	960.96	973.06
Life Insurance Corporation of India	% of Share Holding	7.80	5.77
	No. of Shares Held	10,28,99,599	7,61,64,471
	Amount (₹ in crore)	102.90	76.16

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

For FY 2009-10, out of 88,040 options, 87,888 options has been granted, 83,306 equity shares have been allotted during the previous financial year and 4,255 equity shares during the current year upon exercising the stock option under the scheme. For FY 2010-11, out of 92,964 options granted, 69,954 options have been settled in cash and 1,572 options have been cancelled during the previous financial year and allotted 21,438 equity shares during the current year upon exercising the stock option under the scheme.

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

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

		As at		(₹ in crore)
Description		31.03.2014		As at 31.03.2013
(A) Securities Premium Reserve				
Opening balance		4,094.50		4,092.67
Add : Addition during the year*		1.87		1.51
Less: Issue Expenses (FPO)		0.00	4,096.37	(0.32)
				4,094.50
(B) Debenture Redemption Reserve				
Opening balance		274.85		55.79
Add : Transfer from Profit and Loss Appropriation for the year (Refer Note No. 6 of Part-C - Consolidated Other Notes on Accounts)		271.23	546.08	219.08
				274.85
(C) Others				
(i) Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961				
Opening balance		1,409.01		1,158.81
Add : Transfer from Profit and Loss Appropriation for the year		321.43	1,730.44	250.40
				1,409.01
(ii) Special Reserves created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97				
			599.85	599.85
(iii) Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98				
Opening balance		7,139.87		5,982.06
Add : Transfer from Profit and Loss Appropriation for the year		1,465.04		1,155.90
Add : Transfer from General Reserve		0.00		1.91
Add : Transfer from Surplus**		37.65	8,642.56	0.00
				7,139.87
(iv) Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934				
Opening balance		0.00		0.00
Add : Transfer from Profit and Loss Appropriation for the year		2.65	2.65	0.00
				0.00
(v) CSR and SD Reserve				
Opening balance		18.85		0.00
Less: Transfer to Surplus (Refer Note No. 23 of Part-C - Consolidated Other Notes on Accounts)		(18.85)	0.00	18.85
				18.85
(vi) General Reserve				
Opening balance		3,034.49		2,594.40
Add : Transfer from Profit and Loss Appropriation for the year		542.00		442.00
Less: Transferred to Special Reserve		0.00	3,576.49	1.91
				3,034.49
(vii) Foreign Currency Monetary Item Translation Difference A/c (Refer Note No. 13 of Part-C - Consolidated Other Notes on Accounts)				
Opening balance		(477.97)		(515.41)
Add : Net addition during the year		(231.24)	(709.21)	37.44
				(477.97)
(D) Surplus				
Opening balance		6,266.25		4,989.64
Add: Transfer from CSR and SD Reserve		18.85		0.00
Less : Transfers to Special Reserve under Income Tax Act, 1961 **		(37.65)		0.00
Add: Surplus retained from the Profit and Loss Appropriation for the year		1,469.55	7,717.00	1,276.81
				6,266.25
Total #			26,202.23	22,359.70



Description	As at 31.03.2014		As at 31.03.2013	
Note : Profit and Loss Appropriation				
Profit after tax for the year		5,461.84		4,437.74
Less : CSR Reserves				
Transfer to CSR and SD Reserve (relating to earlier years)	0.00		16.39	
Transfer from CSR and SD Reserve (relating to earlier years)	0.00		(9.30)	
Transfer to CSR and SD Reserve (relating to current year)	0.00	0.00	11.76	18.85
Less : Transfer to Reserves				
Transfer towards Reserve for Bad & Doubtful Debts u/s 36 (1) (viii) (c) of Income Tax Act, 1961	321.43		250.40	
Transfer to Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	1,485.04		1,155.90	
Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	2.65		0.00	
Debenture Redemption Reserve	271.23		219.06	
General Reserve	542.00	2,602.35	442.00	2,067.36
Less : Dividend & Corporate Dividend Tax				
Interim Dividend Paid	1,161.64		792.01	
Proposed Final Dividend	26.40		132.00	
Corporate Dividend Tax paid on Interim Dividend	197.41		128.48	
Proposed Corporate Dividend Tax	4.49	1,389.94	22.43	1,074.92
Total#		1,469.55		1,276.61

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

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

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

NOTE - Part A - 3 CONSOLIDATED BORROWINGS

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Current	Non-Current	Total	Current	Non-Current	Total
A. Long Term Borrowings						
I. Secured						
a) Bonds						
Infrastructure Bonds (Refer note No. from 1 to 12)	0.00	361.55	361.55	0.00	361.55	361.55
Tax Free Bonds (Refer note no. from 13 to 38)	0.00	11,275.11	11,275.11	0.00	6,275.12	6,275.12
Other Bonds (Refer Note No. 39 to 45)	0.00	11,140.00	11,140.00	0.00	0.00	0.00
Sub- Total (I)	0.00	22,776.66	22,776.66	0.00	6,636.67	6,636.67
II. Un-secured						
a) Bonds						
Other Bonds / Debentures (Refer Note No. 46 and 47)	10,399.90	89,528.17	99,928.07	3,262.90	95,434.62	98,697.52
Subordinated Bonds (Refer Note No. 48)	0.00	3,800.00	3,800.00	0.00	0.00	0.00
Foreign Currency Notes (Refer Note No. 50)	0.00	1,088.82	1,088.82	0.00	986.40	986.40
	10,399.90	94,416.99	1,04,816.89	3,262.90	96,421.02	99,683.92
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) (Refer Note No. 51)	24.57	265.36	289.93	19.98	251.49	271.47
Syndicated Foreign Currency Loans from banks / Financial Institutions (Refer Note No. 52)	3,674.53	3,872.56	7,547.09	0.00	6,946.68	6,946.68
Foreign Currency Loans (FCNR(B) from banks)	0.00	0.00	0.00	219.20	0.00	219.20
	3,699.10	4,137.92	7,837.02	239.18	7,198.17	7,437.35
c) Rupee Term Loans						
Rupee Term Loans (From Banks) (Refer Note No. 53)	810.00	21,160.00	21,970.00	3,980.00	10,895.00	14,875.00
Rupee Term Loans (From Financial Institutions) (Refer Note No. 54)	500.00	0.00	500.00	2,130.00	0.00	2,130.00
	1,310.00	21,160.00	22,470.00	6,110.00	10,895.00	17,005.00
Sub- Total (II)	15,409.00	1,19,714.91	1,35,123.91	9,612.08	1,14,514.19	1,24,126.27
B. Short Term Borrowings						
Rupee Term Loans						
I. Secured						
Loan against FD	0.24	0.00	0.24	860.55	0.00	860.55
Sub- Total (I)	0.24	0.00	0.24	860.55	0.00	860.55
II. Un-secured						
Commercial Paper (Refer Note No. 55)	1,314.49	0.00	1,314.49	4,890.20	0.00	4,890.20
Working Capital Demand Loan / OD / CC/ Line of Credit	0.00	0.00	0.00	2,959.22	0.00	2,959.22
Sub- Total (II)	1,314.49	0.00	1,314.49	7,849.42	0.00	7,849.42
Total (A)+(B)	16,723.73	1,42,491.57	1,59,215.30	18,322.05	1,21,150.86	1,39,472.91

NOTE

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

SR No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Redemption details	Nature of Security
1	Infrastructure Bonds (2011-12) Series-III	21.11.2011	8.75%	3.23	22-Nov-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
2	Infrastructure Bonds (2011-12) Series - IV	21.11.2011	8.75%	8.83	22-Nov-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
3	Infrastructure Bonds (2010-11) Series-3	31.03.2011	8.50%	6.13	1-Apr-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,971.21 crore as on 31.03.2014 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
4	Infrastructure Bonds (2010-11) Series-4	31.03.2011	8.50%	22.75	1-Apr-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
5	Infrastructure Bonds 86 C Series	30.03.2012	8.72%	0.95	31-Mar-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
6	Infrastructure Bonds 86 D Series	30.03.2012	8.72%	2.75	31-Mar-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
7	Infrastructure Bonds 86 A Series	30.03.2012	8.43%	9.04	31-Mar-17	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
8	Infrastructure Bonds 86 B Series	30.03.2012	8.43%	17.81	31-Mar-17	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	



SR No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ In crore)	Date of Redemption	Redemption details	Nature of Security
9	Infrastructure Bonds (2011-12) Series-I	21.11.2011	8.50%	32.43	22-Nov-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
10	Infrastructure Bonds (2011-12) Series-II	21.11.2011	8.50%	51.15	22-Nov-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
11	Infrastructure Bonds (2010-11) Series-1	31.03.2011	8.30%	66.80	1-Apr-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹3,971.21 crore as on 31.03.2014 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
12	Infrastructure Bonds (2010-11) Series-2	31.03.2011	8.30%	139.68	1-Apr-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
		Total		351.55			



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

Sr. No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ In crore)	Date of Redemption	Nature of Security
13	Tax Free Bonds (2013-14) - Series 3A	16-11-2013	8.67%	1,067.38	16-Nov-33	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
14	Tax Free Bonds (2013-14) - Series 3B	16-11-2013	8.92%	861.96	16-Nov-33	
15	Tax Free Bonds (2013-14) - Series 2A	16-11-2013	8.54%	932.70	16-Nov-28	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
16	Tax Free Bonds (2013-14) - Series 2B	16-11-2013	8.79%	353.32	16-Nov-28	
17	Tax Free Bonds Series 107 B	30-08-2013	8.46%	1,011.10	30-Aug-28	First Pari-Passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
18	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.04%	3.32	28-Mar-28	Secured by first Pari-Passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
19	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.54%	65.88	28-Mar-28	
20	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.36%	136.84	4-Jan-28	Secured by first Pari-Passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
21	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.86%	220.16	4-Jan-28	
22	Tax Free Bonds Series 95 B	29-11-2012	7.38%	100.00	29-Nov-27	First Pari-Passu charge on the Immovable Property situated at Chennai.
23	Tax Free Bonds Series 94 B	22-11-2012	7.38%	25.00	22-Nov-27	All present and future receivables / loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
24	Tax Free Bonds(2011-12) tranche -I - Series II	01.02.2012	8.30%	1,280.58	1-Feb-27	Secured by first Pari-Passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
25	Tax Free Bonds Series 80 B	25.11.2011	8.16%	209.34	25-Nov-26	Secured by first Pari-Passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
26	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15-Oct-26	
27	Tax Free Bonds (2013-14) - Series 1A	16-11-2013	8.18%	325.07	16-Nov-23	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
28	Tax Free Bonds (2013-14) - Series 1B	16-11-2013	8.43%	335.47	16-Nov-23	

29	Tax Free Bonds Series 107 A	30-08-2013	8.01%	113.00	30-Aug-23	First Pari-Passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
30	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	6.88%	47.64	28-Mar-23	Secured by first Pari-Passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
31	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	7.38%	48.52	28-Mar-23	
32	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.19%	176.99	4-Jan-23	Secured by first Pari-Passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first Pari-Passu charge on immovable property situated at Guindy, Chennai.
33	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.69%	165.76	4-Jan-23	
34	Tax Free Bonds Series 95 A	29-11-2012	7.22%	30.00	29-Nov-22	First Pari-Passu charge on the Immovable Property situated at Chennai.
35	Tax Free Bonds Series 94 A	22-11-2012	7.21%	255.00	22-Nov-22	All present and future receivables / loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
36	Tax Free Bonds (2011-12) tranche - I - Series I	01.02.2012	8.20%	2,752.55	1-Feb-22	Secured by first Pari-Passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first Pari-Passu charge on immovable property situated at Guindy, Chennai.
37	Tax Free Bonds Series 80 A	25.11.2011	8.09%	334.31	25-Nov-21	Secured by first Pari-Passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first Pari-Passu charge on immovable property situated at Guindy, Chennai.
38	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15-Oct-21	
Total				11,275.11		

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

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



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

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

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

SR No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
1	71 - C Series	9.05%	15-Dec-30	192.70
2	66 - C Series	8.85%	15-Jun-30	633.00
3	103 Series	8.94%	25-Mar-28	2,807.00
4	102 - A (III) Series	8.90%	18-Mar-28	403.00
5	101 - B Series	9.00%	11-Mar-28	1,370.00
6	77 - B Series	9.45%	1-Sep-26	2,568.00
7	76 - B Series	9.46%	1-Aug-26	1,105.00
8	71 - B Series	9.05%	15-Dec-25	192.70
9	66 - B Series	8.75%	15-Jun-25	832.00
10	66 - B Series	8.75%	15-Jun-25	700.00
11	65 - Series	8.70%	14-May-25	1,087.50
12	65 - Series	8.70%	14-May-25	250.00
13	64 - Series	8.95%	30-Mar-25	492.00
14	63 - Series	8.90%	15-Mar-25	184.00
15	62 - B Series	8.80%	15-Jan-25	1,172.60
16	61 - Series	8.50%	15-Dec-24	351.00
17	57 - B Series	8.60%	7-Aug-24	866.50
18	85 - D Series	9.26%	15-Apr-23	736.00
19	102 - A (II) Series	8.90%	18-Mar-23	403.00
20	102 - B Series	8.87%	18-Mar-23	70.00
21	100 - B Series	8.84%	4-Mar-23	1,310.00
22	92 - C Series	9.29%	21-Aug-22	640.00
23	91 - B Series	9.39%	29-Jun-22	2,695.20
24	88 - C Series	9.48%	15-Apr-22	184.70
25	78 - B Series	9.44%	23-Sep-21	1,180.00
26	76 - A Series	9.36%	1-Aug-21	2,589.40

SR No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
27	75- C Series	9.61%	29-Jun-21	2,084.70
28	74 Series	9.70%	9-Jun-21	1,693.20
29	XXVIII Series	8.85%	31-May-21	600.00
30	73 Series	9.18%	15-Apr-21	1,000.00
31	72 - B Series	8.99%	15-Jan-21	1,219.00
32	71 - A Series	9.05%	15-Dec-20	192.70
33	70 Series	8.78%	15-Nov-20	1,549.00
34	68 - B Series	8.70%	15-Jul-20	1,424.00
35	66 - A Series	8.65%	15-Jun-20	500.00
36	65 - Series	8.70%	14-May-20	162.50
37	65 - Series	8.70%	14-May-20	1,175.00
38	85 - C Series	9.30%	15-Apr-20	79.50
39	64 - Series	8.95%	30-Mar-20	492.00
40	87 - D Series	9.42%	20-Mar-20	650.80
41	63 - Series	8.90%	15-Mar-20	184.00
42	100 - A Series	8.86%	4-Mar-20	54.30
43	99 - B Series	8.82%	20-Feb-20	733.00
44	62 - A Series	8.70%	15-Jan-20	845.40
45	61 - Series	8.50%	15-Dec-19	351.00
46	60 - B Series	1 year INCM TBMK + 179 bps	20-Nov-19	925.00
47	59 - B Series	8.80%	15-Oct-19	1,216.60
48	57 - B Series	8.80%	7-Aug-19	866.50
49	90 - B Series	9.41%	1-Jun-19	391.00
50	98 (III) Series	8.72%	8-Feb-19	324.00
51	82- C Series	9.70%	15-Dec-18	2,060.00
52	52 - C Series	11.25%	28-Nov-18	1,950.60
53	51 - C Series	11.00%	15-Sep-18	3,024.40
54	XLIX - B Series	10.85%	11-Aug-18	428.60
55	XLVIII - C Series	10.55%	15-Jul-18	259.70
56	XLVII - C Series	9.68%	9-Jun-18	780.70
57	104 - B Series	8.30%	15-May-18	351.00
58	102 - A(I) Series	8.90%	18-Mar-18	403.00
59	101 - A Series	8.95%	11-Mar-18	3,201.00
60	99 - A Series	8.77%	20-Feb-18	2.00
61	98 (II) Series	8.72%	8-Feb-18	324.00
62	72 - A Series	8.97%	15-Jan-18	144.00
63	97 Series	8.75%	15-Jan-18	1,000.00
64	XL - C Series	9.28%	28-Dec-17	650.00
65	XVIII Series	7.87%	13-Nov-17	25.00
66	93 - B Series	8.91%	15-Oct-17	950.00
67	XVII Series	8.21%	3-Oct-17	25.00
68	92 - A Series	9.01%	21-Aug-17	50.00
69	92 - B Series	9.27%	21-Aug-17	1,930.00
70	91 - A Series	9.40%	29-Jun-17	107.50
71	90 - A Series	9.61%	1-Jun-17	552.90
72	XIII Series	9.60%	24-May-17	65.00
73	XXXV Series	9.96%	18-May-17	530.00
74	XIII Series	9.60%	16-May-17	125.00
75	89 - A Series	9.52%	2-May-17	2,595.00
76	88- B Series	9.66%	15-Apr-17	100.20
77	XXXIV Series	9.90%	30-Mar-17	500.50
78	XXXIII - B Series	9.90%	22-Mar-17	561.50
79	87 - C Series	9.59%	20-Mar-17	217.50

SR No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ In crore)
80	87 - B Series	9.72%	20-Mar-17	23.00
81	84 Series	9.33%	17-Feb-17	1,521.20
82	98 (I) Series	8.72%	8-Feb-17	324.00
83	82 - B Series	9.64%	15-Dec-16	825.00
84	XXXI - A Series	8.78%	11-Dec-16	1,451.20
85	XVIII Series	7.87%	13-Nov-16	25.00
86	XVII Series	8.21%	3-Oct-16	25.00
87	XXIX - A Series	8.80%	7-Sep-16	250.00
88	77 - A Series	9.41%	1-Sep-16	1,083.60
89	75 - B Series	9.62%	29-Jun-16	360.00
90	106 - B Series	8.27%	25-Jun-16	3,033.00
91	104 - A Series	8.35%	15-May-16	4,000.00
92	XXVII - A Series	8.20%	17-Mar-16	1,000.00
93	XXVI Series	7.95%	24-Feb-16	1,261.80
94	XXV Series	7.60%	30-Dec-15	1,734.70
95	52 - B Series	11.30%	28-Nov-15	5.80
96	XVIII Series	7.87%	13-Nov-15	25.00
97	XVII Series	8.21%	3-Oct-15	25.00
98	50 - C Series	10.70%	25-Aug-15	80.80
99	68 - A Series	8.25%	15-Jul-15	147.00
100	106 - A Series	8.29%	25-Jun-15	1,250.00
101	65 - Series	8.70%	14-May-15	1,337.50
102	89 - B Series	9.46%	2-May-15	2,056.00
103	85 - A Series	9.51%	15-Apr-15	661.30
104	64 - Series	8.95%	30-Mar-15	492.00
105	63 - Series	8.90%	15-Mar-15	184.00
106	83 Series	9.55%	13-Jan-15	1,292.30
107	61 - Series	8.50%	15-Dec-14	351.00
108	82 - A Series	9.63%	15-Dec-14	2,100.00
109	96 Series	8.90%	14-Dec-14	1,903.00
110	XVIII Series	7.87%	13-Nov-14	25.00
111	XXI B Series	7.00%	2-Nov-14	51.90
112	59 - A Series	8.45%	15-Oct-14	288.20
113	93 - A Series	8.85%	15-Oct-14	1,788.00
114	XVII Series	8.21%	3-Oct-14	25.00
115	58 - B Series	8.45%	17-Sep-14	331.10
116	57 - B Series	8.60%	7-Aug-14	866.50
117	75 - A Series	9.64%	29-Jun-14	555.00
118	55 - B Series	7.50%	11-May-14	146.90
			Total	99,548.40
48	The details of Unsecured Subordinate Bonds are as follows :			
1	Subordinated Tier II Debt Bond	9.70%	21-Feb-24	2,000.00
2	Subordinated Tier II Debt Bond	9.65%	13-Jan-24	1,000.00
3	Subordinated Tier II Debt Bond	8.19%	14-Jun-23	800.00
			Total	3,800.00
49	As at 31.03.2014, Bonds of ₹ 6.90 crore (previous year ₹ 7.40 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.50 crore (previous year ₹ 0.50 crore) are held by PFC Ltd. Gratuity Trust.			
50	Foreign currency 8.61 % Senior Notes (USPP - I) of USD 180 million amounting to ₹ 1,088.82 crore (previous year ₹ 986.40 crore) are redeemable at par on 05.09.2017.			

Notes : -

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

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



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

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

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



Notes : -

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

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

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

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

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

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

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

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

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

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Interest Subsidy Fund from GOI (Refer Note No.12 (ii) of Part - C - Consolidated Other Notes on Accounts)	21.93	101.94	123.87	33.06	112.72	145.78
Interest Differential Fund - KFW (Refer Note No. 9 of Part-C - Consolidated Other Notes on Accounts)	0.00	54.63	54.63	0.00	54.73	54.73
Advance received from Subsidiaries (including interest payable thereon) (Refer Note No. 8.3 of Part-C - Consolidated Other Notes on Accounts)	158.31	160.95	319.26	0.00	295.60	295.61
Amount payable to GoI under R-APDRP (Refer Note No.14 (i) of Part-C - Consolidated Other Notes on Accounts)	0.00	0.00	0.00	0.25	0.00	0.25
Sub Total	180.63	317.52	497.76	33.31	463.06	496.37
Interest Accrued but not due :						
On Bonds	5,874.55	0.00	5,874.55	4,771.01	0.00	4,771.01
On Loans	92.11	0.00	92.11	119.15	0.00	119.15
Sub Total	5,966.66	0.00	5,966.66	4,890.16	0.00	4,890.16
Unpaid / Unclaimed						
Bonds	4.54	0.00	4.54	4.71	0.00	4.71
Interest on Bonds	1.96	0.00	1.96	3.21	0.00	3.21
Dividend	1.45	0.00	1.45	1.20	0.00	1.20
Sub Total	7.95	0.00	7.95	8.12	0.00	9.12
Others	111.20	30.10	141.30	135.16	76.75	211.91
Total #	6,266.05	347.62	6,613.67	5,067.75	539.81	5,607.56

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



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

(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Short Term	Long Term	Total	Short Term	Long Term	Total
I. Employee Benefits **						
Economic Rehabilitation of Employees	0.12	1.12	1.24	0.12	1.19	1.31
Leave Encashment	0.99	19.74	20.73	1.14	19.27	20.41
Staff Welfare Expenses	0.92	14.96	15.88	1.15	12.14	13.29
Gratuity / Superannuation Fund	0.94	0.02	0.96	1.63	0.00	1.63
Sub Total	2.97	35.84	38.81	4.04	32.60	36.64
II. Others						
Income Tax (net)	98.37	23.05	121.42	22.37	11.62	33.99
CSR & SD Expenses (Refer Note No. 21 of Part-C - Consolidated Other Notes on Accounts)	32.33	0.00	32.33	0.00	0.00	0.00
Contingent provision against Standard Assets (Refer Note No. 15.1 of Part-C - Consolidated Other Notes on Accounts)	55.18	414.30	469.48	14.66	118.13	132.79
Proposed Final Dividend**	26.40	0.00	26.40	132.00	0.00	132.00
Proposed Corporate Dividend Tax **	4.49	0.00	4.49	22.43	0.00	22.43
Sub Total	216.77	437.35	654.12	191.46	129.75	321.21
Total #	219.74	473.19	692.93	195.50	162.35	357.85

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

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

NOTE - Part A - 6
CONSOLIDATE FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Opening Balance as at 01.04.2013	Additions/ Adjust-ments	Deductions/ Adjust-ments	Closing Balance as at 31.03.2014	Opening Balance as at 01.04.2013	For the year 01.04.2013 to 31.03.2014	Prior period Adjust-ments	Withdrawn/ Written back	Closing Balance as at 31.03.2014	As at 31.03.2014	As at 31.03.2013
I. Tangible Assets : Owned Assets											
Land (Freehold)	3.38	0.00	0.00	3.38	0.00	0.00	0.00	0.00	0.00	3.38	3.38
Land (Leasehold)	37.87	0.00	0.00	37.87	0.00	0.00	0.00	0.00	0.00	37.87	37.87
Buildings	24.92	0.00	0.00	24.92	7.20	0.89	0.00	0.00	8.09	16.83	17.72
EDP Equipments	14.57	0.97	0.24	15.30	10.93	1.64	0.00	0.17	12.40	2.90	3.64
Office and other equipments	14.03	0.85	0.19	14.69	7.71	0.97	0.00	0.09	8.59	6.10	6.32
Furniture & Fixtures	7.55	0.24	0.11	7.68	5.33	0.44	0.00	0.07	5.70	1.98	2.22
Vehicles	0.08	0.10	0.02	0.16	0.07	0.02	0.00	0.02	0.07	0.09	0.01
Total #	102.40	2.16	0.56	104.00	31.24	3.96	0.00	0.35	34.85	69.15	71.16
Previous year	99.63	4.17	1.40	102.40	27.29	4.48	(0.01)	0.52	31.24	71.16	72.34
II. Intangible Assets : Purchased Software (Useful Life - 5 years)	7.89	0.01	0.10	7.80	4.10	1.27	(0.02)	0.00	5.35	2.45	3.79
Previous year	8.88	1.01	0.00	7.89	2.61	1.48	0.01	0.00	4.10	3.79	4.27
III. Capital Works in Progress -Intangible Assets **	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other #	0.00	0.66	0.00	0.66	0.00	0.00	0.00	0.00	0.00	0.66	0.00
Previous year	0.45	0.00	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.66	0.00

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

** Software Applications

NOTE - Part A - 7 CONSOLIDATED NON- CURRENT INVESTMENTS

Description	(₹ in crore)	
	As at 31.03.2014	As at 31.03.2013
(A) Trade Investments (Quoted)		
I. Equity Instruments		
- Valued at Cost		
1,20,00,000 Equity Shares (Previous year 1,20,00,000 Equity Shares) of ₹ 10/- each fully paid up of PTC Ltd.	12.00	12.00
Sub Total	12.00	12.00
(B) Other Investments (Unquoted and Non Trade)		
I. Equity Instruments - Valued at Cost		
32,20,000 Equity Shares (Previous year 28,00,000 Equity Shares) of ₹ 10/- each fully paid up of Power Exchange India Ltd. (Refer Note No. 8.4 (i) of Part-C - Consolidated Other Notes on Accounts)	3.22	2.80
7,00,000 Equity Shares (Previous year 7,00,000 Equity Shares) of ₹ 10/- each fully paid up of Subsidiaries (Refer Note No. 2.1 of Part-C - Consolidated Other Notes on Accounts)	0.70	0.70
III. Others		
- Valued at Cost (Less diminution, if any, other than temporary)		
76,82,816 Units of (Previous year 76,82,816 Units) *Small is Beautiful Fund of KSK Investment Advisor Pvt. Ltd. (Face value per unit is ₹ 10) (Refer Note No. 8.4 (i) of Part-C - Consolidated Other Notes on Accounts)	7.68	7.68
Less : Provision for diminution	0.00	0.15
Sub Total	11.60	11.60
TOTAL	23.60	23.03

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

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

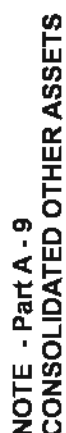
(₹ in crore)

Description	As at 31.03.2014			As at 31.03.2013		
	Current maturities (Twelve Months)	Non-Current	Total	Current maturities (Twelve Months)	Non-Current	Total
A. Long Term Loans						
I Secured Loans						
a) Considered Good						
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	12,822.05	1,14,952.56	1,27,774.61	10,741.69	91,997.07	1,02,738.76
RTLs to Independent Power Producers	1,047.81	18,730.66	17,778.47	989.56	13,269.75	14,259.31
Foreign Currency Loans to Independent Power Producers	30.32	47.78	78.10	27.46	70.76	98.22
Foreign Currency Loans to State Power Utilities	12.83	25.66	38.49	0.00	0.00	0.00
Buyer's Line of Credit	87.94	492.07	580.01	10.20	122.36	132.56
Lease Financing to Borrowers **	33.15	209.39	242.54	49.95	235.12	285.07
RTLs to Equipment Manufacturers	247.69	810.65	1,058.34	224.83	688.79	913.62
Incomes accrued & due on loans	438.65	14,700.44	438.65	35.23	1,06,383.85	35.23
b) Others						
RTL to Independent Power Producers-NPA	414.58	581.74	996.42	196.77	723.01	919.78
Less: Provision for contingencies	88.62	107.42	196.04	27.70	72.30	100.00
FCL to Independent Power Producers - NPA	110.37	120.92	231.29	77.80	136.93	214.73
Less: Provision for contingencies	22.07	24.18	46.25	7.78	13.69	21.47
Sub Total (I)	15,114.80	1,33,839.83	1,48,954.63	12,318.01	1,07,157.80	1,19,475.81



II. Un-Secured Loans							
a) Considered Good							
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	2,893.35	25,746.29	28,429.64	3,005.33	32,068.20	35,073.53	
RTLs to Independent Power Producers	206.05	8,018.88	8,224.93	115.64	3,146.20	3,261.84	
Foreign Currency Loans to State Power Utilities	0.00	0.00	0.00	11.99	34.87	46.86	
Buyer's Line of Credit	0.00	11.17	11.17	4.87	87.57	92.44	
RTLs to Equipment Manufacturers	0.00	0.00	0.00	0.00	0.00	0.00	
Incomes accrued & due on loans	39.55	2,828.95	39.55	36,705.29	0.00	35,336.84	0.01
Sub Total (II)	2,828.95	33,776.34	36,705.29	3,137.84	35,336.84	38,474.68	
Total A (I + II)	18,043.75	1,67,816.17	1,85,659.92	15,455.85	1,42,494.64	1,57,950.49	
B. Bonds							
I Un-secured Bonds							
Bonds / Debentures from State Power Corporations	0.00	1,170.50	1,170.50	0.00	0.00	0.00	0.00
Bonds / Debentures from Independent Power Producers	0.00	29.52	29.52	0.00	29.53	29.53	
Total B	0.00	1,200.02	1,200.02	0.00	29.53	29.53	
C. Short Term							
I Secured Loans - Considered Good							
Working Capital Loans to State Electricity Boards and State Power Corporations	812.98	0.00	812.98	1,000.00	0.00	1,000.00	
Working Capital Loans to Independent Power Producers	100.00	0.00	100.00	0.00	0.00	0.00	
Sub Total (I)	912.98	0.00	912.98	1,000.00	0.00	1,000.00	
II Un-Secured Loans - Considered Good							
Working Capital Loans to State Electricity Boards and State Power Corporations	1,483.08	0.00	1,483.08	1,416.11	0.00	1,416.11	
Incomes accrued & due on loans	0.12	0.00	0.12	0.00	0.00	0.00	
Sub Total (II)	1,483.20	0.00	1,483.20	1,416.11	0.00	1,416.11	
Total C (I + II)	2,396.18	0.00	2,396.18	2,416.11	0.00	2,416.11	
Grand Total	20,439.93	1,68,816.19	1,89,256.12	17,871.96	1,42,524.17	1,60,396.13	

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



Description	As at 31.03.2014			As at 31.03.2013		
	Current	Non-Current	Total	Current	Non-Current	Total
LOANS & ADVANCES						
Loans (considered good)						
a) to Employees (Secured)	2.51	15.55	18.06	2.34	15.23	17.57
b) to Employees (Unsecured)	5.32	35.70	41.02	4.11	27.26	31.37
Advances (Un-secured considered good)						
Advances recoverable in cash or in kind or for value to be received						
a) from Subsidiaries (including interest recoverable there on) <small>(Refer Note No. 8.2 of Part-C - Consolidated Other Notes on Accounts)</small>	164.81	92.21	257.02	2.37	219.35	221.72
b) to Employees	1.31	0.54	1.85	1.16	0.45	1.61
c) Prepaid Expenses	2.12	0.16	2.28	2.03	0.15	2.18
d) Others	101.28	1.13	102.41	82.24	0.41	82.65
e) Advance Income Tax and Tax Deductible at Source (net)	3.54	53.51	57.15	2.18	105.07	107.25
f) Security Deposits	3.50	0.08	3.58	3.28	0.36	3.64
OTHER ASSETS						
Accrued but not due :						
a) Interest on Loan Assets	3,865.81	0.00	3,865.81	3,257.45	0.00	3,257.45
b) Other charges	15.63	0.00	15.63	16.11	0.00	16.11
c) Interest on Loans to Employee	0.25	11.74	11.99	0.23	8.52	8.75
d) Interest on Deposits and Investments	10.10	3,891.79	3,903.33	29.54	8.52	29.54
Loans & Advances (Un-secured - Others)						
Less : Provision for contingencies	104.77	0.00	104.77	84.14	0.00	84.14
	21.71	0.00	21.71	9.26	0.00	9.26
Total #	4,259.44	210.62	4,470.06	3,477.92	376.80	3,854.72

Additions during the year includes ₹ 1.76 crore net (Previous year ₹ 2.89 crore) share of jointly controlled entities.

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

Description	(₹ in crore)	
	As at 31.03.2014	As at 31.03.2013
A. Equity Instruments - Valued scrip wise at lower of cost or fair value (Trade and Quoted)		
5,39,349 Equity Shares (Previous year - 5,39,349 Equity Shares) (Face value of ₹ 10/- each fully paid up) of PGCIL purchased at a cost of ₹ 52	2.80	2.80
Less : Provision for diminution	0.00	0.00
97,952 Equity Shares (Previous year - 97,952 Equity Shares) (Face value of ₹ 10/- each fully paid up) of REC Ltd. purchased at a cost of ₹ 105	1.03	1.03
Less : Provision for diminution	0.00	0.00
Total	3.83	3.83
Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	3.83	7.91
(previous year)	(3.83)	(7.75)
TOTAL	3.83	7.91
(Previous year)	(3.83)	(7.75)

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

Description	(₹ in crore)	
	As at 31.03.2014	As at 31.03.2013
A. Cash and Cash Equivalents		
i) Balances in current accounts with:		
a. Reserve Bank of India	0.05	0.05
b. Scheduled Banks	3.17	3.29
ii) Cheques in hand	58.36	0.62
iii) Public Issue Account with Escrow Collection Banker	0.00	165.37
iv) Fixed Deposits with Scheduled Banks (original maturity up to three months)	1.25	4,686.64
Sub - Total (A)	62.83	4,855.97
B. Other Bank Balances		
i) Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.	1.50	1.25
ii) Fixed Deposits with Scheduled Banks (original maturity more than three months but up to twelve months)	395.11	100.26
Sub - Total (B)	396.61	101.51
iii) Fixed Deposits with Scheduled Banks (original maturity more than twelve months)	27.36	22.85
Sub - Total (C)	27.36	22.85
Total (A) + (B) + (C) #	486.80	4,980.33

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

NOTE - Part A - 12
CONSOLIDATED REVENUE FROM OPERATIONS

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

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

NOTE - Part A - 13
CONSOLIDATED OTHER INCOME

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

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

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

Description	(₹ in crore)	
	Year ended 31.03.2014	Year ended 31.03.2013
I. Interest		
On Bonds	10,682.71	8,579.57
On Loans	1,644.05	1,772.32
GOI on Interest Subsidy Fund	10.70	19.00
Rebate for Timely Payment to Borrowers	205.90	167.46
Swap Premium (Net)	8.38	13.45
	12,551.70	10,551.80
II. Other Charges		
Commitment & Agency Fees	0.41	1.13
Financial Charges on Commercial Paper	192.22	200.74
Guarantee, Listing & Trusteeship fees	2.11	1.99
Management Fees on Foreign Currency Loans	0.25	64.44
Bank / Other Charges	0.03	0.07
Direct overheads for Consultancy Services	8.02	4.58
Interest paid on advances received from subsidiaries	6.56	7.63
Less : Interest received on advances given to subsidiaries	(6.77)	(4.90)
	(0.21)	2.73
III. Net Translation / Transaction Exchange Loss (+) / gain (-)	452.52	167.98
Total (I+II+III)	13,207.09	10,995.46

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

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

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

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

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

NOTE - Part A - 17
CONSOLIDATED OTHER EXPENSES

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

(₹ in crore)

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

* Note :

1) Miscellaneous Expenses includes :

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

2) Auditors' Remuneration includes :

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



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

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

Includes ₹ 0.04 crore (Previous year ₹ 0.06 crore) share of Jointly Controlled Entity.

Part - B

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

A. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relates to Power Finance Corporation Limited (The Company), its subsidiary, Joint Venture entity and Associate. The Consolidated Financial Statements have been prepared on the following basis:-

- i) The Financial Statements of the Company and its subsidiary are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 – Consolidated Financial Statements.
- ii) The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – Financial Reporting of interests in Joint Ventures.
- iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements excepts as otherwise stated in the notes to the accounts.
- iv) In case of Associates, where the company directly or indirectly through subsidiaries holds more than 20% of equity, investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements.

B. Investments in Subsidiaries and Associates which are not consolidated, are accounted for as per Accounting Standard (AS) 13 – Accounting for Investments, as per policy No. 6.3 Infra.

C. OTHER SIGNIFICANT ACCOUNTING POLICIES

1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

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

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

2 RECOGNITION OF INCOME / EXPENDITURE

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

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

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

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

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

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

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

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

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

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

2.9 Income from consultancy service is accounted for on the basis of assessment by the management of actual progress of work executed proportionately with respect to the total scope of work in line with the terms of respective consultancy contracts.

2.10 Fees for advisory and professional services for developing ultra mega power projects (Special Purpose Vehicle of Power Finance Corporation Limited) / Independent Transmission Projects becomes due only on transfer of project to the successful bidder and is accordingly accounted for at the time of such transfer.

3. MISCELLANEOUS (PRELIMINARY) EXPENDITURE

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

4. FIXED ASSETS / DEPRECIATION

- 4.1 Fixed assets are shown at historical cost less accumulated depreciation, except for the assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value.
- 4.2 Additions to fixed assets are being capitalized on the basis of bills approved or estimated value of work done as per contracts in cases where final bills are yet to be received / approved.
- 4.3 Depreciation on assets is provided on written down value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.
- 4.4 Items of fixed assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

5. INTANGIBLE ASSETS / AMORTIZATION

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

6. INVESTMENTS

- 6.1 Quoted current investments are valued scrip wise at lower of cost or fair value.
- 6.2 Unquoted current investments are valued at lower of cost or fair value.
- 6.3 Long term investments are valued at cost. Provision is made for diminution, other than temporary in the value of such investments. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.
- 6.4 Investments in mutual funds / venture capital funds are valued at cost, less diminution, if any, other than temporary. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

7. PROVISIONS / WRITE OFF AGAINST LOANS AND ADVANCES

Prudential Norms

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

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

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

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

- i) Loans in respect of projects which are under implementation as per RBI Circular No. ref DBS. FID No. C-11/01.02.00/2001-02 dated February 1, 2002 read with D.O. letter DBS FID No 1285/01.02.00/2001-02 dated May 14, 2002 and RBI letter No. DBOD.BP.No.7675/21.04.048/2008-09 dated 11.11.2008.
- ii) A facility which is backed by the Central / State Government guarantee or by the State Government undertaking for deduction from central plan allocation or a loan to State department, for a period not exceeding 12 months from the date from which Company's dues have not been paid by the borrower.
- iii) A loan disbursed to an integrated power entity which is bifurcated on account of division of states, the Company shall follow the Government order issued for division of assets and liabilities, unless the same is stayed by any court and the case is pending in the court.
- iv) Non servicing of part of dues due to dispute by the borrower for a period not exceeding 12 months from the date from which the company's dues have not been paid by the borrower. The disputed income shall be recognized only when it is actually realized. Any such disputed income already recognized in the books of accounts shall be reversed. Disputed dues means amount on account of financial charges like commitment charges, penal interest etc. and the disputed differential income on account of interest reset not serviced by the borrower due to certain issues remains unresolved. A dispute shall be acknowledged on case to case basis with the approval of the Board of Directors.

- 7.3 NPA classification and provisioning norms for loans, other credits, hire purchase and lease assets are given as under:



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

For the purpose of assets classification and provisioning :

- a) Facilities granted to Government Sector & Private Sector Entities shall be classified borrower wise with the following exceptions :
 - i) Government sector loans, where cash flow from each project are separately identifiable and applied to the same project, PFC shall classify such loans on project wise basis.
- b) The amount of security deposits kept by the borrower with the PFC in pursuance to the lease agreement together with the value of any other security available in pursuance to the lease agreement may be deducted against the provisions stipulated above.
- c) NPA subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of installments of principal amount, or interest amount, by whatever modality, shall not be upgraded to the standard category until expiry of one year of satisfactory performance under the restructuring and / or rescheduling and / or renegotiation terms.
- d) Interest restructuring which is normally done by PFC to help the borrowers to convert the past high cost debts into lower interest bearing debts will not be considered as re-schedulement / debt restructuring.
- e) Facilities falling under paragraph 6.2 (i), supra, shall be classified in line with RBI guidelines for asset classification of infrastructure projects, as applicable to banks from time to time, but provisioning for such facilities shall be as per PFC Prudential Norms applicable from time to time.

7.4 Provision against NPAs (Assets other than Hire Purchase and Leased assets) is made at the rates indicated below: -

- (i) Sub-standard assets : 10%
 - (ii) Doubtful assets:
 - (a) Secured portion / facility including that guaranteed by the State / Central Government or by the state Government undertaking for deduction from central plan allocation or loan to state department.

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

* A facility which is backed by Central / State Government Guarantee or by State Government undertaking for deduction from central plan allocation or a loan to state department would be treated as secured for the purpose of making provision.
 - (iii) Loss assets : 100%
- The entire loss assets shall be written off. In case, a loss asset is permitted to remain in the books for any reason, 100% of outstanding shall be provided for.

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

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

"Lease and hire purchase assets

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

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

Additional provision for hire purchase and leased assets

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

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

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

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

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

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

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

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

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

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

Provided that in each of the above three stages, the restructuring and/or rescheduling and / or renegotiation of principal and / or of interest may take place, with or without sacrifice, as part of the restructuring or rescheduling or renegotiating package evolved.

Provided further that in exceptional circumstance(s), for reasons to be recorded in writing, PFC may consider restructuring / reschedulement / renegotiation of terms of loan agreement second time before COD of the project with the approval of Board of Directors.

Provided further that extension of repayment schedule before COD* of the project in respect of Government Sector Entities, without any sacrifice** of either principal or interest, will not be considered as restructuring / rescheduling / renegotiation for the purpose of applicability of this section.

* Completion Date for projects where COD is not applicable.

** The term "sacrifice" shall mean waiver / reduction of principal and / or the interest dues and / or future applicable interest rate as a part of Restructuring / Reschedulement / Renegotiation package for the purpose of giving effect to the extant provision in respect of Government sector entities.

- (ii) Provision for shortfall in security of Restructured / Rescheduled / Renegotiated Loans:

Where the asset is partly secured, a provision to the extent of shortfall in the security available, shall be made while restructuring and / or rescheduling and / or renegotiation of the loans, apart from the provision required on present value basis and as per prudential norms.

- (iii) Treatment of Restructured / Rescheduled / Renegotiated Standard Loan:

The rescheduling or restructuring or renegotiation of the instalments of principal alone, at any of the aforesaid first two stages shall not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors of PFC or by a functionary at least one step senior to the functionary who sanctioned the initial loan for the project, within the policy framework laid down by the Board.

Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two

stages shall not cause a standard asset to be downgraded to sub-standard category subject to the condition that the amount of interest foregone, if any, on account of adjustment in the element of interest as specified later, is either written off or 100 per cent provision is made there against.

(iv) **Treatment of Restructured / Rescheduled / Renegotiated sub-standard Asset:**

A sub-standard asset shall continue to remain in the same category in case of restructuring or rescheduling or renegotiation of the instalments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest as specified later, shall be written off or 100 per cent provision made there against.

(v) **Adjustment of Interest:**

Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment shall be computed by taking the difference between the rate of interest as currently applicable to the loan (as adjusted for the risk rating applicable to the borrower) and the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.

(vi) **Funded Interest:**

In the case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for.

(vii) **Eligibility for Upgradation of Restructured / Rescheduled / Renegotiated Sub-standard Infrastructure loan:**

The sub-standard asset subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of instalments of principal amount, or interest amount, by whatever modality, shall not be upgraded to the standard category until expiry of one year of satisfactory performance under the restructuring and / or rescheduling and / or renegotiation terms.

Asset classification of sub-standard asset will not deteriorate upon rescheduling and / or renegotiation and / or restructuring whether in respect of instalments or principal amount or interest amount by whatever modality, if satisfactory performance is demonstrated during the period of one year under the restructuring and / or rescheduling and / or renegotiation terms.

(viii) **Reversal of Provision:**

The provisions* held by the non-banking financial companies against non-performing infrastructure loan, which may be classified as 'standard' in terms of paragraph 6.7(iii) above, shall continue to be held until full recovery of the loan is made.

* The provision which is made in a restructured / rescheduled / renegotiated account towards interest sacrifice.

(ix) **Conversion of Debt into Equity:**

Where the amount due as interest is converted into equity or any other instrument, and income is recognized in consequence, full provision shall be made for the amount of income so recognized to offset the effect of such income recognition:

Provided that no provision is required to be made, if the conversion of interest is into equity which is quoted;

Provided further that in such cases, interest income may be recognized at market value of equity, as on the date of conversion, not exceeding the amount of interest converted to equity.

(x) **Conversion of Debt into Debentures:**

Where principal amount and / or interest amount in respect of NPAs is converted into debentures, such debentures shall be treated as NPA, ab initio, in the same asset classification as was applicable to the loan just before conversion and provision shall be made as per norms.

(xi) **These norms shall be applicable to the loans which have been restructured and / or rescheduled and / or renegotiated and which are fully or partly secured standard / sub-standard asset.**

For the above paragraphs, Restructuring / Re-schedulement / Renegotiation shall cover terms of agreement relating to principal and interest.

However, this section shall not be applicable to the following set of assets:

- a) A facility which is backed by Central / State Government Guarantee or by State Government undertaking for deduction from central plan allocation or a loan to state department.
- b) Loans falling under paragraph 6.2(i).

8 FOREIGN EXCHANGE TRANSACTIONS

B.1 The following transactions are accounted for at the exchange rates prevailing on the date of the transaction as per Accounting Standard – 11.

- i) Expenses and income in foreign currency; and

- ii) Amounts borrowed and lent in foreign currency.
- 8.2 The following balances are translated in Indian Currency at the exchange rates prevailing on the date of closing of accounts as per Accounting Standard – 11.
 - i) Foreign currency loan liabilities.
 - ii) Funds kept in foreign currency account with banks abroad.
 - iii) Contingent liabilities in respect of guarantees given in foreign currency.
 - iv) Income earned abroad but not remitted / received in India.
 - v) Loans granted in foreign currency.
 - vi) Expenses and income accrued but not due on foreign currency loans / borrowing.
- 8.3 Where the Company has entered into a forward contract or an instrument that is, in substance a forward contract, the difference between the forward rate and the exchange rate on the date of transaction is recognized as income or expense over the life of the contract, as per Accounting Standard – 11.
- 8.4 In case of loan from KfW, Germany, exchange difference is transferred to Interest Differential Fund Account – KfW as per loan agreement.
- 8.5 In accordance with the paragraph 48A of the Accounting Standard (AS) 11, the exchange differences on the long term foreign currency monetary items are amortized over their balance period.
- 9 DERIVATIVE TRANSACTIONS**
 - 9.1 Derivative transactions include forwards, interest rate swaps, currency swaps, and currency and cross currency options to hedge on balance sheet assets or liabilities.
 - 9.2 These derivative transactions are done for hedging purpose, and not for trading or speculative purpose. These are accounted for on accrual basis, and are not marked to market.
- 10 GRANTS FROM GOVERNMENT OF INDIA**
 - 10.1 Where grants are first disbursed to the grantee, the same are shown as amount recoverable from the Govt. of India and are squared up on receipt of amount.
 - 10.2 Where grants are received in advance from Govt. of India, the same are shown as current liabilities till the payments are released to the grantee.
- 11 INTEREST SUBSIDY FUND**
 - 11.1 Interest subsidy for eligible borrowers received from the Ministry of Power, Govt. of India under Accelerated Generation & Supply Programme (AG&SP) on net present value (NPV) basis is credited to Interest Subsidy Fund on receipt and is passed on to the borrowers over the eligible period of loan on respective dates of interest demands. Any excess / shortfall in the Interest Subsidy Fund is refunded or adjusted / charged off on completion of respective scheme.
 - 11.2 Interest Subsidy Fund is credited at the year-end with interest on the outstanding balance in the subsidy fund by debiting Statement of Profit & Loss, at rates specified in the Scheme.
- 12 R-APDRP FUND**
 - 12.1 Amounts received from the Government of India under Re-structured Accelerated Power Development & Reforms Programme (R – APDRP) as a Nodal agency for on-lending to eligible borrowers are back to back arrangements with no profit or loss arising to the Company.
- 13 INCOME / RECEIPT / EXPENDITURE ON SUBSIDIARIES**
 - 13.1 Expenditure incurred on the subsidiaries is debited to the account “Amount recoverable from concerned subsidiary”.
 - 13.2 Expenses in respect of man days (employees) are allocated to subsidiaries and administrative overheads are apportioned to subsidiaries on estimated basis. Direct expenses are booked to respective subsidiaries.
 - 13.3 Interest on amount recoverable from subsidiaries (promoted as SPVs for Ultra Mega Power Projects) is accounted for at the rate of interest applicable for project loan / scheme (generation) to state sector borrower (category A) as per the policy of the Company.
 - 13.4 Amounts received by subsidiaries as commitment advance from power procurers are parked with the Company as inter-corporate loans and interest is provided on unused portion of these loans at the mutually agreed interest rates.
 - 13.5 Request for Qualification (RFQ) document / Request for Proposal (RFP) document developed for subsidiaries (incorporated for UMPP) are provided to subsidiary companies at a price equivalent to sale proceeds of RFQ / RFP document received by the subsidiary companies from the prospective bidders. The same is accounted for as income of the company on receipt from subsidiary company.
 - 13.6 The Company incurs expenditure for development work in the UMPPs / ITPs. The expenditure incurred is shown as amount recoverable from the respective subsidiaries set up for development of UMPPs / ITPs. Provisioning / write off is considered to the extent not recoverable, when an UMPPs / ITPs is abandoned by the Ministry of Power, Government of India.



14 EMPLOYEE BENEFITS

14.1 Provident Fund, Gratuity, Pension Fund and Post Retirement Benefits

Company's contribution paid / payable during the financial year towards provident fund and pension fund are charged in the statement of Profit and Loss. The Company's obligation towards gratuity to employees and post retirement benefits such as medical benefits, economic rehabilitation benefit, and settlement allowance after retirement are actuarially determined and provided for as per Accounting Standard – 15 (Revised).

14.2 Other Employee Benefits

The Company's obligation towards sick leave, earned leave, service award scheme are actuarially determined and provided for, as per Accounting Standard – 15 (Revised).

15 INCOME TAX

15.1 Income Tax comprising of current tax is determined in accordance with the applicable tax laws and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) in accordance with Accounting Standard – 22 on Accounting for Taxes on Income.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

15.2 Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

16 CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.

Part – C CONSOLIDATED OTHER NOTES ON ACCOUNTS

- The Company is a government company engaged in extending financial assistance to power sector.
- The consolidated financial statements represent consolidation of accounts of the company (Power Finance Corporation Limited), its subsidiary companies and joint venture entities as detailed below:-

Name of the subsidiary companies / joint venture entities	Country of Incorporation	Proportion of shareholdings as on		Status of accounts & Accounting period
		31.03.2014	31.03.2013	
Subsidiary Companies				
PFC Consulting Limited (PFCCL)	India	100%	100%	Audited
PFC Green Energy Ltd. (PFCGEL)	India	100%	100%	Audited
PFC Capital Advisory Services Limited India (PFCCAS)	India	100%	100%	Audited
Power Equity Capital Advisors Private Limited (PECAP)	India	100%	100%	Audited
Joint Venture entities				
National Power Exchange Limited	India	16.66%	16.66%	Unaudited
Energy Efficiency Services Limited	India	25%	25%	Unaudited

- The financial statements of subsidiaries (incorporated in India) as mentioned below are not consolidated in terms of paragraph 11 of Accounting Standard – 21 which states that a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal to successful bidder on completion of the bidding process :-

Sl No.	Name of the Company	Date of investment	Proportion of Shareholding as on		Amount (₹ in crore)
			31.03.2014	31.03.2013	
	Subsidiary Companies:				
1.	Coastal Maharashtra Mega Power Limited	05.09.2006	100%	100%	0.05
2.	Orissa Integrated Power Limited	05.09.2006	100%	100%	0.05
3.	Coastal Karnataka Power Limited	14.09.2006	100%	100%	0.05
4.	Coastal Tamil Nadu Power Limited	31.01.2007	100%	100%	0.05
5.	Chhattisgarh Surguja Power Ltd.	31.03.2008	100%	100%	0.05
6.	Sakhigopal Integrated Power Limited	27.01.2010	100%	100%	0.05
7.	Ghogarpalli Integrated Power Company Limited	27.01.2010	100%	100%	0.05
8.	Tatiya Andhra Mega Power Limited	27.01.2010	100%	100%	0.05
9.	Deoghar Mega Power Limited	30.07.2012	100%	100%	0.05
10.	Cheyur Infra Limited.	24.03.2014	100%	--	0.05
11.	Odisha Infrapower Limited	27.03.2014	100%	--	0.05
	Total				0.55

The above subsidiary companies were incorporated as special purpose vehicle (SPVs) under the mandate from Government of India (GOI) for development of ultra mega power projects (UMPPs) with the intention to hand over them to successful bidder on completion of the bidding process.

Financial statements for following fellow subsidiaries (wholly owned subsidiary of PFCCCL) are not attached since these subsidiaries has been transferred to successful bidder(s) on completion of the bidding process:

SI No.	Name of the companies	Date of Transfer
Subsidiary Companies :		
1.	Patran Transmission Company Limited	13.11.2013
2.	RAPP Transmission Company Limited	12.03.2014
3.	Purulia & Kharagpur Transmission Company Limited	09.12.2013
4.	Darbhanga-Motihari Transmission Company Limited	10.12.2013

Further, three subsidiary companies (wholly owned subsidiaries of PFCCCL) have been created for development of independent transmission projects (ITPs) with the intention to hand over them to successful bidder on completion of the bidding process:

SI No.	Name of the Company	Date of investment	Proportion of Shareholding as on		Amount (₹ in crore)
			31.03.2014	31.03.2013	
	Subsidiary Companies:				
1.	DGEN Transmission Company Ltd. (Wholly owned subsidiary company of PFCC Limited)	20.12.2011	100%	100%	0.05
2.	Ballabgarh-GN Transmission Company Limited	21.10.2013	100%	-	0.05
3.	Tanda Transmission Company Limited	21.10.2013	100%	-	0.05
	Total				0.15

2.2 The Company promoted and acquired the shares at face value in the subsidiary company. Therefore, goodwill or capital reserve did not arise.

3. Contingent liabilities:

(a) (₹ in crore)

S.No	Particulars	Amount as on 31.03.2014	Amount as on 31.03.2013
1.	Default guarantees issued in foreign currency - US \$ 4.14 million (as on 31.03.2013 US \$ 7.54 million)	25.07	41.34
2.	Guarantees issued in domestic currency	299.20	335.57
3.	Claims against the Company not acknowledged as debts	0.04	0.04
4.	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	2,274.96	4,247.61
	Total	2,599.27	4,624.56

(b) Additional demands raised by the Income Tax Department totaling to ₹ 49.87 crore (as on 31.03.2013 ₹ 55.93 crore) of earlier years are being contested. Further, the Income Tax Department has filed appeals before ITAT against the orders of CIT (A) allowing relief to the Company totaling to ₹ 79.26 crore (as on 31.03.2013 ₹ 67.96 crore). The same are being contested. The Management does not consider it necessary to make provision, as the probability of tax liability devolving on the Company is negligible.

4. Estimated amount of contract remaining to be executed on account of capital contracts and not provided for are ₹ 5.52 crore (as on 31.03.2013 Nil)

5. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) amounting to ₹ 55.10 crore for Assessment Years 2001-02 to 2011-12 have been provided for and are being contested by the Company.

6. Ministry of Corporate Affairs (MoCA), Government of India, vide its Circular No. 6/3/2001 - CL.V dated 18.04.2002 prescribed adequacy of Debenture Redemption Reserve (DRR) as 50% of the value of debentures issued through public issue; subsequently, the MoCA through its circular No. 11/02/2012-CL-V(A) dated 11.02.2013 modified the adequacy of DRR to 25%. In this regard, the Company has requested the MoCA for clarification, which is awaited. Pending receipt of clarification, the Company is creating DRR for public issue of bonds / debentures @ 50% for the issues for which prospectuses had been filed before 11.02.2013 and @ 25% for the subsequent public issues.

7. Foreign currency actual outgo and earning :

(₹ in crore)

Sl No.	Description	FY ended 31.03.2014	FY ended 31.03.2013
A.	Expenditure in foreign currency		
i)	Interest on loans from foreign institutions	249.69	187.78
ii)	Financial & Other charges	9.58	74.88
iii)	Traveling Expenses	Nil	0.13
iv)	Training Expenses	0.25	0.11
B.	Earning in foreign currency	0.07	Nil

8.1 Related party disclosures:

Key managerial personnel:

Name	Period
Shri M K Goel, Director (Commercial) & additional charge as CMD	with effect from 27.07.2007 as Director Commercial and from 13.09.2013 with additional charge as CMD
Shri Satnam Singh, CMD	from 01.08.2008 to 13.09.2013
Shri R Nagarajan, Director (Finance)	with effect from 31.07.2009
Shri A K Agarwal, Director (Project)	with effect from 13.07.2012
Subsidiary Companies	
Shri N D Tyagi, CEO of PFC Consulting Ltd.	from 25.03.2008 to 02.12.2013
Smt Nalini Vanjani CEO of PFC Capital Advisory Services Ltd.	with effect from 17.12.2012
Shri C Gangopadhyay, CEO of PFC Consulting Ltd.	With effect from 03.12.2013
Shri C Gangopadhyay, Director of Power Equity Capital Advisors Private Ltd.	With effect from 13.10.2009
Shri. A. Chakravarti CEO of PFC Green Energy Ltd.	With effect from 14.09.2012
Joint Venture Entities	
Shri Jagdish R Bhandari, Chairman of National Power Exchange Ltd.	with effect from 11.12.2008
Shri Saurabh Kumar, Managing Director of Energy Efficiency Services Ltd.	with effect from 7.05.2013
Shri. Anil Kumar Agarwal, Chairman of Energy Efficiency Services Ltd.	up to - 09.12.2013
Shri. P Thakkar, Chairman of Energy Efficiency Services Ltd.	with effect from 10.12.2013
Shri. S N Ganguly, Director of Energy Efficiency Services Ltd.	with effect from 19.11.2013
Shri. Rama Rao Modali Kali Venkata Director of Energy Efficiency Services Ltd.	up to - 31.10.2013
Shri. Ashok Awasthi, Director of Energy Efficiency Services Ltd.	up to - 10.12.2013
Shri. Mahender Singh, Director of Energy Efficiency Services Ltd.	up to - 10.07.2013

(₹ in crore)

Particulars	Chairman & Managing Director		Other Directors and CEO	
	For FY ended 31.03.2014	For FY ended 31.03.2013	For FY ended 31.03.2014	For FY ended 31.03.2013
Salaries and allowances	0.49	0.51	1.79	1.42
Contribution to provident fund and other welfare fund	0.02	0.04	0.17	0.10
Other perquisites / payments	0.04	0.09	0.32	0.25
Total	0.55	0.64	2.28*	1.77

Managerial remuneration:

* Includes salary of Sh. M. K. Goel, Director (Commercial) holding additional charge of CMD.

In addition to the above perquisites, the Chairman & Managing Director and other Directors have been allowed to use staff car including private journey up to a ceiling of 1,000 kms per month on payment of ₹ 2,000/- per month.

8.2 The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

Name of the Subsidiary Companies	(₹ in crore)			
	Amount as as on 31.03.2014	Amount as as on 31.03.2013	Maximum during the year ended 31.03.2014	Maximum during the year ended 31.03.2013
Coastal Maharashtra Mega Power Limited	7.88	7.00	7.88	7.00
Orissa Integrated Power Limited	92.97	90.31	106.62	90.31
Coastal Karnataka Power Limited	3.32	2.80	3.33	2.80
Coastal Tamil Nadu Power Ltd.	57.00	40.41	57.00	40.41
Chhattisgarh Surguja Power Limited	68.37	60.50	68.42	60.50
Sakhigopal Integrated Power Company Limited	4.50	3.26	4.50	3.26
Ghogarpalli Integrated Power Company Limited	3.89	2.89	3.89	2.89
Tatiya Andhra Mega Power Limited	11.28	9.84	11.30	9.84
Deoghar Mega Power Ltd.	5.00	2.43	5.01	2.43
Cheyur Infra Limited	0.01	-	0.01	-
Odisha Infra Power Ltd.	0.01	-	0.01	-
Subsidiary of PFCCCL	2.79	2.28	2.79	2.28
Total	257.02	221.72	270.76	221.72

8.3 The details of amounts payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:

Name of the Subsidiary Companies	(₹ in crore)			
	Amount as on 31.03.2014	Amount as on 31.03.2013	Maximum during the year ended 31.03.2014	Maximum during the year ended 31.03.2013
Coastal Maharashtra Mega Power Limited	56.47	52.97	56.47	52.97
Orissa Integrated Power Limited	67.57	62.57	67.57	62.57
Coastal Tamil Nadu Power Limited	63.72	58.92	63.72	58.92
Chhattisgarh Surguja Power Limited	61.16	56.17	61.16	56.17
Sakhigopal Integrated Power Company Limited	22.24	20.69	22.24	20.69
Ghogarpalli Integrated Power Company Limited	21.08	19.27	21.08	19.27
Tatiya Andhra Mega Power Limited	27.02	25.02	27.02	25.02
Total	319.26	295.61	319.26	295.61

8.4

(i) Investment in "Small is Beautiful" Fund:-

The Company has outstanding investment of ₹7.68 crore (as on 31.03.2013 ₹ 7.68 crore) in units of Small is Beautiful Fund. The face value of the Fund is ₹10 per unit. The NAV as on 31.03.2014 is ₹ 9.70 per unit (₹ 9.77 per unit as on 31.03.2013). As investment in Small is Beautiful Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

(ii) Investment in equity (unquoted) in Power Exchange India Limited:-

Power Exchange India Ltd. (PXIL) has been promoted by National Stock Exchange (NSE) and National Commodity and Derivatives Exchange Limited (NCDEX). The authorized share capital is ₹100 crore consisting of 8 crore equity shares of ₹10/- each and 2 crore preference shares of ₹10/- each as on 31.03.2014. The paid up equity share capital of PXIL is ₹ 46.47 crore, as on 31.03.2014. The Company has subscribed ₹ 3.22 crore (₹ 2.80 crore as on 31.03.2013) of the paid up capital of PXIL.

9. Interest Differential Fund (IDF) – KFW

The agreement between KFW and PFC provides that the IDF belongs to the borrowers solely and will be used to cover the exchange risk variations under this loan and any excess will be used in accordance with the agreement. The balance in the IDF fund has been kept under separate account head titled as Interest Differential Fund – KFW and shown as a liability. The total fund accumulated as on 31.03.2014 is ₹ 54.63 crore (as on 31.03.2013 ₹ 54.73 crore), after transferring exchange difference of ₹ 16.56 crore (as on 31.03.2013 ₹ 15.21 crore).

10. Foreign currency liabilities not hedged by a derivative instrument or otherwise:-

Liabilities in Foreign Currencies	Foreign Currency (In millions)	
	31.03.2014	31.03.2013
USD	791.93	805.90
EURO	20.87	22.80
JPY	35,807.40	41,643.20

11. (a) Asset under finance lease after 01.04.2001:

- (i) The gross investment in the leased assets and the present value of the minimum value receivable at the balance sheet date and the value of unearned financial income are given in the table below:

Particulars	As on	
	31.03.2014	31.03.2013
Total of future minimum lease payments recoverable (Gross Investments)	433.52	500.33
Present value of lease payments recoverable	242.54	285.07
Unearned finance income	190.98	215.26
Maturity profile of total of future minimum lease payments recoverable (Gross Investment)		
Not later than one year	54.34	70.77
Later than one year and not later than 5 years	102.87	127.55
Later than five years	276.31	302.01
Total	433.52	500.33
Break up of present value of lease payments recoverable		
Not later than one year	33.15	45.93
Later than one year and not later than 5 years	33.11	53.44
Later than five years	176.28	185.70
Total	242.54	285.07

- (ii) The Company had sanctioned an amount of ₹ 88.90 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). The sanction was reduced to ₹ 88.85 crore in December 2006. The gross investment stood at the level of ₹ 4.21 crore as on 31.03.2014. The lease rent is to be recovered within a period of 15 Years, starting from 19.07.2004, which comprises of 10 years as a primary period and 5 years as a secondary period.
- (iii) The Company had sanctioned an amount of ₹ 98.44 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 18.5.2004). The gross investment stood at ₹ 22.53 crore as on 31.03.2014. The lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as a primary period and a maximum of another 10 years as a secondary period.
- (iv) The Company had sanctioned an amount of ₹ 93.51 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). The gross investment stood at ₹ 1.96 crore as on 31.03.2014. The lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as a primary period and a maximum of 9 years and 11 months as a secondary period.
- (v) The Company had sanctioned an amount of ₹ 228.94 crore in the year 2008 as finance lease for financing wind turbine generator (commissioned on 18.05.2011). The gross investment stood at ₹ 404.82 crore as on 31.03.2014. The lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as a primary period and a maximum of 7 years as a secondary period.

b) Operating Lease:

The Company's operating leases consists:-

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 4.47 crore (during year ended 31.03.2013 ₹ 3.95 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 16 – Consolidated Employee Benefit Expenses. Lease payments in respect of premises for offices are shown as office rent in Note Part A 17 – Consolidated Other Expenses.

12. Subsidy under Accelerated Generation & Supply Programme (AG&SP):

- (i) The Company claimed subsidy from Govt. of India at net present value calculated at indicative interest rates in accordance with the GOI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of the actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. The impact of difference between the indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after the end of the respective schemes. However on the basis of the projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), the Company estimated the net excess amount of ₹ 6.32 crore and ₹ 74.53 crore as at 31.03.2014 for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. This net excess amount is worked out on overall basis and not on individual basis and may vary due to change in assumptions, if any, during the projected period such as changes in moratorium period, repayment period, loan restructuring, pre-payment, interest rate reset etc. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of the respective scheme.
- (ii) The balance under the head Interest Subsidy Fund shown as liability, represents the amount of subsidy received from Ministry of Power, Govt. of India which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in crore)

Particulars	As on 31.03.2014	As on 31.03.2013
Opening balance of Interest Subsidy Fund (As on 1st day of the Financial Year)	145.78	376.21
Add :- Received during the period	–	–
:- Interest credited during the period	10.70	18.99
:- Refund by the borrower due to non-commissioning of project in time	–	–
Less :- Interest subsidy passed on to borrowers	32.61	49.42
Refunded to MoP:		
(a) Estimated net excess against IX Plan	–	–
(b) Due to non-commissioning of Project in time	–	–
(c) Estimated net excess against X Plan	–	200.00
Closing balance of Interest subsidy fund	123.87	145.78

13. The Company had exercised the option under para 46A of the AS-11 - 'The Effects of Changes in Foreign Exchange Rates', to amortize the exchange differences on the long term foreign currency monetary items over their tenure. Consequently, as on 31.03.2014 the balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 709.21 crore (as on 31.03.2013 ₹ 477.97 crore) and shown on the "Equity and Liabilities" side of the balance sheet under the head "Reserve and Surplus", as a separate line item.
14. (i) The Company has been designated as the Nodal Agency for operationalisation and associated service for implementation of the Re-structured Accelerated Power Development and Reforms Programme (R – APDRP) during XI Plan by the Ministry of Power, Government of India (GOI) under its overall guidance. Further, MoP vide order dated 08.07.2013 had agreed to continue R-APDRP in XII / XIII Plan, inter-alia including extension of Part-A projects completion period from 3 to 5 years.

Projects under the scheme are being taken up in two parts. Part – A includes the projects for establishment of baseline data and IT applications for energy accounting as well as IT based customer care centers. Part – B includes regular distribution strengthening projects. GoI provides 100% loan for Part A and up to 25% (up to 90% for special category States) loan for Part – B. Balance funds for Part – B projects can be raised by the utilities from PFC / REC / multi-lateral institutions and / or own resources. The loans under Part A along with interest thereon are convertible into grant as per R – APDRP guidelines. Similarly, up to 50% (up to 90% for special category states) of the loan against Part – B project would be convertible in to grant as per R – APDRP guidelines. Enabling activities of the programme are covered under Part – C.

The loans under R – APDRP are routed through the Company for disbursement to the eligible utilities. The amount so disbursed but not converted in to grants as per R – APDRP guidelines will be repaid along with interest to the GoI on receipt from the borrowers.



The Details are furnished below :

(₹ in crore)

Particular	Amount recoverable from borrowers & Payable to GOI		R-APDRP Fund		Amount payable to GOI (Interest earned on Fixed Deposit)	
	FY	FY	FY	FY	FY	FY
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Opening balance as on 1st day of the Financial Year	6,694.63	5,502.88	0.00	0.00	0.25	11.09
Additions during the period	640.00	1,217.45	640.00	1,217.45	0.00	1.03
Recoveries / refunds / changes during the period	(18.78)	(25.7)	(640.00)	(1,217.45)	(0.25)	11.93
Closing balance (A)	7,315.85	6,694.63	0.00	0.00	0.00	0.19
Interest Accrued but not due (Int. earned on FD) (B)					0.00	0.06
Interest on loan under R-APDRP						
(I) Accrued but not due						
Opening Balance	1,327.94	775.24				
Additions during the period	627.24	552.70				
Transfer to Accumulated Moratorium Interest	(340.43)					
Transfer to Interest Accrued and Due	(9.66)					
Closing Balance	1,605.09	1,327.94				
(II) Accrued and due						
Opening Balance	0.00					
Additions During the period	9.66					
Recovered and refunded to GoI	(5.97)					
Closing Balance	3.69					
Interest on loan under R-APDRP (C) = (I + II)	1,608.78	1,327.94				
Accumulated Moratorium Interest						
Opening Balance	0.00					
Additions During the period	340.43					
Recovered and refunded to GoI	(1.51)					
Closing Balance (D)	338.92					
Interest on Accumulated Moratorium Interest						
(I) Accrued but not due						
Opening Balance	0.00					
Additions During the period	4.48					
Transfer to interest accrued and due	(3.06)					
Closing Balance	1.42					
(II) Accrued and due						
Opening Balance	0.00					
Additions During the period	3.06					
Recovered and refunded to GoI	(0.85)					
Closing Balance	2.21					
Interest on Accumulated Moratorium Int. (E) = (I + II)	3.63					
Closing Balance (A+B+C+D+E)	9,267.18	8,022.57	0.00	0.00	0.00	0.25



(ii) As on 31.03.2014, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by PFC has been as under:-

(₹ in crore)

	During the FY ended 31.03.2014	During the FY ended 31.03.2013	Cumulative up-to	
			31.03.2014	31.03.2013
Nodal agency fee *	18.50	16.52	163.79	145.29
Reimbursement of expenditure	(21.81)**	21.81	61.88	83.67
Total	(3.31)	38.33	225.65	228.96

* Exclusive of Service Tax

** Reversal for FY 2012-13

(iii) As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, GoI, the total amount receivable against the nodal agency fee plus the reimbursement of actual expenditure will not exceed ₹ 850 crore or 1.7 % of the likely outlay under Part A & B of R – APDRP, whichever is less.

(iv) In line with the R – APDRP scheme approved by MoP, GoI, vide Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010, till 31.03.2013, Nodal Agency Fees under R – APDRP had been accounted for @ 1% of the sanctioned project cost in three stages - 0.40% on sanction of the project, 0.30% on disbursement of the funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B). Further, actual expenditure, including expenditure allocable on account of PFC manpower, incurred for operationalising the R – APDRP were reimbursed / reimbursable by Ministry of Power, Government of India.

Ministry of Power (MoP) vide letter dated 15.07.2013 informed that as per Department of Expenditure (DoE), Nodal Agency Fee for R-APDRP scheme for 12th plan may be restricted to 0.5% of the sanctioned project cost or actual expenditure, whichever is less.

It was also indicated in the MoP letter dated 15.07.2013 that proposal for any higher nodal agency fee may be considered, if agreed by the DoE. Accordingly, the Company has submitted a proposal to MoP (vide our letter dated 22.08.2013) for consideration of Nodal Agency Fee @ 0.50% on R-APDRP sanctions and reimbursement of actual expenditure incurred under R – APDRP (excluding PFC manpower expenditure), from 12th plan onward. The proposal is under consideration by MoP, GoI.

Pending finalization, nodal agency fee / reimbursement of expenditure for 12th plan has been accounted for during the year (with effect from 01.04.2012) on provisional basis as indicated by DoE through MoP communication dated 15.07.2013. Accordingly, nodal agency fee income amounting to ₹ 18.50 crore (₹ 18.43 crore for FY 2013-14 and ₹ 0.07 crore for FY 2012-13) has been recognised during the year. Further, ₹ 42.59 crore on account of expenditure allocable to R-APDRP has been accounted for separately and appearing under Note Part-A-17-Consolidated other expenses (including ₹ 21.81 crore of FY 2012-13 earlier booked as recoverable from MoP, GoI).

15.1 The holding Company (PFC) has been creating provision for standard assets in phases with effect from FY 2012-13, in three years period @ of 0.0833% p.a. in order to bring it to 0.25% on 31st March 2015 in line with the accounting policy introduced during the financial year 2012-13. Further, RBI vide its letter dated 25-07-2013 has directed that provision may be made @ 0.25% ab-initio for all new assets. Accordingly, the Company has changed its accounting policy to create provision @ 0.25% for all new standard assets created in the current year, while finalisation of half yearly financial statements as at 30.09.2013. The Board of Directors' in its meeting dated 27.03.2014 decided to accelerate the provisioning for Standard Assets, so as to bring it to 0.25% as on 31.03.2014 instead of on 31.03.2015. Therefore, the accounting policy has again been changed, during the quarter ended as at 31.03.2014, with effect from 01.04.2013 to create provision for standard assets @ 0.25% of the outstanding as at the end of financial year. Due to this change in accounting policy, the profit for the year ended 31.03.2014 has decreased by ₹ 156.47 crore. As on 31.03.2014, the consolidated Standard Asset provision stands at ₹ 469.48 crore (₹ 132.79 crore as on 31.03.2013).

15.2 The Company being a Government owned Non-Banking Financial Company is exempt from the RBI directions relating to Prudential Norms. The Company, however, formulated its own set of Prudential Norms with effect from 01.04.2003, which are revised from time to time. Ministry of Power (MoP), Government of India (GoI) initially accorded its approval to the Prudential Norms of the Company vide letter dated 19-04-2007 and thereafter extended validity of the same for subsequent financial years. The prudential norms applicable for financial year 2013-14 are approved by MoP, GoI, vide its letter dated 23.05.2012 as per which the Prudential Norms as applicable to the Company upto 31.03.2012 will continue to be applicable up to 31.03.2013 or till further orders.

Further, RBI vide its notification dated 12.12.2006 proposed to bring all deposit taking and systemically important government owned NBFCs under the RBI's direction on Prudential Norms from a date to be decided later and advised Government companies to submit a roadmap for compliance with various elements of the NBFCs regulation in consultation with Government.

Accordingly, PFC has been submitting roadmaps as advised by RBI from time to time on the basis of which exemption was granted by RBI upto FY 2012-13.

In response to the Road Map and subsequent correspondence, RBI vide its letter dated 25.07.2013 advised on certain issues relating to Provisioning of Standard assets, etc. and informed that the matters relating to the Restructuring / Rescheduling / Renegotiation (R/R/R) of assets and the credit concentration norms are under its consideration and it will revert back in due course. RBI has also advised the Company to take steps to comply with RBI Prudential Norms by 31.03.2016. The Company has informed to RBI its implementation strategy for the above directions of RBI vide letter dated 07.10.2013 wherein for matter relating to the R/R/R of assets and the credit concentration norms, it has been informed that the Company shall continue to follow its extant norms for these matters till further directions from RBI.

Now, RBI vide letter dated 3rd April, 2014 has allowed the exemption from credit concentration norms in respect of exposure to Central / State Government entities till 31.03.2016 and for the matter relating to R/R/R, RBI has advised the Company to follow the instructions contained in RBI circular DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23.01.2014. In this regard the Company vide letter dated 25.04.2014.

has submitted an implementation strategy to comply with RBI directions on R/R/R of assets for the consideration of RBI and also stated that PFC will follow the restructuring provisions contained in its extant prudential norms till such time RBI may issue further instructions in this respect. MoP, Govt, vide its letter dated 15.05.2014 has also requested RBI to consider the implementation strategy as communicated by the Company. The response from RBI is awaited. Since the Company is following norms relating to R / R / R duly approved by MoP, Govt, the management is of the view that RBI norms on R / R / R are not applicable to the Company for the financial year 2013-14.

16. The net deferred tax liabilities of ₹ 273.00 crore (as on 31.03.2013 ₹ 218.63 crore) have been computed as per Accounting Standard 22 Accounting for Taxes on Income.

The breakup of deferred tax liabilities is given below: -

(₹ in crore)

Description	As on 31.03.2014	As on 31.03.2013
(a) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	24.11	8.48
(ii) Preliminary expenses	0.46	0.56
(b) Deferred Tax Liabilities (-)		
(i) Depreciation	(1.49)	(1.10)
(ii) Lease income	(79.95)	(95.00)
(iii) Amortization	(0.83)	(1.29)
(iv) Unamortized Exchange Loss (Net)	(215.30)	(130.28)
Net Deferred Tax Liabilities (-)/Assets (+)	(273.00)	(218.63)

17. In compliance with Accounting Standard – 20 on Earning Per Share issued by the Institute of Chartered Accountants of India, the calculation of Earning Per Share (basic and diluted) is as under:-

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Net Profit after tax used as numerator (₹ in crore)	5,461.84	4,437.74
Weighted average number of equity shares used as denominator (basic)	132,00,31,803	131,99,82,855
Weighted average number of equity shares used as denominator (diluted)	132,00,39,328	131,99,90,939
Earning per share (basic & diluted) (₹)	41.38	33.62
Face value per share (₹)	10	10

18. The Company, its subsidiaries and Joint ventures (except one of the subsidiary, PFC Consulting Limited where principal amount due is ₹ 0.10 crore (As on 31.03.2013 Nil) have no outstanding liability towards Micro, Small and Medium enterprises.

19. Leasehold land is not amortized, as it is a perpetual lease.

20. Liabilities and assets denominated in foreign currency have generally been translated at TT selling rate of SBI at year end as given below: -

S. No.	Exchange Rates	31.03.2014	31.03.2013
1	USD / INR	60.49	54.80
2	JPY / INR	0.5903	0.5847
3	EURO / INR	83.48	70.28

In-case of specific provision in the loan agreement for a rate other than SBI TT selling rate, the rate has been taken as prescribed in the respective loan agreement.

- 21.1 The Company has made the public issue of 75,00,000 tax free bonds (secured) with an option to retain oversubscription upto 3,87,59,000 bonds at the face value of ₹ 1,000/- each during the current financial year and has mobilized ₹ 3875.90 crore. The security has been created on 14 - Nov - 2013 and bonds have been allotted on 16-Nov-2013. The bonds have been listed in the BSE on 19 - Nov - 2013. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

- 21.2 During the financial year 2013-14, Government of India (GoI) has set up a fund called Goldman Sachs CPSE Exchange Traded Scheme ("GS CPSE BeES") launched by Goldman Sachs Asset Management (India) Private Limited (AMC). Accordingly, in March 2014, Government of India, Ministry of Power, acting through Department of Disinvestment, has disinvested 1,21,06,076 equity shares of face value of ₹ 10/- each by selling it to the AMC. After disinvestment, the holding of Government of India in the paid up equity share capital of the Company has come down to 72.80% (As on 31.03.2013 73.72%).

- 22.1 Disclosures as per Accounting Standard – 15 :-

A. Provident fund

The Company pays fixed contribution to provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the statement of profit and loss. The trust to ensure a minimum rate of return to the members as specified by GoI. However, any short fall for payment of interest to members as per



specified rate of return has to be compensated by the Company. The Company estimates that no liability will take place in this regard in the near future and hence no further provision is considered necessary.

B. Gratuity

The Company has a defined gratuity scheme and is managed by a separate trust. The provision for the same has been made on actuarial valuation based upon total number of years of service rendered by the employee subject to a maximum amount of ₹10 lakh.

C. Pension

The Company has a defined contribution pension scheme which is in line with guidelines of the Department of Public Enterprise (DPE) and is managed by a separate trust. Employer contribution to the fund has been contributed on monthly basis. Pension is payable to the employee of the corporation as per the scheme.

D. Post Retirement Medical Scheme (PRMS)

The Company has Post-Retirement Medical Scheme (PRMS), under which retired employees and their dependent family member are provided with medical facilities in empanelled hospitals. They can also avail reimbursement of out-patient treatment subject to a ceiling fixed by the Company.

E. Terminal Benefits

Terminal benefits include settlement in home town for employees & their dependents.

F. Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrue on half yearly basis @ 15 days and 10 days, respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. Earned leave is en-cashable during the service, while half pay leave is not en-cashable during the service or on separation / superannuation before 10 years. On separation after 10 years of service or on superannuation, earned leave plus half pay leave together can be en-cashed subject to a maximum of 300 days.

The above mentioned schemes (D, E and F) are unfunded and are recognized on the basis of actuarial valuation.

The summarised position of various defined benefits recognized in the Statement of Profit and Loss, Balance Sheet are as under (Figures in brackets () represents to as on 31.03.2013)

i) Expenses recognised in Statement of Profit and Loss

(₹ in crore)

	Gratuity	PRMS	Leave
Current service cost	1.35 (1.18)	0.45 (0.36)	1.89 (1.89)
Interest cost on benefit obligation	1.29 (1.12)	0.76 (0.67)	1.63 (1.42)
Expected return on plan assets	-1.28 (-1.22)	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	-0.50 (0.40)	1.54 (0.46)	2.65 (2.37)
Expenses recognised in Statement of Profit & Loss	*0.88 (1.48)	*2.75 (1.49)	*6.23 (5.68)

(*) Includes ₹ 0.07 crore (as on 31.03.2013 ₹ 0.13 crore), ₹ 0.58 crore (as on 31.03.2013 ₹ 0.58 crore) and ₹ 0.11 crore (as on 31.03.2013 ₹ 0.04 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) The amount recognized in the Balance Sheet

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 31.03.2014 (i)	17.98 (16.16)	11.75 (9.50)	20.73 (20.39)
Fair value of plan assets at 31.03.2014 (ii)	17.10 (14.67)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-0.88 (-1.48)	-11.75 (-9.50)	-20.73 (-20.39)
Net asset / (liability) recognized in the Balance Sheet	-0.88 (-1.48)	-11.75 (-9.50)	-20.73 (-20.39)

iii) Changes in the present value of the defined benefit obligations

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2013	16.16 (14.03)	9.50 (8.33)	20.40 (17.74)
Interest cost	1.29 (1.12)	0.76 (0.67)	1.63 (1.42)
Current service cost	1.35 (1.18)	0.45 (0.36)	1.89 (1.89)
Benefits paid	-0.51 (-0.62)	-0.50 (-0.32)	-5.90 (-3.03)
Net actuarial (gain)/loss on obligation	-0.31 (0.45)	1.54 (0.46)	2.65 (2.37)
Present value of the defined benefit obligation as at 31.03.2014	17.98 (16.16)	11.75 (9.50)	20.73 (20.39)

iv) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2013	14.67 (14.03)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	1.28 (1.22)	0.00 (0.00)	0.00 (0.00)
Contributions by employer	1.48 (0.00)	0.00 (0.00)	0.00 (0.00)
Benefit paid	-0.51 (-0.62)	0.00 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	0.20 (0.04)	0.00 (0.00)	0.00 (0.00)
Fair value of plan assets as at 31.03.2014	17.12 (14.67)	0.00 (0.00)	0.00 (0.00)

v) One percent increase / decrease in the inflation rate would impact liability for medical cost of PRMS, as under:-

Cost increase by 1%	₹1.72 crore
Cost decrease by 1%	₹ -1.79 crore

- vi) During the year, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 0.88 crore, to PRMS of ₹ 2.75 crore, to leave ₹ 6.23 crore and to pension ₹ Nil crore (during the year ended 31.03.2013 towards contribution to the Gratuity Trust of ₹ 1.48 crore, to PRMS of ₹ 1.62 crore, to leave ₹ 6.04 crore and to pension ₹ 0.69 crore). Above amount includes ₹ 0.07 crore (as on 31.03.2013 ₹ 0.13 crore), ₹ 0.58 crore (as on 31.03.2013 ₹ 0.58 crore) and ₹ 0.11 crore (as on 31.03.2013 ₹ 0.04 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

G. Other Employee Benefits:-

During the year, provision of ₹ -0.05 crore (during the FY ended 31.03.2013 ₹ 0.08 crore) has been made for Economic Rehabilitation Scheme for Employees and provision of ₹ 0.74 crore has been made for Long Service Award for Employees (during the year ended 31.03.2013 ₹ 0.37 crore) on the basis of actuarial valuation made at the end of the year by charging / crediting the Statement of Profit and Loss.

H. Details of the Plan Asset:- Gratuity

The details of the plan assets at cost, as on 31.03.2014 are as follows:-

(₹ in crore)

S.No.	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
i)	Government Securities	9.69	8.53
ii)	Corporate bonds / debentures	6.82	5.61
	Total	16.51	14.14

Actuarial assumptions

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.50%
Expected rate of return on assets – Gratuity	8.70%
Future salary increase	6.50%

The estimates of future salary increases considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

22.2 Details of provision as required in Accounting Standard – 29, (Figures in brackets () represents to as on 31.03.2013), are as under :

(₹ in crore)

Provision for	Opening Balance (as on 1st April of the FY (1))	Addition during the year (2)	Paid / adjusted during the year (3)	Closing Balance 4 = (1+2-3)
Post-Retirement Medical Scheme	9.50 (8.33)	2.75 (1.82)	0.50 (0.45)	11.75 (9.50)
Gratuity	1.48 (0.64)	0.88 (1.48)	1.48 (0.64)	0.88 (1.48)
Provision for super annuation benefit (Pension)	0.15 (6.60)	0.00 (0.69)	0.07 (7.14)	0.08 (0.15)
Leave Encashment	20.41 (17.74)	6.22 (6.06)	5.90 (3.39)	20.73 (20.41)
Economic Rehabilitation Scheme for employee	1.31 (1.24)	-0.05 (0.08)	0.02 (0.01)	1.24 (1.31)
Bonus / Incentives / Base Line Compensation	29.83 (28.17)	12.44 (23.12)	22.08 (21.46)	20.19 (29.83)
Baggage Allowances	0.08 (0.07)	0.01 (0.01)	0.00 (0.00)	0.09 (0.08)
Service Award	3.71 (3.33)	0.74 (0.38)	0.41 (0.00)	4.04 (3.71)
Income Tax	3,420.56 (2,003.24)	2,102.82 (1,556.04)	885.17 (138.72)	4,638.21 (3,420.56)
Proposed Final Dividend	132.00 (132.00)	26.40 (132.00)	132.00 (132.00)	26.40 (132.00)
Proposed Corporate Dividend Tax	22.43 (21.41)	4.49 (22.43)	22.43 (21.41)	4.49 (22.43)

23. The Company has formulated a Corporate Social Responsibility & Sustainable Development (CSR & SD) policy in line with the guidelines issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) from time to time. As per the CSR policy approved by the Company in October 2013, a minimum of 1% of the consolidated profit after tax of the previous period will be allocated every financial year for CSR & SD activities. Any unspent / unutilized CSR & SD allocation of a particular year, will be carried forward to the following years and will have to be spent within the next 2 financial years, failing which it would be transferred to Sustainable Development fund to be created separately.

As there is an obligation under the policy to spend the amount allocated for CSR & SD activities within a specified time, in line with AS 29, the allocation for CSR & SD activities for the current year has been provided for by charging to profits; the CSR and SD reserves as on 31.03.2013 amounting to ₹ 18.85 crore have also been reversed and provided for by charging to profits. As on 31.03.2014, the CSR and SD provision stands at ₹ 32.33 crore after adjusting for the amount spent.

24. (i) During the year, the Company has sent letters seeking confirmation of balances to the borrowers and confirmation in a few cases are awaited.
- (ii) There are no unpaid / unclaimed bonds, interests on bonds and dividends, which are over 7 years as on 31.03.2014 (previous period ₹Nil). However, an amount of ₹0.56 crore (previous year ₹0.56 crore) remaining unpaid pending completion of transfer formalities by the claimants.
25. In the opinion of the management the value of current assets loans and advances on realization in the ordinary course of business will not be less than the value at which these are stated in the Balance Sheet as at March 31, 2014.



26. The value of invoices raised pursuant to execution of contract agreement / issue of letter of award in respect whereof no income have been recognised and no amount received have been set off from assets and liabilities amounting to ₹ 7.33 crore (Previous year ₹4.40 crore) respectively.
 27. The Disclosure requirement in respect of subsidiary companies and joint venture has been disclosed to the extent available from their audited accounts.
 28. The Company, its subsidiaries and joint ventures have no exposure to real estate sector as on 31.03.2014.
 29. The Company, its subsidiaries and joint ventures does not have more than one reportable segment in terms of Accounting Standard 17 on Segment Reporting.
 30. Previous period's figures have been re-grouped / re-arranged, wherever practicable to make them comparable.
 31. Figures have been rounded off to the nearest crore of rupees with two decimals.
- Notes at Part A (1 to 18), Part B and Part C form an integral part of Consolidated Balance Sheet and Consolidated Statement of Profit & Loss.

For and on behalf of the Board of Directors

Sd/-
(**MANOHAR BALWANI**)
Company Secretary

Sd/-
R.NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

For **N.K. Bhargava & Co.**
Chartered Accountants
Firm Regn. No. 000429N

For **K.B.Chandna & Co.**
Chartered Accountants
Firm Regn. No. 000862N

Sd/-
(**N.K. BHARGAVA**)
PARTNER
Membership No - 080624

Sd/-
(**V.K. GUREJA**)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 27.05.2014



POWER FINANCE CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in crore)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
I. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	7,624.42	5,993.52
ADD: Adjustments for		
Loss on Sale of Assets (net)	0.08	0.03
Depreciation / Amortisation	5.23	5.96
Amortization of Zero Coupon Bonds & Commercial Papers	102.74	135.98
Foreign Exchange Translation Loss	414.06	163.76
Diminution in value of investments	(0.15)	0.00
Provision for Contingencies	469.95	80.85
Dividend / Interest and profit on sale of investment	(2.14)	(11.67)
Provision for CSR Expenditure & Sustainable Expenditure	63.23	16.30
Provision for interest under IT Act	5.22	4.07
Provision for Retirement Benefits / Other Welfare Expenses / Wage revision	9.80	11.64
Interest Received	(13.21)	(9.32)
Interest Paid	0.01	0.02
Preliminary expenses written off	0.00	0.00
Operating profit before working Capital Changes:	8,679.24	6,391.14
Increase / Decrease :		
Loans Disbursed (Net)	(28,959.96)	(30,256.10)
Other Current Assets	(966.67)	(1,148.76)
Foreign Currency Monetary Item Translation Difference A/c	(231.24)	37.44
Liabilities and provisions	986.23	1,433.97
Cash flow before extraordinary items	(20,492.40)	(23,542.31)
Extraordinary items	0.00	0.00
Cash inflow / Outflow from operations before Tax	(20,492.40)	(23,542.31)
Income Tax paid	(2,038.83)	(1,564.97)
Income Tax Refund	57.97	5.56
Net Cash flow from Operating Activities	(22,473.26)	(25,101.72)
II. Cash Flow From Investing Activities :		
Sale / adjustment of Fixed Assets	0.17	0.05
Purchase of Fixed Assets	(2.81)	(4.38)
Increase / decrease in Capital Works in Progress	0.00	0.45
Investments in Subsidiaries	0.00	(0.25)
Interest Received	13.21	12.43
Dividend / Interest and profit on sale of investment	2.14	8.29
Other Investments	(3.51)	5.85
Net Cash Used in Investing Activities	9.20	22.44
III. Cash Flow From Financing Activities :		
Issue of Equity Shares	0.44	1.60
Issue of Bonds	28,575.45	31,142.02
Redemption of Bonds	(7,431.91)	(9,753.90)
Raising of Long Term Loans	14,464.00	1,700.00
Repayment of Long Term Loans	(8,999.00)	(1,239.50)
Foreign Currency Loans (Net)	67.27	2,653.46
Interest Paid	0.00	0.00
Commercial paper (Net)	(3,650.00)	5,000.00
Loan Against Fixed Deposits / Working Capital Demand Loan / OD / CC / Line of Credit (Net)	(3,819.77)	(251.43)

Interest Subsidy Fund	(21.91)	(230.43)
Unclaimed Bonds (Net)	(0.17)	(0.56)
Payment of Final Dividend (including Corporate Dividend Tax) of Previous year	(154.43)	(153.41)
Payment of Interim Dividend (including Corporate Dividend Tax) of Current year	(1,359.05)	(920.49)
Net Cash in-flow from Financing Activities	17,670.92	27,947.36
Net Increase / Decrease in Cash & Cash Equivalents	(4,793.14)	2,868.08
Add : Cash & Cash Equivalents at beginning of the financial year	4,855.97	1,987.89
Cash & Cash Equivalents at the end of the year #	62.83	4,855.97
Details of Cash & Cash Equivalents at the end of the year:		
Cheques in hand, Imprest with Postal authority & Balances with Banks	61.58	169.33
Fixed Deposits with Scheduled Banks	1.25	4,686.64
	62.83	4,855.97

Includes ₹ 2.87 crore (Previous year ₹ 0.45 crore) share of Jointly Controlled Entity.

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANT)
Company Secretary

Sd/-
R. NAGARAJAN
Director (Finance)
DIN - 00701892

Sd/-
M.K. GOEL
Director (Commercial) and
Chairman & Managing Director
DIN - 00238813

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N

For K.B. Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N

Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 27.05.2014



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Power Finance Corporation Limited

We have audited the accompanying consolidated financial statements of Power Finance Corporation Limited ("the Company"), its subsidiaries and joint ventures, which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company, its subsidiaries and its joint ventures in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, attention is drawn to the note no. 15.2 of Note Part-C of consolidated other notes to accounts regarding application of Prudential Norms stipulated by Reserve Bank of India in respect of Restructuring / Reschedulement / Renegotiation (R/R/R) for the financial year 2013-14 for reasons indicated therein.

Other Matter

In respect of financial statements of the four subsidiaries and two joint ventures, we did not carry out the audit. The financial statements of four subsidiaries have been audited by other auditors whose reports have been furnished to us and unaudited financial statements of two joint ventures approved by their management, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the reports of the other auditors and in respect of joint ventures is based solely on the financial statements approved by their management. The details of Total Assets, Total Revenues and Net Cash Flow in respect of the subsidiaries and joint ventures to the extent to which they are reflected in consolidated financial statements are given below.

Audited by other Auditors

(₹ in crore)

Company	Total Assets	Total Revenues	Net Cash Flow
PFC Consulting Limited (100% wholly owned subsidiary)	136.47	55.19	(0.56)
PFC Green Energy Limited (100% wholly owned subsidiary)	312.48	22.71	(105.80)
Power Equity Capital Advisors Private Limited (100% wholly owned subsidiary)	0.05	0.00	0.01
PFC Capital Advisory Services Limited (100% wholly owned subsidiary)	6.11	6.29	(0.01)
Total	455.11	84.19	(106.36)

We further report that financial statements of two joint ventures mentioned below are subject to audit. The financial statements of these joint venture have been certified by the management as furnished to us. Amounts included in respect of the said joint ventures are based solely on these financial statements. Any adjustments to its balances could have consequential effect on the attached consolidated financial statements. However, the size of these joint ventures, in consolidation is not significant in relative terms. The details of Total Assets, Total Revenues and Net Cash Flow of joint ventures to the extent to which they are reflected in consolidated financial statements are given below.

Certified by the Management

(₹ in crore)

Company	Total Assets	Total Revenues	Net Cash Flow
National Power Exchange Limited (Joint Venture)	1.15	0.11	(0.14)
Energy Efficiency Private Limited (Joint Venture)	31.62	8.39	2.40
Total	32.77	8.50	2.26

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirement of Accounting Standard (AS)-21 "Consolidated Financial Statements", Accounting Standard (AS)-27 "Financial reporting of interest in joint ventures" notified under sub section (3C) of section 211 of the Companies Act, 1956.

For N.K. Bhargava & Co.
Chartered Accountants
Firm's Regn. No.: 000429N

Sd/-

N.K. Bhargava
Partner

Membership No.: 080624

For K.B. Chandna & Co.
Chartered Accountants
Firm's Regn. No. 000862N

Sd/-

V.K. Gureja
Partner

Membership No.: 016521

Place : Delhi

Date : 27.05.2014



Annexure- IV to the Director's Report
Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary	Date from which it became Subsidiary	Financial year of the Subsidiary ended on	Shares of the Subsidiary held by the Company as on 31st March, 2014		Net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company (₹ In crore)			
					Dealt with in the Holding Company's Accounts		Not Dealt with in the Holding Company's Accounts	
			Number and face value of shares	Extent of holding	For the financial year ended 31st March, 2014	For previous financial year(s) of the Subsidiary since it became the Holding Company's Subsidiary	For the financial year ended 31st March, 2014	For previous financial year(s) of the Subsidiary since it became the Holding Company's Subsidiary
PFC Consulting Limited	25th March, 2008	31st March, 2014	50000 equity shares of ₹10 each	100%	28.98	102.38	-	-
PFC Green Energy Limited	30th March, 2011	31st March, 2014	100000000 equity shares of ₹10 each and 200000000 preference shares of ₹10 each	100%	13.26	2.02	-	-
PFC Capital Advisory Services Ltd.	18th July, 2011	31st March, 2014	100000 equity shares of ₹10 each	100%	3.03	.90	-	-
Power Equity Capital Advisors Private Ltd.	11th October, 2011	31st March, 2014	50000 equity shares of ₹10 each					
Chhattisgarh Surguja Power Ltd.	10th February, 2006	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Coastal Karnataka Power Ltd.	10th February, 2006	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Coastal Maharashtra Mega Power Ltd.	1st March, 2006	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Orissa Integrated Power Ltd.	24th August, 2006	31st March, 2014	50000 equity shares of ₹10 each	100%				(0.22)
Coastal Tamil Nadu Power Ltd.	19th January, 2007	31st March, 2014	50000 equity shares of ₹10 each	100%				0.02
Sakhigopal Integrated Power Company Ltd.	21st May, 2008	31st March, 2014	50000 equity shares of ₹10 each	100%				(0.01)
Ghogarpalli Integrated Power Company Ltd.	22nd May, 2008	31st March, 2014	50000 equity shares of ₹10 each	100%				(0.01)
Tatya Andhra Mega Power Ltd.	17th April, 2009	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Deoghar Mega Power Ltd.	26th April, 2012	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Odisha Infrapower Ltd.	23rd January, 2014	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Cheyur Infra Ltd.	21st January, 2014	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
OGEN Transmission Company Ltd. *	15th November, 2011	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Ballebgarh-GN Transmission Company Ltd. *	9th September, 2013	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-
Tanda Transmission Company Ltd. *	9th September, 2013	31st March, 2014	50000 equity shares of ₹10 each	100%	-	-	-	-

*Subsidiaries of PFC Consulting Limited. Further, 50,000 equity shares of ₹ 10/- each in these Companies are held by PFC Consulting Limited along with its nominees Pursuant to the requirement of Section 212 of the Companies Act, 1956, Annual Account, Directors' Report and Auditors' Report of the subsidiary Company whose Financial Year ended on March 31, 2014 have been attached.

(Manohar Balwan)
Company Secretary

(R. Nagarajan)
Director(Finance)
DIN: 00701892

(M.K. Goel)
Director (Commercial) and
Chairman & Managing Director
Din: 00239813

Place: New Delhi
Date: 14th August, 2014



POWERING THE ALLIANCE
OF A SUSTAINABLE FUTURE

Subsidiaries

PFC Consulting Limited	184
Chhattisgarh Surguja Power Ltd.	200
Coastal Karnataka Power Limited	210
Coastal Maharashtra Mega Power Limited	219
Sakhigopal Integrated Power Company Limited	229
Ghogarpalli Integrated Power Company Limited	239
Tatiya Andhra Mega Power Limited	248
Deoghar Mega Power Limited	258
Coastal Tamil Nadu Power Limited	267
Orissa Integrated Power Limited	278
Cheyur Infra Limited	289
Odisha Infrapower Limited	297
DGEN Transmission Company Limited	305
Tanda Transmission Company Limited	316
Ballabgarh-GN Transmission Company Limited	325
PFC Green Energy Limited	334
PFC Capital Advisory Services Private Limited	349
Power Equity Capital Advisors Private Limited	363



PFC CONSULTING LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

The Directors of your Company have pleasure in presenting the 6th Annual Report on the performance of your Company for the financial year 2013-14 together with Audited Statements of Accounts and Auditors Report thereon for the financial year ended 31st March, 2014.

FINANCIAL HIGHLIGHTS

(Figures in Rs. Lakh)

Sl.No.	Particulars	2013-14	2012-13	% Change
1.	Total Income	5,519.20	3,648.85	151.25
2.	Total Expenditure	1,433.70	1,310.28	1 9.42
3.	Profit Before Tax and Extraordinary Items	4,085.50	2,338.57	74.70
4.	Extraordinary Items	—	—	---
5.	Profit Before Tax	4,085.50	2,338.57	174.70
6.	Provision for Tax			
	- Current Tax	1,389.72	759.47	---
	- Deferred Tax	(0.17)	(59.24)	---
7.	Profit After Tax	2,695.95	1,638.34	164.55
8.	Profit brought forward from previous years	10,237.26	8,598.91	---
9.	Accumulated Profit carried to Balance Sheet	12,933.21	10,237.26	---

FINANCIAL PERFORMANCE

i) Revenue

During the financial year under review, the total income of the Company has increased from ₹ 3,648.85 Lakh to ₹ 5,519.20 Lakh showing an increase of 51.25%. During the year, the Company has earned other income of ₹ 1049.37 Lakh which includes interest on deposit of surplus funds with banks amounting to ₹ 993.25 Lakh and miscellaneous income of ₹ 56.12 Lakh.

ii) Expenses

During the financial year 2013-14, the Company has incurred total expenditure of ₹ 1,433.70 Lakh as against the total expenditure of ₹ 1,310.28 Lakh incurred last year showing an increase of 9.42%.

iii) Profit

During the financial year 2013-14, your company earned Profit Before Tax of ₹ 4,085.50 Lakh as compared to ₹ 2,338.57 Lakh for the financial year 2012-13 showing an increase of 74.70%. The Profit After Tax also increased from ₹ 1,638.34 Lakh in the previous financial year to ₹ 2,695.95 Lakh in the current financial year.

iv) Dividend

To conserve the resources for the business of the Company, your Directors have decided not to declare any dividend for the financial year 2013-14 and to carry forward the profits to the Reserves and Surplus of the Company.

v) Share Capital

The paid-up share capital of the Company is ₹ 5,00,000/- (Rs. Five Lakh only) comprising of 50,000 equity shares of ₹ 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

OPERATIONAL HIGHLIGHTS

Your company has been established to provide Consultancy Services in Power Sector including development of UMPPs and ITPs. The operational highlights in chronological order are as follows:

- In-principle approval accorded for site near village Kakwara in Banka District in Bihar by Secretary (Energy Department), Government of Bihar on April 22, 2013 for a new UMPP, in Bihar.
- Award under Land Acquisition Act for the land for the power station was issued in August 2013. Cost of land has been deposited with IDCO and payment for land as per Award is under progress for the first UMPP in Odisha at Bhadabahal in Sundargarh District.
- Bidding process for the selection of developer for Cheyyur and Odisha UMPPs was initiated based on newly framed Model Bidding Documents (MBDs) in September 2013. The last date for submission of RFP is in September and October 2014 respectively.
- Environment Clearance for main Plant for Cheyyur UMPP accorded by MoEF in September 2013.
- PFCCL received a new assignment for providing consultancy services for preparation of DPRs and Project Management for implementation of Japan International Cooperation Agency (JICA) funded scheme in the State of Haryana in November 2013.
- Patran Transmission Company Ltd., an ITP SPV was transferred to M/s Techno Electric and Engineering Company Limited, the Successful Bidder, after completion of bid process on 13th November, 2013.
- Purulia & Kharagpur Transmission Company Ltd., another ITP SPV was transferred to M/s Sterlite Grid Limited, the Successful Bidder after completion of bid process on 9th December, 2013.
- Darbhanga-Motihari Transmission Company Ltd., yet another ITP SPV was transferred to M/s Essel Infraprojects Limited, the Successful Bidder after completion of bid process on 10th December, 2013.
- PFCCL received a new assignment for providing consultancy services for redrafting of existing PPA for 1040 MW TPP of APCPDCL with M/s Hinduja National Power Corporation Ltd. in January 2014.
- Cost of land for the project deposited with Government of Tamil Nadu (GoTN) and possession of about 45 acres of land taken in the name of District Collector (Kancheepuram).
- Transfer Scheme for unbundling of Jharkhand State Electricity Board (JSEB) was notified on 6th January, 2014. PFCCL is providing consultancy services to the Government of Jharkhand in this regard.
- SPV namely 'Odisha Infrapower Ltd.' was incorporated on 23rd January, 2014 for holding the land and coal blocks for Odisha UMPP.
- SPV namely 'Cheyyur Infra Ltd.' was incorporated on 21st January, 2014 for holding the land for Cheyyur UMPP.
- Environment Clearance for Odisha UMPP was recommended by Expert Appraisal Committee (Thermal) of MoEF in February 2014.
- RAPP Transmission Company Ltd., yet another ITP SPV was transferred to M/s Sterlite Grid Limited, the successful bidder after completion of bid process on 12th March, 2014.
- PFCCL received a new assignment for implementation of Reform and Restructuring in the State of Meghalaya in June 2014.

ULTRAMEGA POWER PROJECTS (UMPPs)

Government of India through Ministry of Power launched the initiative of Ultra Mega Power Projects (UMPPs) with a capacity of about 4,000 MW based on supercritical technology (both pit head and imported coal based) in November 2005 with the objective to develop large capacity power projects in India. Power Finance Corporation Ltd (PFC) has been appointed as the Nodal Agency for development of these projects. PFC has authorized PFC Consulting Ltd. to undertake the entire work of UMPPs.

The UMPPs are being developed under "Guidelines for procurement of



Electricity from Thermal Power Stations set up on DBFOT basis", issued by MoP, GoI. These projects will have the advantage of economies of scale on account of large capacity at single location, reduction in emissions on account of Super Critical Technology and lower tariff on account of the above and tariff based international competitive bidding adopted for selection of developer.

So far, 16 UMPPs have been identified to be located in the States of Madhya Pradesh, Gujarat, Andhra Pradesh, Jharkhand, Karnataka, Maharashtra, Orissa, Chhattisgarh, Tamil Nadu and Bihar.

Till date, Fifteen (15) Special Purpose Vehicles (SPVs) have been incorporated for UMPPs. Out of these, 13 SPVs were incorporated to undertake the work of obtaining statutory clearances such as environment and forest clearance, airport authority clearance, coastal regulation zone clearance, defense clearance and necessary linkages such as water, fuel (in case of pit head projects) in the name of the respective SPVs. The SPV would also carry out the bid process for handing over of the SPV to the Successful Bidder selected through Tariff Based International Competitive Bidding Process in accordance with the above Guidelines. Out of these 13 SPVs, four (4) SPVs have been transferred to Successful Bidders. Further, the Government of Andhra Pradesh has decided not to proceed further with the 2nd UMPP in Andhra Pradesh and in view of the same, it was decided by the Ministry of Power for the closure of the Project. Action has been initiated to wind up the SPV / strike off name of SPV from the records of Registrar of Companies (ROC). The work of 11 UMPPs is in progress.

The remaining two SPVs (Odisha Inrapower Limited and Cheyyur Infra Limited) were incorporated during the financial year 2013-14 by PFC for holding the land for Cheyyur UMPP and for holding the land and coal blocks for Odisha UMPP. These SPVs would be transferred to the respective procurers of power from these projects. The incorporation of SPVs for holding the coal block land, coal block license, power plant land and land for corridors of UMPP in the State of Bihar and 2nd UMPP in the State of Jharkhand are under process.

During the year, the earlier bidding process for Odisha and Chhattisgarh UMPPs were withdrawn on the direction of Ministry of Power. The bidding process for Odisha UMPP was re-initiated during the year on the revised MBDs notified by MoP. The bidding process for Cheyyur UMPP was also initiated during the year on the revised MBDs. The last date for submission of bids are 22nd September, 2014 and 7th October, 2014 for Cheyyur and Odisha UMPPs respectively.

UMPPs In Progress

Sl. No.	UMPP	Type
1.	Orissa Integrated Power Ltd., Sundergarh UMPP, Orissa	Domestic Coal Based
2.	Chhattisgarh Surguja Power Ltd., Chhattisgarh UMPP	Domestic Coal Based
3.	Sakhigopal Integrated Power Company Ltd., Orissa Additional UMPP 1	Domestic Coal Based
4.	Ghogapalli Integrated Power Company Ltd., Orissa Additional UMPP 2	Domestic Coal Based
5.	Deoghar Mega Power Ltd., Jharkhand 2nd UMPP	Domestic Coal Based
6.	Bihar UMPP	Domestic Coal Based
7.	Coastal Tamil Nadu Power Ltd., Cheyyur UMPP, Tamil Nadu	Imported Coal Based
8.	Coastal Maharashtra Mega Power Ltd., Maharashtra UMPP	Imported Coal Based
9.	Coastal Karnataka Power Ltd., Karnataka UMPP	Imported Coal Based
10.	Gujarat 2nd UMPP	Imported Coal Based
11.	Tamil Nadu 2nd UMPP	Imported Coal Based

INDEPENDENT TRANSMISSION PROJECTS (ITPs)

Ministry of Power has also initiated Tariff Based Competitive Bidding Process for development and strengthening of Transmission System with an objective to promote competitive procurement of transmission services and encourage private investments in transmission lines.

Ministry of Power appoints Bid Process Coordinator (BPC) for each of the transmission project. The BPC undertakes preliminary survey work, identification of route, preparation of survey report, initiation of process of land acquisition for sub-stations, if any, initiation of process of seeking forest clearance, if required and bidding process for selection of the developer for the project.

Till March 2014, 12 Special Purpose Vehicles (SPVs), 2 by PFC and other 10 by PFC Consulting Limited were established as wholly owned subsidiaries for ITPs. Out of these 12 SPVs, Bokaro-Kodarma Maithon Transmission Company Limited was liquidated in December 2010 and four (4) SPVs were transferred to the successful bidders till 31st March, 2013. During the year 2013-14, PFCCL has transferred four (4) more SPVs to successful bidders.

Out of the remaining three (3) SPVs for ITPs, the bidding process for the Independent Transmission Project viz. "Transmission Project Associated with DGEN TPS (1200MW) of Torrent Power Ltd. (SPV-DGEN Transmission Company Limited) was completed during the year and the Letter of Intent was issued to the successful bidder on 19th May, 2014.

During the year, Ministry of Power appointed PFC Consulting Limited as Bid Process Coordinator (BPC) for two new Independent Transmission Projects to be implemented through Tariff Based Competitive Bidding Process. PFC Consulting Limited incorporated following 2 SPVs as its wholly owned subsidiaries for these projects:

- Tanda Transmission Company Limited (TTCL) for the transmission project "ATS for Tanda Expansion TPS (2X660 MW)"
- Ballabgarh-GN Transmission Company Limited (BGNTCL), for the transmission project "Northern Region System Strengthening Scheme - XXXIII"

The bidding processes for the above two SPVs are kept in abeyance on the advice of CEA due to issues related to award of EPC contract and acquisition of land for Tanda Expansion TPS in case of TTCL and dispute in the PPA between NPCL and Essar Power (Jharkhand) in case of BGNTCL.

In July 2014, Ministry of Power allocated four (4) more Independent Transmission Schemes as detailed below to be implemented through Tariff Based Competitive Bidding Process:

- Northern Region System Strengthening Scheme, NRSS - XXXV
- Additional System Strengthening for Sipat STPS
- System Strengthening for IPPs in Chhattisgarh and other generation projects in Western Region
- Additional System Strengthening Scheme for Chhattisgarh IPPs (Part-B)

Incorporation of SPVs for the above four ITPs is in progress.

For the Independent Transmission Project - Transmission System associated with IPPs of Nagapattinam / Cuddalore Area- Package C (Madhugiri-Narendra 765kV D/c line, Kolhapur-Padghe 765kV D/c line (one ckt. via Pune)), the Empowered Committee in its 31st meeting recommended de-notification of the scheme as the elements of the scheme has either been deleted or merged with some other transmission scheme. Ministry of Power is to de-notify the scheme.

CLIENT BASE

Your company is on its path to become a premier consulting organisation in the Power Sector. The client base includes Public i.e. State/Central Owned Power Sector Utilities (SPSUs/CPSUs) as well as Private entities (IPPs), State Electricity Regulatory Commissions and State Governments. The numbers of States where PFCCL has rendered its services including the profile of clients are as follows:

Governments. The numbers of States where PFCCL has rendered its services including the profile of clients are as follows:

Clients	No.
States Utilities	22
Licensees/ IPPs	7
Public Sector Undertakings	6
State Governments	4
Regulatory Commissions	3
Central Govt. Departments/Ministries	1
Total	43

PFCCL has worked on over 81 assignments for 43 Clients spread across 21 States/UTs of India namely Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Puducherry, Punjab, Rajasthan, Tripura, Uttar Pradesh and West Bengal.

Presently, PFCCL is associated with projects having aggregate capacity of over 50,000 MW (including UMPPs) and handling significant consultancy assignments for Procurement of Power for Government of Rajasthan & Jharkhand as per the "Guidelines for procurement of Electricity from Thermal Power Stations set up on DBFOT basis", issued by MoP, GoI and the assignments for selection of Joint Venture Partner for setting up Thermal Power Plants through tariff based competitive bidding for NMDC and MCL.

PFCCL has also been undertaking assignments for Reform & Restructuring of the State Electricity Boards (SEBs) in the States of Jharkhand, Kerala, Bihar and Meghalaya.

SUBSIDIARIES

Incorporation of Subsidiary

Since the date of last Directors' Report, following two (02) new companies were incorporated as wholly owned subsidiaries of the Company:

1. Ballabgarh-GN Transmission Company Limited was incorporated on 9th September, 2013 for the transmission project for "Northern Region System Strengthening Scheme – XXXIII.
2. Tanda Transmission Company Limited was incorporated on 9th September, 2013 for the transmission project for "ATS for Tanda Expansion TPS (2X660 MW)"

Transfer of Subsidiaries

Since the date of last Directors' Report, the Company has transferred its four (04) wholly owned subsidiaries as per the details given below:

Sl. No.	Name of SPV	Successful Bidder	Date of Transfer
1.	Patran Transmission Company Ltd.	Techno Electric and Engineering Company Ltd.	13.11.2013
2.	Purulia & Kharagpur Transmission Company Ltd.	Sterlite Grid Ltd.	09.12.2013
3.	Darbhanga-Motihari Transmission Company Ltd	Essel Infra projects Ltd.	10.12.2013
4.	RAPP Transmission Company Ltd.	Sterlite Grid Ltd.	12.03.2014

As on date, Company is having three (3) wholly owned subsidiaries. Statement pursuant to Section 212 of the Companies Act, 1956 is placed at Annexure – I of this Report.

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, in line with the provisions of Section 135 of the Companies Act 2013 and rules made thereunder, your company has constituted the CSR Committee, comprising of the following:

1.	Shri M.K. Goel	Chairman
2.	Shri R. Nagarajan	Director
3.	Shri A.K. Agarwal	Director

The Committee is in the process of formulating CSR Policy of the Company in line with the applicable laws.

MEMORANDUM OF UNDERSTANDING (MoU)

In line with the Guidelines of Department of Public Enterprises (DPE) on Memorandum of Understanding (MoU) for FY 2014-15, your Company has signed a MoU with Power Finance Corporation Limited, the Holding Company for the financial year 2014-15 on 25th April, 2014.

OFFICIAL LANGUAGE

The use of Hindi in Company's official work was emphasized.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposit during the year ended 31st March, 2014 as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

HUMAN RESOURCE DEVELOPMENT

The management lays increasing emphasis on Human Resource Development. The employees being the main asset of the Company were continuously trained to keep pace with the fast changing environment by continuously assessing their training needs.

AUDITOR'S REPORT

M/s. Jain Chopra & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988.

The particulars as required under the provisions of section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption has been furnished in Annexure II.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC. However, presently all payments related to the employees working for the Company are being made directly by the Company.

No employee in the Company has received remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011. Accordingly, no statement containing details of employees is required to be attached.

DIRECTORS

Since the date of last Directors' Report, pursuant to the Office Order issued by PFC, Shri M.K. Goel, Director (Commercial), PFC assumed the additional charge of Chairman & Managing Director, PFC w.e.f. 13.09.2013. Consequent upon assumption of additional Charge of CMD, PFC by Shri M.K. Goel, vice Shri Satnam Singh w.e.f. 13.09.2013, Shri



Satnam Singh ceased to be the Director/ Chairman of the Company. Further, Shri M.K. Goel, Director of the Company, being CMD of Power Finance Corporation Limited (Holding Company) assumed the position of Chairman of the Board of the Company w.e.f. 13.09.2013.

Further, Shri A.K. Agarwal, Director (Projects), PFC was appointed as additional Director of the Company w.e.f. 23rd September, 2013.

Pursuant to the provisions of Section 161(1) of the Companies Act 2013, Shri A.K. Agarwal will hold office upto the date of ensuing Annual General Meeting. The Board recommends that Shri A.K. Agarwal may be appointed as a Director, liable to retire by rotation.

In accordance with provisions of section 152(6) of the Companies Act, 2013, Shri R. Nagarajan shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Consequent to the aforesaid changes, presently the Board of Directors of the Company comprises of the following:

1.	Shri M. K. Goel	Chairman / Director (Commercial) & CMD ,PFC
2.	Shri R. Nagarajan	Director / Director (Finance), PFC
3.	Shri A.K. Agarwal	Director / Director (Projects), PFC

Your Board places on record its deep appreciation for the valuable contribution made by Shri Satnam Singh during his tenure as Chairman of the Company.

CHANGE IN CHIEF EXECUTIVE OFFICER

During the year under review, Shri C. Gangopadhyay assumed the charge of Chief Executive Officer (CEO) of the Company vice Shri N.D. Tyagi w.e.f. 3rd December, 2013.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 21st August, 2014 has given the comments on the accounts of the Company for the year ended 31st March, 2014. A copy of the letter issued by C&AG in this regard is placed at Annexure -III.

The comments of C&AG along with the Management Reply on the same is furnished below:

Sr. No.	CAG Comments	Management Reply
1.	<p>Statement of Profit & Loss</p> <p>Revenue from operations (Note No. 15) – Rs. 4489.83 lakh</p> <p>Other Operating Income – Rs. 904.60 lakh</p> <p>The above includes an amount of Rs. 200.00 lakh on account of the income from sale proceeds of Request for Proposal (RFP) documents received by the Company in the capacity of Bid Process Coordinator (BPC) relating to five Independent Transmission Projects (ITPs) viz. Special Purpose Vehicles (SPVs) which are proposed to be transferred to successful bidders.</p> <p>The Standard Bidding Documents (SBD) approved by Ministry of Power for Selection of bidders for ITPs required that sale proceeds of RFP documents collected by BPC should be deposited</p>	<p>PFC Consulting Ltd (PFCCL) has been appointed as Bid Process Coordinator by Ministry of Power (MoP) for five Independent Transmission Projects (ITPs) and the same had been notified in the Gazette published by Central Government. The Standard Bidding Documents approved by Ministry of Power only prescribed to collect RFP sale proceeds in favour of Special Purpose Vehicle. However Standard Bidding Documents does not mandate to pass on the sale proceeds to the selected bidders. Since PFCCL has developed the bidding documents for ITPs, it provided in RFP document that the sale proceeds of the document is to be paid in favour of PFCCL.</p> <p>Accordingly, PFC Consulting Ltd has taken the same as other</p>

directly in the accounts of the SPVs. Thus, the Company should have transferred these sale proceeds of RFP documents amounting to Rs. 200 lakh to the accounts of respective 5 SPVs of ITPs. Non-compliance of the clause of SBD has resulted in overstatement of "Other Operating Income" (Note No. 15) as well as "Profit" and understatement of "Other Current Liabilities" (Note No. 8) to the extent of Rs. 200 lakh.

operating income in its books of accounts. The issue was discussed in meeting of the Empowered Committee (EC) held on 15.06.2012, constituted in accordance with Guidelines for Encouraging Competition in Development of Transmission Projects Issued by Ministry of Power (MoP). The Chairman of EC requested MoP to sort out the matter regarding retaining of sale proceeds of tender documents. Pending final decision of MoP, the company has followed the practice and taken the same as other operating income. Thus, there is no overstatement of other operating income (Note no. – 15) as well as profit and understatement of other current liabilities (Note no. – 8) to the extent of Rs. 200 lacs.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14 and of the profits of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors put on record their gratitude to the Central Government, various State Governments and their respective agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of India, the Statutory Auditors, Bankers, Power Finance Corporation Limited and the employees for their unstinted co-operation.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 22nd August, 2014

M.K. Goel
(M.K. Goel)
Chairman

ANNEXURE I

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to companies Interest in the Subsidiary companies

Sl. No.	Name of the Subsidiary Company	DGEN Transmission Company Limited	Ballabhgarh-GN Transmission Company Limited	Tanda Transmission Company Limited
1.	The Financial Year of the Subsidiary Company ended on.	31 st March, 2014	31 st March, 2014	31 st March, 2014
2.	Date from which it became Subsidiary Companies.	15 th November, 2011	9 th September, 2013	9 th September, 2013
3.	a) Number of shares held by PFC Consulting Ltd. along with its nominees in the Subsidiary at the end of the financial year of the Subsidiary Companies. b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies.	50000 Equity shares of ₹ 10 each 100%	50000 Equity shares of ₹ 10 each 100%	50000 Equity shares of ₹ 10 each 100%
4.	The net aggregate amount of the Subsidiary Company's Profit / (Loss) so far as it concerns the members of the Holding Company. a) Dealt within the Holding Company's Accounts: i) For the Financial year ended 31 st March 2014. ii) For the previous financial year(s) of the Subsidiary Companies since it became the Holding Company's Subsidiary. b) Not dealt within the Holding Company's Accounts: i) For the Financial year ended 31 st March 2014. ii) For the previous financial year(s) of the Subsidiary Companies since it became the Holding Company's Subsidiary.	N.A.	N.A.	N.A.

Disclosure of particulars u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as under:

A. CONSERVATION OF ENERGY :

(a)	energy conservation measures taken;	The Company will take necessary measures as may be required from time to time for conservation of energy.
(b)	additional investments and proposals, if any, being implemented for reduction of consumption of energy;	No specific investment has been made in this regard.
(c)	impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	Not Applicable
(d)	total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the rules in respect of industries specified in the Schedule thereto.	Not Applicable

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B of the Annexure to the Rules FORM B: Form for disclosure of particulars with respect to absorption

Research and development (R & D)

1.	Specific areas in which R & D carried out by the company.	During the year the Company has not carried any specific R&D
2.	Benefits derived as a result of the above R&D	Not Applicable
3.	Future plan of action	Not Applicable
4.	Expenditure on R & D : (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover	NIL NIL NIL Not Applicable

Technology, absorption, adaptation and Innovation ANNEXURE II

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	No specific efforts have been taken in this regard.
2.	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, Import substitution, etc.	Not Applicable
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : (a) Technology imported. (b) Year of import. (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: NIL.



ANNEXURE III

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE PFC CONSULTING LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of PFC Consulting Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 19 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of PFC Consulting Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory Auditors and is limited primarily to inquiries of the statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956, which has come to my attention and which in my view, is necessary for enabling a better understanding of the financial statements and the related Audit Report;

I. Statement of Profit & Loss

Revenue from operations (Note No. 15) – Rs. 4469.83 lakh

Other Operating Income – Rs. 904.60 lakh

The above includes an amount of Rs. 200.00 lakh on account of the income from sale proceeds of Request for Proposal (RFP) documents received by the Company in the capacity of Bid Process Coordinator (BPC) relating to five Independent Transmission Projects (ITPs) viz. Special Purpose Vehicles (SPVs) which are proposed to be transferred to successful bidders.

The Standard Bidding Documents (SBD) approved by Ministry of Power for Selection of bidders for ITPs required that sale proceeds of RFP documents collected by BPC should be deposited directly in the accounts of the SPVs. Thus, the Company should have transferred these sale proceeds of RFP documents amounting to Rs. 200 lakh to the accounts of respective 5 SPVs of ITPs. Non-compliance of the clause of SBD has resulted in overstatement of "Other Operating Income" (Note No. 15) as well as "Profit" and understatement of "Other Current Liabilities" (Note No.6) to the extent of Rs. 200 lakh.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 21st August, 2014

INDEPENDENT AUDITOR'S REPORT

To

The Members of PFC Consulting Limited

Report on the Financial Statements

We have audited the accompanying financial statements of PFC Consulting Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

1. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order:

2. As required by section 227(3) of the Act,
We report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

ASHOK CHOPRA
Partner
M.No. 017199

Jain Chopra & Company
Chartered Accountants
FRN 002198N

Place: New Delhi
Date: 19.05.2014

ANNEXURE TO AUDITOR'S REPORT OF PFC CONSULTING LIMITED

The Annexure referred to in our report to the members of PFC Consulting Limited ('the Company') for the year ended March 31, 2014.

We report that:

1. a) The company has maintained proper records showing full particulars, including details and situation of fixed assets on the basis of information available.
- b) According to the information and explanations given to us, the fixed assets are physically verified by the management on annual basis. In our opinion, the frequency of verification of the fixed assets is reasonable, having regard to the size of the company and nature of the assets.
- c) As per information no material discrepancies were noticed on such verification as compared to book records.
- d) There was no disposal of any fixed assets during the period.
2. The Company is in the business of Consultancy Services and does not have inventories; hence clause (ii) of paragraph 4 of the Order is not applicable to the Company.
3. The company has neither taken nor granted any loans or advances in the nature of loan to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regards to purchase of fixed assets and for the sale of services. However in case of assets bought by the employees and amounts reimbursed to them the internal controls otherwise

prescribed for purchase of assets by the company are not followed in such cases for which the company has prescribed a separate procedure. There are no purchases of inventory and sale of goods. On the basis of our examination of the books and records of the company, carried out in accordance with the accounting standards generally accepted, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the period that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. Based on our scrutiny of the company's records and according to the information and explanations given to us, in our opinion, the Company has not accepted deposit from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. In our opinion and according to the information and explanation given to us, the company has an internal audit system, which is commensurate with the size and nature of business of the company.
8. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, for any of the activities of the company.
9. a). The company is generally regular in depositing undisputed statutory dues with appropriate authorities including Income Tax, Service Tax, and other statutory dues applicable to it.
b). According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of, Income Tax and Service Tax which are outstanding as at March 31st, 2014 for a period of more than six months from the date they became payable.
10. The Company is a profit making company hence clause (x) of paragraph 4 of the Order is not applicable to the Company.
11. According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a Chit Fund or a Nidhi/Mutual benefit fund/Society, hence, clause (xiii) of paragraph 4 of the order is not applicable to the company.
14. The company is not dealing in or trading in shares, securities, debentures and other investments, hence, clause (xiv) of paragraph 4 of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Since the company has not taken loan from any financial institution or bank or debenture holder, hence clause (xvi) of paragraph 4 of the order is not applicable to the company.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that the company has not raised any short term or long term funds during the period.
18. According to the information and explanations given to us, no preferential allotment of shares have been made by the company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures hence clause (xix) of paragraph 4 of the Order is not applicable to the company.
20. The Company has not raised any capital during the period hence clause (xx) of paragraph 4 of the Order is not applicable to the company.
21. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the company has been noticed or reported during the period under audit.

ASHOK CHOPRA
Partner
M.No. 017199

Jain Chopra & Company
Chartered Accountants
FRN 002198N

Place: New Delhi
Date: 19.05.2014

PFC CONSULTING LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	1,283,321,036	1,023,725,671
		<u>1,283,821,036</u>	<u>1,024,225,671</u>
(2) Current liabilities			
(a) Trade Payables	5	17,100,407	9,011,285
(b) Other Current liabilities	6	38,708,144	19,560,687
(c) Short-Term Provisions	7	15,042,056	28,215,321
		<u>70,850,607</u>	<u>56,787,293</u>
Total		<u>1,364,671,643</u>	<u>1,081,012,964</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	8	5,191,144	4,986,932
(ii) Intangible assets		-	-
(b) Non-Current Investments	9	1,500,000	2,500,000
(c) Deferred Tax Assets (Net)	10	5,493,689	5,477,066
(d) Long-Term Loans and Advances	11	4,454,607	4,502,543
		<u>16,639,440</u>	<u>17,466,541</u>
(2) Current Assets			
(a) Trade Receivables	12	91,099,368	73,584,661
(b) Cash and Bank Balances	13	1,149,515,026	912,045,189
(c) Short-Term Loans and Advances	11	67,086,845	42,937,723
(d) Other Current Assets	14	40,320,974	34,998,870
		<u>1,348,032,293</u>	<u>1,063,566,423</u>
TOTAL		<u>1,364,671,643</u>	<u>1,081,012,964</u>

Corporate Information 1
Significant accounting Policies 2
Other Notes to financial statements 21 to 42

The accompanying notes forms an integral part of the financial statements

For and on Behalf of Board of Directors

(C. GANGOPADHYAY) (R. NAGARAJAN) (M. K. GOEL)
CEO Director Chairman

(RACHNA GUPTA SINGH)
Company Secretary

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
For Jain Chopra & Company
Chartered Accountants
(Firm Reg. No. :4002198N)

(ASHOK CHOPRA)
(Partner)
M. No : 017199

Place: New Delhi
Date: 19.05.2014

PFC CONSULTING LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
I. Revenue from operations	15	446,982,912	272,059,699
II. Other income	16	104,937,504	92,825,311
III. Total Revenue (I+II)		<u>551,920,416</u>	<u>364,885,010</u>
IV. Expenses			
Expense for Consultancy Services	17	32,768,337	19,938,389
Employee Benefits Expense	18	69,768,310	79,010,592
Depreciation and Amortization expense	8	2,120,928	2,060,321
Other Expenses	19	38,523,209	31,745,931
Prior Period Items (Net)	20	1,892,16	(1,727,236)
Total Expenses		<u>143,370,000</u>	<u>131,027,997</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		408,550,417	233,857,013
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		408,550,417	233,857,013
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		408,550,417	233,857,013
X. Tax expense:			
(1) Current tax for current year		140,215,822	79,567,837
for earlier year		(1,244,148)	(3,821,043)
		<u>138,971,674</u>	<u>75,946,794</u>
(2) Deferred Tax Assets		(16,624)	(5,924,219)
XI. Profit for the year from continuing operations (IX-X)		269,595,365	163,834,438
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit for the year after tax (XI+XIV)		269,595,365	163,834,438
XVI. Earnings per equity share:			
(1) Basic	37	5,392	3,277
(2) Diluted	37	5,392	3,277

Corporate Information 1
Significant accounting Policies 2
Other Notes to financial statements 21 to 42

The accompanying notes forms an integral part of the financial statements

For and on Behalf of Board of Directors

(C. GANGOPADHYAY) (R. NAGARAJAN) (M. K. GOEL)
CEO Director Chairman

(RACHNA GUPTA SINGH)
Company Secretary

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
For Jain Chopra & Company
Chartered Accountants
(Firm Reg. No. :4002198N)

(ASHOK CHOPRA)
(Partner)
M. No : 017199

Place: New Delhi
Date: 19.05.2014



PFC CONSULTING LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Year ended 31.2014	Year ended 31.2013
A. Cash Flow from Operating Activities:		
Profit before tax	408,550,417	233,857,013
Adjustments for		
Add: Depreciation	2,120,928	2,060,321
Add: Disposal/Write-off of Fixed Assets	46,000	
Less: Depreciation Written Back	(12,477)	-
Less: Provision Written Back	-	(193,923)
Less: Interest Income	(104,921,663)	(92,614,882)
Operating profit before working capital changes	305,783,205	143,108,529
Adjustment For Working Capital changes :		
(Increase)/Decrease in Trade Receivables	(17,514,697)	(3,305,706)
(Increase)/Decrease in Other Current Assets	(248,354,233)	(108,707,190)
(Increase)/Decrease in Loans & Advances	(17,050,811)	(17,807,011)
Increase/(Decrease) in Current Liabilities & Provisions	16,867,067	(7,208,720)
Cash Inflow/Outflow from operations before Tax	39,730,731	6,079,902
Less: Taxes Paid	(148,838,003)	(96,651,440)
Net Cash Flow from Operating Activities (A)	(109,105,272)	(90,571,538)
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(2,390,658)	(2,132,008)
Adjustments in Fixed Assets	11,995	-
Interest Income	104,921,663	92,614,882
Investments in Shares of subsidiaries companies	1,000,000	(2,000,000)
Net Cash Flow from Investing Activities (B)	103,543,000	88,482,873
C. Cash Flow from Financing Activities:		
Net Cash Flow from Financing Activities (C)	-	-
Net Increase/Decrease in Cash and Cash Equivalents (A+B+C)	(5,562,272)	(2,088,665)
Add: Cash and Cash Equivalents at the beginning of the year*	6,342,549	8,431,214
Cash and Cash Equivalents at the end of the year	780,277	6,342,549
* Details of Cash & Cash Equivalents:		
Balance with Banks	780,277	190,349
FD with maturity upto 3 months	-	-
Cheques In Hand	-	8,152,200
	780,277	6,342,549

Note to Cash Flow Statement:

The changes in fixed deposit accounts with maturity more than three months shown under note of Cash & Bank Balances amounting to ₹ 1,14,87,34,748 (PY ₹ 90,57,02,620) have been considered as part of change in other current assets.

For and on Behalf of Board of Directors

(C. GANGOPADHYAY)
CEO

(R. NAGARAJAN)
Director

(M. K. GOEL)
Chairman

(RACHNA GUPTA SINGH)
Company Secretary

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
For Jala Chopra & Company
Chartered Accountants
(Firm Reg. No. :4002198N)

(ASHOK CHOPRA)
(Partner)
M. No : 017189

Place: New Delhi
Date: 19.05.2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Corporate Information

"PFC Consulting Limited" (PFCCL) was incorporated under Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC) on March 25, 2008 for rendering Consultancy Services to Power Sector including development of Independent Transmission Projects (ITPs). The Certificate for Commencement of Business was obtained by the Company on April 25, 2008.

2. Significant Accounting Policies

a. Basis of Preparation

The financial statements have been prepared in accordance with historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (GAAP) and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Fixed Assets

Fixed Assets are shown at historical cost less accumulated depreciation, except for the assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value. The historical cost includes all cost attributable for bringing the assets to its working condition for its intended use. Expenditure on existing assets resulting in increase in previously assessed useful life/standard of performance is added in relevant assets.

Intangible Assets are recorded at their cost of acquisition.

d. Borrowing Cost

Borrowing Costs that are attributable to the acquisition, construction of fixed assets which take substantial time to get ready for its intended use are capitalized as part of the cost of such assets to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.

e. Depreciation / Amortisation

Depreciation on assets is provided on pro rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

Intangible Assets such as software are amortized by straight-line method over useful life of the assets estimated by the company. However software individually costing less than ₹ 1,00,000/- is fully amortized in the year of acquisition.

f. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long Term Investments.

Current Investments are valued at lower of cost and fair market value determined on an individual investment basis. Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

g. Expenditure Incurred by Holding Company

Expenditures incurred by the Holding Company on behalf of the company is recognized on accrual basis.

h. Cash Flow Statement

Cash flows is prepared in accordance with indirect method prescribed in Accounting Standard-3 on Cash Flow Statement

i. Revenue Recognition

Income is accounted for on accrual basis, unless otherwise stated.

(i) Income from consultancy service is accounted for on the basis of assessment by the management of actual progress of work executed proportionately with respect to the total scope of work in line with the terms of respective consultancy contracts.

(ii) Fees for advisory and professional services for developing ultra mega power projects (Special Purpose Vehicle of Power Finance Corporation Limited)/Independent Transmission Projects becomes due only on transfer of project to the successful bidder and is accordingly accounted for at the time of such transfer.

- (iii) Cost of employees working for developing ultra mega power projects and Independent Transmission Projects are charged on cost to Company basis/rate, as determined by the company in proportion to the man days (as assessed by the management) spent on the respective projects.
- (iv) Consultancy fees calculated as above is net of Service Tax as payable under Finance Act 1994.
- (v) Interest is accounted for on accrual basis.
- (vi) Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sale price and the carrying value of the investment. Dividends are recorded when the right to receive income is established.
- (vii) Interest on amount recoverable from subsidiaries is accounted for at the holding company's (PFC) rate of interest applicable for project loan/scheme (Transmission) to state sector borrower (category A) as applicable from time to time.
- (viii) The sale proceeds from Request for qualification (RFQ) document/ Request for proposal (RFP) document for Independent Transmission Projects (ITPs) and Ultra Mega Power Project (UMPPs) are accounted for on receipt of the same.

j. Provisioning of dues from Govt. Departments/Agencies

Amounts under constant persuasion for realization and due from Central/State Govt. department/s, Public Sector Undertakings and Central Co-operative are provided as doubtful on final settlement made with client or verdict is passed by arbitration/court, in case of dispute and on the basis of management's previous experience with the particular client/case. Such amounts are written off when considered unrealizable.

k. Taxes on Income

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard-22 notified under the Companies Act 1956.

l. Employee Benefits

The liabilities towards employee benefits in respect of gratuity, leave encashment, post retirement medical benefits, transfer travelling allowance on retirement/death, long term service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e. PFC Limited on actuarial valuation at the year-end. The company contributes to the various funds as maintained and managed by the Holding Company and as apportioned by them.

m. Prepaid and Prior Period Expenses

Pre-paid expenses and prior period expenses/income of items of ₹ 5,000/- and below are charged to natural heads of accounts.

n. Provisions & Contingencies

(i) A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions as determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(ii) Contingent liabilities are disclosed at present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts based on information available at Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current management estimate.

o. Independent Transmission Projects

Expenditures on the particular Independent Power Project is debited to the account "Amount recoverable from concerned Special Purpose Vehicles (SPVs) and shown under Loans & Advances".

PFC CONSULTING LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014
(Amount in ₹)

3 SHARE CAPITAL

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Authorised		
Equity shares of ₹ 10/- each		
50,000 (Previous year 50,000) Equity shares	500,000	500,000
Issued, subscribed and fully paid up :		
Equity shares of ₹ 10/- each		
50,000 (Previous year 50,000) Equity shares	500,000	500,000
Total	500,000	500,000

a. Reconciliation of the shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2013

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount(₹)	No. of Shares	Amount(₹)
Balance at the beginning of the year	50,000	500,000	50,000	500,000
Issued During the year	-	-	-	-
Outstanding at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	As at March 31, 2014	Amount in (₹) As at March 31, 2013
Power Finance Corporation Limited, the Holding Company*		
50,000 (Previous year 50,000) Equity shares of ₹ 10/- each fully	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000	100%
50,000 (Previous year 50,000) Equity shares of ₹ 10/- each	-	-	-	-
	50,000	100%	50,000	100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.



4 - RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	1,023,725,671	858,891,233
Add: Profit for the year	269,595,366	163,834,438
Balance as at the end of the year	1,293,321,036	1,023,725,671
TOTAL	1,293,321,036	1,023,725,671

5 - TRADE PAYABLES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables		
- Total Outstanding dues of Micro Enterprises & Small Enterprises	1,014,883	-
- Total Outstanding dues of creditors other than Micro Enterprises & Small Enterprises	16,085,624	9,011,285
TOTAL	17,100,467	9,011,285

6 - OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Earnest Money/ Security Deposit	653,750	653,750
Amount Payable to Successful Developer	19,036,813	6,965,004
Advance from Clients	10,116,050	5,500,00
TDS Payable	3,410,703	3,070,684
Service Tax Payable	1,886,310	-
Service Tax on Consultancy (Accrued)	347,504	877,564
Expenses Payable	3,257,004	2,493,685
TOTAL	38,708,144	19,560,687

7 - SHORT - TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Provisions for employee benefits	15,042,058	25,411,568
Others	-	2,803,753
Taxation - Income Tax	-	-
TOTAL	15,042,058	28,215,321

8 - FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance as at April 1, 2013	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at March 31, 2014	Opening Balance as at April 1, 2013	For the year	Withdrawn/ Written back	Closing Balance as at March 31, 2014	As at March 31, 2014	As at March 31, 2014
I. TANGIBLE ASSETS :										
Owned Assets										
Furniture & Fixtures	636,347	506,754	-	1,143,101	241,400	137,805	-	379,205	763,896	394,947
EDP Equipments	6,201,167	1,179,890	-	7,380,857	2,873,699	1,730,594	-	4,604,293	2,776,564	3,327,468
Other Office Equipments	1,439,694	704,214	58,000	2,085,908	196,177	262,529	12,482	435,224	1,860,884	1,244,617
Total	8,277,208	2,390,658	58,000	10,609,866	3,310,276	2,120,928	12,482	5,418,722	5,191,144	4,966,932
Previous Year	6,145,199	2,132,009	-	8,277,208	1,248,955	2,060,321	-	3,310,276	4,966,932	-
II. Intangible Assets :										
Computer Software	44,120	-	-	44,120	44,120	-	-	44,120	-	-
Total	44,120	-	-	44,120	44,120	-	-	44,120	-	-
Previous Year	44,120	-	-	44,120	44,120	-	-	44,120	-	-

9 - NON - CURRENT INVESTMENTS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Trade Investments (valued at cost)		
Unquoted Equity Instruments		
Investment in Subsidiaries		
50,000 (March 31, 2013: 50,000)	500,000	500,000
Equity shares of ₹ 10 each fully paid up in DGEN Transmission Co. Ltd.		
50,000 (March 31, 2013: NIL)		
Equity shares of ₹ 10 each fully paid up in Ballabgarh-GN Transmission Co. Ltd.	500,000	-
50,000 (March 31, 2013: NIL) Equity shares of ₹ 10 each fully paid up in Tanda Transmission Co. Ltd.	500,000	-
NIL (March 31, 2013: 50,000)		
Equity shares of ₹ 10 each fully paid up in Patran Transmission Co. Ltd.	-	500,000
NIL (March 31, 2013: 50,000)		
Equity shares of ₹ 10 each fully paid up in Purulia Kharagpur Transmission Co. Ltd.	-	500,000
NIL (March 31, 2013: 50,000)		
Equity shares of ₹ 10 each fully paid up in Darbhanga Motihari Transmission Co. Ltd.	-	500,000
NIL (March 31, 2013: 50,000)		
Equity shares of ₹ 10 each fully paid up in RAPP Transmission Co. Ltd.	-	500,000
TOTAL	1,500,000	2,500,000

Note: The Company has incorporated controlled Special Purpose Vehicle in respect of Integrated Transmission Project for which the Company is appointed as bid process co-ordinator by Ministry of Power, Government of India. Details given below:

Name of the Company	Date of Incorporation	Date of Disinvestment
1 DGEN Transmission Company Limited	November 15, 2011	-
2 Patran Transmission Company Limited	December 19, 2012	November 13, 2013
3 Purulia Kharagpur Transmission Company Ltd.	December 15, 2012	December 9, 2013
4 Darbhanga Motihari Transmission Company Ltd.	December 18, 2012	December 10, 2013
5 RAPP Transmission Company Limited	December 20, 2012	March 12, 2014
6 Ballabgarh-GN Transmission Company Ltd.	September 9, 2013	-
7 Tanda Transmission Company Limited	September 9, 2013	-

10 - DEFERRED TAX ASSETS (NET)

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
(i) Difference between carrying amounts of fixed assets in the books of account and income tax return	(518,889)	(534,806)
Deferred tax asset		
(i) Provision for bad & doubtful debts	899,783	-
(ii) Provision for employee benefits	5,112,795	6,011,672
Net Deferred tax Assets	5,493,689	5,477,066

11 - LOANS AND ADVANCES

Particulars	Long - Term		Short - Term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Security Deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	428,300	337,400	134,600
Doubtful	-	-	-	-
		428,300	337,400	134,600
Loans and advances to related parties				
Secured, considered good	-	-	-	-
Unsecured, considered good*	-	-	39,900,725	24,286,873
Doubtful	-	-	39,900,725	24,286,873
DGEN Transmission Company Limited			15,113,944	11,474,630
Patran Transmission Company Limited			-	2,403,911
RAPP Transmission Company Limited			-	2,119,258
Purulia Kharagpur Transmission Company Limited			-	4,788,493
Darbhanga Motihari Transmission Company Limited			-	492
Ballabgarh-GN Transmission Company Limited			3,934,867	-
Tanda Transmission Company Limited			3,825,537	-
Power Finance Corporation Limited			17,026,587	3,500,089
			39,900,725	24,286,873
Advances recoverable in cash or kind				
Secured, considered good**	-	-	840,000	2,774,700
Unsecured, considered good	-	-	109,241	103,886
Doubtful	-	-	-	-
** Secured against Bank Guarantee			949,241	2,878,586
Other loans and advances				
Advance Tax, TDS and FBT	-	-	15,963,171	8,902,597
Central Credit & Advance Service Tax	-	-	3,907,696	1,322,044
Prepaid expenses	-	-	52,863	51,716
Recoverable from Others	-	-	1,781,047	1,788,130
Advances to Employees				
Secured, considered good	-	-	-	-
Unsecured, considered good	4,454,807	4,076,243	4,225,702	3,593,177
Doubtful	-	-	-	-
	4,454,807	4,076,243	4,225,702	3,593,177
TOTAL	4,454,807	4,076,243	4,225,702	3,593,177

12 - TRADE RECEIVABLES*

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Debts Outstanding for a period exceeding six months from the date they are due for payment		
Secured Considered Good	-	-
Unsecured Considered Good	9,891,050	21,556,775
Doubtful	2,847,200	-
Less: Provision for bad and doubtful debts	2,847,200	-
	9,891,050	21,556,775
Other Debts		
Secured Considered Good	-	-
Unsecured Considered Good	81,408,308	52,027,886
Doubtful	-	-
Less: Provision for bad and doubtful debts	-	-
	81,408,308	52,027,886
TOTAL	91,099,358	73,584,661

* Trade Receivables include amount due from Holding Company ₹ 3,68,80,902/- (Previous Year- ₹ 3,19,42,192/-). Further, ₹ 1,58,75,606/- (Previous Year ₹ 1,60,83,152/-) against Manpower Charges for Subsidiary companies, which will become due for payment on identification of successful bidder & on transfer of the subsidiary to successful bidder is considered as Other debt.

13 - CASH AND BANK BALANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Cash and Cash Equivalents		
(a) Balance in current accounts with:		
Scheduled Banks	780,277	190,349
(b) Deposits Accounts with Banks with original maturity up to 3 months	-	-
(c) Cheques in Hand	-	6,152,200
Other Bank Balances		
Deposits Accounts with Banks with original maturity more than 3 months *	1,148,734,749	905,702,620
	1,148,734,749	905,702,620
TOTAL	1,149,515,026	912,045,169
*Deposit Accounts with more than 12 months maturity included above	273,519,000	228,529,000



14 - OTHER CURRENT ASSETS

Particulars	As at March 31, 2014	As at March 31, 2013
Interest Accrued but not due on Term Deposits with banks	28,064,874	29,814,097
Interest Accrued but not due from Subsidiaries	5,039,328	1,935,306
Amount Receivable from clients (Net)	7,216,772	3,249,467
TOTAL	40,320,974	34,998,870

15 - REVENUE FROM OPERATIONS

Particulars	As at March 31, 2014	As at March 31, 2013
From Consultancy Services	356,522,912	268,559,699
Other Operating Income	90,480,000	3,500,000
TOTAL	446,982,912	272,059,699

16 - OTHER INCOME

Particulars	As at March 31, 2014	As at March 31, 2013
Interest from Banks	99,325,270	90,814,998
Interest from Subsidiary Companies	5,596,393	1,999,886
Miscellaneous Income	15,641	16,506
Excess provision written Back	-	193,923
TOTAL	104,937,604	92,825,311

17 - EXPENSE FOR CONSULTANCY SERVICES

Particulars	As at March 31, 2014	As at March 31, 2013
Sub Consultancy Charges	31,408,901	18,423,787
Advertisement Expenses	850,962	1,018,420
Conference & Meeting Expenses	508,474	496,182
TOTAL	32,768,337	19,938,389

18 - EMPLOYEE BENEFITS EXPENSE

Particulars	As at March 31, 2014	As at March 31, 2013
Salaries and Allowances	52,603,028	49,408,819
Performance Related Pay & Other	7,705,796	18,528,810
Contribution to Provident and other funds	3,460,768	3,073,843
Contribution to Super Annuation Fund	2,518,540	2,617,622
Contribution to Gratuity Fund	471,712	1,001,018
Post Retirement Medical Benefits	640,146	298,885
Staff Welfare	2,368,322	4,081,595
TOTAL	68,768,310	79,010,592

19 - OTHER EXPENSES

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Office Rent	2,980,843	2,670,197
Administrative Expenses	229,741	152,122
Advertisement Expenses	-	2,380,013
Electricity & Water charges	1,567,026	1,617,038
Site Office Expense	883,293	86,149
Repairs & Maintenance	178,069	210,253
Travelling & Conveyance	12,582,247	9,191,462
Postage, Telegraph	237,834	220,459
Books & Periodicals	4,869	4,991
Entertainment Expenses	511,619	524,544
Rates & Taxes (including House Tax & Ground Rent)	76,226	465,261
Interest on Service Tax	2,466,737	1,827,415
Interest paid on TDS & Income tax	-	1,726
Assets Written Off	2,947	428
Provision for bad and doubtful debts	33,523	-
Insurance	2,647,200	-
Bank Charges	60,683	64,251
Meeting Expenses	2,330	3,170
Office Maintenance Expenses	688,552	330,564

Depreciation (Allocated by Holding Company)	555,183	821,042
Printing & Stationary	3,999,923	4,647,095
Legal & Professional Expenses	488,910	372,080
Security Expenses	359,760	381,448
Telephone Expenses	167,104	133,817
Vehicle Hiring and Running Expenses	1,248,851	1,185,988
Payment to Auditors	2,114,493	593,072
As Auditor	300,000	300,000
Tax Audit Fee	75,000	45,000
Certification Charges	100,000	100,000
Reimbursement of Expenses	10,000	50,000
Training Expenses	1,635,599	1,269,091
Outsourcing Expenses	2,275,415	2,019,754
Miscellaneous Expenses	39,231	77,703
TOTAL	38,523,209	31,745,931

20 - PRIOR PERIOD ITEMS

Particulars	As at March 31, 2014	As at March 31, 2013
Income	-	1,974,274
Expenditure	(1,892,16)	(2,470,38)
TOTAL	(1,892,16)	1,727,236

21. The employees of the Company are from the Holding Company i.e. Power Finance Corporation Limited and on deputation from NTPC Limited. The liabilities towards Gratuity, Leave Encashment, transfer travelling allowance on retirement/death, Post Retirement Medical Benefits and Company Contribution to Super Annuation Fund etc. have been provided in the books as per the amount allocated by the holding company on the basis of Actuarial Valuation/calculations carried out by them and for employee on deputation from NTPC Limited. The amount towards the same is paid to NTPC Limited.

22. The following common expenses have been provided in the books of account as payable to Power Finance Corporation Limited, the Holding Company :-

Particulars	As at March 31, 2014	As at March 31, 2013
Depreciation	3,999,923	4,647,095
Electricity & Water Charges	1,251,550	1,595,683
Staff Welfare	-	276,305
House Tax & Ground Rent	2,466,737	1,827,415
Insurance (Other than vehicles)	60,883	27,029
Postage & Telegram	56,388	148,288
PF audit Fee	10,714	8,730
Sundry Expenses	352,696	423,438
Telephone Expenses	138,957	153,504
TOTAL	8,337,846	9,107,468

23. Amount for which the company is contingently liable - ₹ NIL (Previous Year- ₹ NIL).

24. Capital Commitments- ₹ NIL (Previous Year- ₹ NIL).

25. The Company is operating in a single segment i.e. providing consultancy services and is operating within India therefore no further disclosures are required as per Accounting Standard-17 on Segment Reporting.

26. Wherever any expenditure is shared with the Holding Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances as applicable are complied by the Holding Company.

27. In view of the nature of assets held by the company and the rate of depreciation charged thereon, in the opinion of the management no further provision for impairment of assets is necessary.

28. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Based on the available information with the company)	Year Ended March 31, 2014	Year Ended March 31, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	1,014,883	-
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
The amount of interest paid	-	-

by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act

The amount of interest accrued and remaining unpaid at the end of the year

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise

29. Auditors Remuneration:

(Amount in ₹)

Particulars	As at March 31, 2014			As at March 31, 2013		
	Fees	Service Tax	Total	Fees	Service Tax	Total
Audit Fee	300,000	37,080	337,080	300,000	37,080	337,080
Tax Audit Fee	75,000	9,270	84,270	45,000	5,562	50,562
Certification Fees	100,000	12,360	112,360	100,000	12,360	112,360
Reimbursement of Expenses	10,000	1,236	11,236	50,000	6,180	56,180

30. The Company has adopted operating cycle of 12 months. The classification of current & Non-Current is based on above operating cycle

31. The company had opted for Voluntary Compliance Encouragement Scheme 2013 in terms of Section 106 of Finance Act, 2013. Reply to show cause notice (SCN) received as to why the application made be not rejected has been duly replied to. The liability if any, that may arise shall be considered at the time of final disposal of the said SCN.

32. The balances of debtors/creditors are as per the books of accounts of the company. The company has sent letters to various parties included under these heads for confirmation of their balances as per the books of accounts of the company for which confirmations from some of respective parties is awaited.

33. As per Accounting Standard 21 para 11 a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is incorporated and held exclusively with a view to its subsequent disposal in the near future. Therefore the financial statements of the subsidiaries are not consolidated with the financial statements of the Company.

34. Incorporation of Subsidiary Company

The Company has incorporated its two wholly owned subsidiaries namely:

- Ballabgarh-GN Transmission Company Limited (BGTCCL) on September 9, 2013
- Tanda Transmission Company Limited (TTCL) on September 9, 2013

All the subsidiaries companies were incorporated with an authorized share capital of ₹ 5 lac to act as SPVs for developing of ITPs and transferring the same to successful bidders through the international bidding process. PFCCCL has invested ₹ 5 lac in equity shares of all the SPVs. The first accounting year of all the two SPVs will be from September 9, 2013 to March 31, 2014.

35. The value of invoices raised pursuant to execution of contract agreement/ issue of letter of award in respect whereof no income have been recognised and no amount received have been setoff from assets and liabilities amounting to ₹ 7,32,67,193/- (Previous year ₹ 4,39,71,885/-) respectively.

36. The disclosure as per Accounting Standard 18 Related Party Disclosure:-

The PFC Consulting Ltd is a wholly owned subsidiary of Power Finance Corporation Ltd. In light of the nature of business of consultancy and to facilitate day to day operations for further growth of the company, full powers (other than those exercisable in Board) have been delegated to the Chief Executive Officer (CEO) of the company by the Board of Directors.

(a) Name and nature of the relationship of the related parties:-

S. No.	Nature of Relationship	Name of the Related Party		
1	Holding Company	Power Finance Corporation Limited		
2	Subsidiaries	DGEN Transmission Company Limited (Formerly DGEN & Ultrakhand Transmission Company Limited)		
		Patran Transmission Company Limited till November 13, 2013		
		Purulia Kharagpur Transmission Company Limited till December 09, 2013		
		Darbhanga Molihari Transmission Company Limited till December 10, 2013		
		RAPP Transmission Company Limited till March 12, 2014		
		Ballabgarh-GN Transmission Company Limited		
		Tanda Transmission Company Limited		
3	Fellow Subsidiaries i.e. Subsidiary of Holding Company	Chhatisgarh Surguja Power Limited (Formerly Akaltara Power Limited)		
		Coastal Karnataka Power Limited		
		Coastal Maharashtra Mega Power Limited		
		Orissa Integrated Power Limited		
		Coastal Tamil Nadu Power Limited		
		DGEN Transmission Company Limited		
		Sakhigopal Integrated Power Company Limited		
		Ghogarpalli Integrated Power Company Limited		
		Tatya Andhra Mega Power Limited		
		PFC Green Energy Limited		
		PFC Capital Advisory Services Limited		
		Power Equity Capital Advisors Private Limited		
		Deoghar Mega Power Limited		
		Cheyur Infra Limited		
		Odisha Infrapower Limited		
4	Key Managerial Personnel :			
The Key Managerial personnel of the Company are employees of the Holding Company (PFC) deployed on part time basis except C.E.O. who is on full time basis. No sitting fees has been paid to the directors. The details of such key Management Personnel are as follows:				
S.No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri M. K. Goel*	Chairman	13.08.2013	Continuing
2.	Shri Satnam Singh**	Chairman	01.08.2008	12.09.2013
3.	Shri R.Nagarajan	Director	21.10.2008	Continuing
4.	Shri A. K. Agarwal	Director	23.09.2013	Continuing
5.	Shri N D Tyagi	CEO	25.03.2008	02.12.2013
6.	Shri C. Gangopadhyay	CEO	03.12.2013	Continuing

* Director for the period from March 25, 2008 to September 12, 2013

** Director for the period from March 25, 2008 to July 31, 2008



(b) Details of related parties transactions: -

(Amount in ₹)

S.No.	Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
1	Consulting Income					
	Year Ended March 31, 2014	120,818,438	155,618,560	-	-	276,438,998
	Year Ended March 31, 2013	143,077,078	11,915,998	-	-	276,438,998
2	Other Operating Income (Sale of RFO/RFP)					
	Year Ended March 31, 2014	70,060,000	-	-	-	70,060,000
	Year Ended March 31, 2013	-	-	-	-	-
3	Remuneration Paid CEO					
	Year Ended March 31, 2014	-	-	-	6,816,380	6,816,380
	Year Ended March 31, 2013	-	-	-	4,440,818	4,440,818
4	Payment of Expenses					
	Year Ended March 31, 2014	8,337,848	-	-	-	8,337,848
	Year Ended March 31, 2013	9,107,468	-	-	-	9,107,468
5	Investment in Subsidiaries during the year					
	Year Ended March 31, 2014	-	1,000,000	-	-	1,000,000
	Year Ended March 31, 2013	-	2,000,000	-	-	2,000,000
5	Interest Income					
	Year Ended March 31, 2014	-	5,596,393	-	-	5,596,393
	Year Ended March 31, 2013	-	1,898,886	-	-	1,898,886
7	Closing Balance					
(i)	Investments					
	Year Ended March 31, 2014	-	1,500,000	-	-	1,500,000
	Year Ended March 31, 2013	-	2,500,000	-	-	2,500,000
(ii)	Sundry Debtors					
	Year Ended March 31, 2014	36,880,902	15,875,806	-	-	52,756,508
	Year Ended March 31, 2013	31,842,192	16,083,152	-	-	48,025,344
(iii)	Amount Recoverable					
	Year Ended March 31, 2014	17,026,587	22,874,138	-	-	39,900,725
	Year Ended March 31, 2013	3,500,089	20,788,784	-	-	24,288,873

*the billing in respect of the work done (including developing RFP & RFO documents) for fellow subsidiaries has been done to the Holding company which has further charged the same to the respective fellow subsidiary.

37. In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956 Earning per share (Basic & Diluted) is worked out as follows: -

S.No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
1.	Nominal Value of share (₹)	10	10
2.	Number of Equity shares (No.)	50,000	50,000
3.	Net Profit after tax (₹)	269,595,365	163,834,438
4.	Basic Earning per share (₹)	5,392	3,277
5.	Diluted Earning per share (₹)	5,392	3,277

38. The liabilities towards employee benefits in respect of gratuity, leave encashment, post retirement medical benefits, transfer travelling allowance on retirement/death, long term service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e. PFC Limited on actuarial valuation at the year-end. The company contributes to the various funds as maintained and managed by the Holding Company and as apportioned by them.

39. (a) Power Finance Corporation Limited (The Holding Company) has charged for Employees Benefits on account of Leave Encashment Unavailed ₹ 32,38,589/- (PY ₹ 46,98,247/-), Gratuity to Staff ₹ 4,71,712/- (PY ₹ 10,01,018/-), Post Retirement Medical Benefits ₹ 6,40,148/- (PY ₹ 2,98,885/-), Long Term Service Award ₹ 5,01,362/- (PY ₹ 4,77,902), Baggage Allowance ₹ 5781/- (PY ₹ 10,944), Economic Rehabilitation Scheme ₹ 43,846/- Cr (PY ₹ 61,780/- Dr) which is duly paid by company.

(b) Details of provisions as required in Accounting Standard - 29, (Figures in brackets () represents previous year figures) as under

Provision for	Opening Balance	Addition during the period	Paid/adjusted during the period	Closing Balance
Bonus & Incentive, Base Line Contribution	25,411,568	13,670,413	24,039,925	15,042,056
	(18,166,928)	(33,447,530)	(26,202,890)	(25,411,568)
Income Tax	2,803,753	140,215,822	143,019,575	-
	(23,783,778)	(78,587,837)	(100,527,862)	(2,803,753)

40. Transactions in foreign currency (Income/ Expenses)- ₹ NIL (Previous year- ₹ NIL). Figures have been rounded off to the nearest rupees unless otherwise stated.

41. In the opinion of the management the value of current assets loans and advances on realization in the ordinary course of business will not be less than the value at which these are stated in the Balance Sheet as at March 31, 2014.

42. Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to current year's classification.

For and on Behalf of Board of Directors

(C. GANGOPADHYAY)
CEO

(R. NAGARAJAN)
Director

(M. K. GOEL)
Chairman

(RACHNA GUPTA SINGH)
Company Secretary

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
For Jain Chopra & Company
Chartered Accountants
(Firm Reg. No. :4002188N)

(ASHOK CHOPRA)
(Partner)
M. No : 017199

Place: New Delhi
Date: 19.05.2014

CHHATTISGARH SURGUJA POWER LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting the 8th Annual Report on the performance of the Company for the financial year ended on 31st March, 2014 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 10th February, 2006 as a Special Purpose Vehicle (SPV) for Chhattisgarh UMPP by Power Finance Corporation Limited (PFC) as its wholly owned subsidiary, which is the fifth UMPP in the series of UMPPs. The site for the Project is located at village Salka/Khamaria of Udaypur Tehsil of District Surguja, Chhattisgarh.

The Power from the project would be procured by seven States namely Chhattisgarh (2000 MW), Maharashtra (1000 MW), Gujarat (425 MW), Madhya Pradesh (275 MW), Goa (200 MW), Dadra & Nagar Haveli (50 MW), Daman & Diu (50 MW).

Ministry of Coal (MoC) has allocated two Coal Blocks namely Puta Parogia Coal Block (692.16 MT) and Pindarakhi Coal Block (421.51 MT) in Hasdeo Arand coalfields of South Eastern Coalfields Limited to your Company. Your Company informed MoC regarding withdrawal of RfQ by Ministry of Power (MoP) and also that the activities related to Coal Blocks can be carried out only after the coal blocks are declared under 'GO' area by MoEF, GoI or after allocation of new coal blocks by MoC, GoI.

Section (4) of Land Acquisition notification for Chhattisgarh UMPP was issued in November 2009. Section (6) of Land Acquisition notification for Chhattisgarh UMPP could not be issued due to local resistance and also due to ambiguity related to the clearance of coal blocks allocated to the Chhattisgarh UMPP by MoEF.

Water Resource Department, Government of Chhattisgarh has allocated 135 MCM water for the project. The water would be provided from Rehar River by constructing Hydro structures/ Anicuts / Checkdams. Your Company informed to Water Resource Department, Govt. of Chhattisgarh that extension of water use start period may be considered only after getting clearance of coal blocks allocated to Chhattisgarh UMPP or allocation of new coal blocks.

The application for extension of validity of Terms of Reference (ToR) for the project was discussed in 'Expert Appraisal Committee' meeting held on January 7-8, 2013. Ministry of Environment & Forests (MoEF) vide its letter dated 28.11.2013 has rejected the extension of validity period for ToR and has advised to apply afresh for ToR for the project. It is proposed to apply for fresh ToR only after getting clearance of coal blocks allocated to the Chhattisgarh UMPP or allocation of new coal blocks by Ministry of Coal (MoC)/Ministry of Power (MoP).

Defence Clearance for the construction of project was received from Ministry of Defence, Delhi in August 2010. Further, with the assistance of District Administration, several attempts have been made to conduct technical studies at site from mid November 2010 but studies could not be completed due to resistance from local population. Civil Aviation clearance obtained from Airport Authority of India on 25.8.2011.

The RfQ document for Chhattisgarh UMPP was issued on 15.03.2010. The last date for submission of Response to RfQ originally was 03.05.2010 which was extended 14 times thereafter. Ministry of Power vide its letter dated 1.10.2013 has directed to withdraw the RfQ of Chhattisgarh UMPP and that RfQ for the Project may be issued afresh on the revised Standard Bid Documents (SBDs) only on clearance of coal blocks allocated to Chhattisgarh UMPP or allocation of new coal block.

Petition was filed with CERC on 02.01.13 to grant extension of bidding process period by another 730 days i.e. from 31.03.13 to 31.03.15. Hearing with CERC was held on 28.03.13. CERC has already granted

extension of time for completing the bidding process till 30.09.14.

R&R Policy duly incorporating the suggestions made by District Level R&R Committee has been submitted to the Government of Chhattisgarh for its approval.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 7.40 Crore in the development of the Project which has been transferred to capital work in progress. The total expenditure incurred by the Company till 31st March, 2014 is ₹ 44.05 Crore.

DIVIDEND

As the Company has not started its commercial activities, no dividend has been declared for the financial year 2013-14.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (Rupees Five Lac only) comprising of 50,000 equity shares of ₹ 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 400,000,000/- (Rupees Forty Crores only) from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year 2013-14.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. N.K.S. Chauhan & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 Shri C. Gangopadhyay was appointed as Additional Director of the Company w.e.f. 3rd February, 2014 in place of Shri N.D.Tyagi and will hold office upto the date of ensuing Annual General Meeting. The Board recommends that Shri C. Gangopadhyay may be appointed as a Director, liable to retire by rotation.

In accordance with the provisions of Section 152(6) of the Companies Act 2013, Shri Yogesh Juneja and Shri Umesh Kumar Agarwal, Directors shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Your Board places on record its deep appreciation for the valuable contribution made by Shri N.D.Tyagi, during his tenure as Director of the Company.

Consequent to the aforesaid changes, presently the Board of Directors of the Company comprises of the following:



Shri A.K. Agarwal	Chairman
Shri C. Gangopadhyay	Director
Shri K. Sridhar	Director
Shri Yogesh Juneja	Director
Shri Umesh K. Agarwal	Director (Representing State of Chhattisgarh)
Shri Ashok Chavan	Director (Representing State of Maharashtra)
Shri Manu Srivastava	Director (Representing State of Madhya Pradesh)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 30th June, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;

- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2013-14;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Govt. of Chhattisgarh, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 21st August, 2014

(A.K. Agarwal)
Chairman

ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CHATTISGARH SURGUJA POWER LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Chattisgarh Surguja Power Limited, New Delhi for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Chattisgarh Surguja Power Limited, New Delhi for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 30/06/ 2014

INDEPENDENT AUDITOR'S REPORT

To
The Members
CHHATTISGARH SURGUJA POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Chhattisgarh Surguja Power Limited (the "Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit/(loss) for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by 'the Companies (Auditor's Report) Order, 2003' ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2) As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For NKS Chauhan & Associates
Firm Registration No.013940N
Chartered Accountants

NKS Chauhan
Partner

Place: New Delhi
Date: 23.05.2014

Membership No. 088165

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. In respect of its fixed assets:
 - a. In our opinion and according to information and explanation given to us, The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the Fixed Assets have been physically verified by the Management during the year which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. As explained to us, the Company has not disposed off substantial part of fixed assets during the year.
2. The Company does not hold any inventory. Therefore, the provision of clause 4 (ii) of the Order are not applicable to the company.
3. During the year the Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.



5. In our opinion, and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. In our opinion the company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in current financial year.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable to the Company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the year. Therefore the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For NKS Chauhan & Associates
Firm Registration No.013940N
Chartered Accountants

NKS Chauhan
Partner
Membership No. 088165

Place: New Delhi
Date: 23.05.2014

CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)			
Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(20,797)	(20,797)
		<u>479,203</u>	<u>479,203</u>
(2) Non-current liabilities			
(a) Long-term borrowings	5	471,725,053	452,893,702
(b) Other long term liabilities	6	208,099,428	152,758,901
		<u>679,824,481</u>	<u>605,652,603</u>
(3) Current liabilities			
(a) Other current liabilities	7	4,745,649	4,986,184
		<u>4,745,649</u>	<u>4,986,184</u>
TOTAL		<u>685,049,333</u>	<u>611,117,970</u>
II. Assets			
(1) Non-Current assets			
(a) Fixed assets			
(i) Tangible assets	8	294,387	378,440
(ii) Capital work-in-progress	9	440,533,321	366,520,902
(b) Long-term loans and advances	10	228,349,959	228,349,959
(c) Other non-current assets	11	1,58,58,750	15,858,750
		<u>685,036,417</u>	<u>611,108,051</u>
(2) Current assets			
(a) Cash and cash equivalents	12	12,765	9,768
(b) Short-term loans and advances	13	151	151
		<u>12,916</u>	<u>9,919</u>
Total		<u>685,049,333</u>	<u>611,117,970</u>
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure During Construction Period	14		
Other Notes to financial statements	15 to 39		

For and on Behalf of Board of Directors

(Yogesh Juneja)
Director

(K.Sridhar)
Director

(A.K. Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on Behalf of
NKS Chauhan & Associates
(Chartered Accountants)
(Firm Reg No. :013940N)

NKS Chauhan
(Partner)
M. No : 088165

Place: New Delhi
Date: 23.05.2014

CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)			
Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
I. Revenue from operations		-	-
II. Other income		-	-
III. Total Revenue (I+II)		<u>-</u>	<u>-</u>
IV. Expenses		-	-
Total Expenses		<u>-</u>	<u>-</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		-	-
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		-	-
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII-VIII)		-	-
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit/(Loss) for the year from continuing operations (IX-X)		-	-
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the year after tax (XI + XIV)		-	-
XVI. Earnings per equity share:			
(1) Basic	33	-	-
(2) Diluted	33	-	-
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure During Construction Period	14		
Other Notes to financial statements	15 to 39		

For and on Behalf of Board of Directors

(Yogesh Juneja)
Director

(K.Sridhar)
Director

(A.K. Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on Behalf of
NKS Chauhan & Associates
(Chartered Accountants)
(Firm Reg No. :013940N)

NKS Chauhan
(Partner)
M. No : 088165

Place: New Delhi
Date: 23.05.2014



CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014
(Amount in ₹)

PARTICULARS	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-	-
Operating profit before working capital changes	-	-
Adjustment For Increase/(Decrease) In:		
Liabilities and provisions	55,100,012	50,446,031
Net cash flow from operating activities	<u>55,100,012</u>	<u>50,446,031</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(73,928,368)	(91,735,914)
Net cash used in Investing activities	<u>(73,928,368)</u>	<u>(91,735,914)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-term borrowings	18,831,351	41,102,016
Net cash flow from financing activities	<u>18,831,351</u>	<u>41,102,016</u>
Net Increase/(decrease) In cash and cash equivalents(A+B+C)	2,997	(187,867)
Add: Cash and cash equivalents at beginning of the year	9,768	197,635
Cash and cash equivalents at end of the year	<u>12,765</u>	<u>9,768</u>
Balance with bank	12,765	9,768

For and on Behalf of Board of Directors

(Yogesh Juneja)
Director

(K.Sridhar)
Director

(A.K Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
NKS Chauhan & Associates
(Chartered Accountants)
(Firm Reg No. :013940N)

NKS Chauhan
(Partner)
M. No : 088165

Place: New Delhi
Date: 23.05.2014

CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)
Notes to the Financial Statements for the Year ended March 31, 2014

1. Corporate Information

The Company was incorporated on February 10, 2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking in the name of M/s Akaltara Power Limited and the name of the company was changed to the Chhattisgarh Surguja Power Ltd (present name) w.e.f December 10, 2009. Certificate for Commencement of Business was issued on April 25, 2008. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the State of Chhattisgarh (Project).

2. Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis. Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are stated at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of fixed assets acquired during the year costing up to ₹ 5000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration/ Depreciation/Interest and other expenditure during the construction period etc is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procureurs and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

l. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

NOTE NO. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	500,000	500,000
Issued, subscribed and fully paid up :		
50,000 Equity shares of ₹.10/- each fully paid-up (Previous year 50,000 Equity shares of ₹.10/- each fully paid-up)	500,000	500,000
Total issued, subscribed and fully paid up share capital	500,000	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting year

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount(₹)	No. of Shares	Amount(₹)
Balance at the beginning of the year	50,000	500,000	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	Amount in (₹)	
	As at March 31, 2014	As at March 31, 2013
Power Finance Corporation Limited, the Holding Company		
50,000 (Previous Year: 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000	100%
	50,000	100%	50,000	100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
<u>Surplus in the Statement of Profit and Loss</u>		
Balance as at the beginning of the year	(20,797)	(20,797)
Profit/(Loss) for the year	-	-
Balance as at the end of the year	(20,797)	(20,797)
TOTAL	(20,797)	(20,797)

NOTE NO. 5 - LONG-TERM BORROWINGS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
<u>Unsecured</u>		
Loans and advances from related party		
Power Finance Corporation Ltd, Holding Company	71,725,053	52,893,702
<u>Other loans and advances</u>		
(Commitment advance)		
Chhattisgarh State Power Distribution Co. Ltd.	200,000,000	200,000,000
Dadar & Nagar Haveli	5,000,000	5,000,000
Daman & Diu	5,000,000	5,000,000
Gujarat Urja Vikas Nigam Limited	27,500,000	27,500,000
Maharashtra State Electricity Distribution Co. Ltd.	100,000,000	100,000,000
MP Power Trading Co. Ltd.	42,500,000	42,500,000
Office of the Chief Electrical Engineer, Govt. of GOA	20,000,000	20,000,000
	400,000,000	400,000,000
TOTAL	471,725,053	452,893,702

Terms of repayment for Unsecured borrowings

Loans and advances from related party and Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder.
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NOTE NO. 6 - OTHER LONG-TERM LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
<u>Others</u>		
Interest Accrued but not due on long-term borrowings	208,099,428	152,758,901
TOTAL	208,099,428	152,758,901

NOTE NO. 7 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
<u>Others payables</u>		
Statutory dues (Tax deducted at Source)	4,833,778	2,359,038
Expenses Payable	111,871	2,627,128
TOTAL	4,745,649	4,986,164


NOTE NO. 8 - TANGIBLE ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance as at April 1, 2013	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at March 31, 2014	Opening Balance as at April 1, 2013	For the year	Deductions/ Adjustment	Closing Balance as at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Own Assets:										
EDP Equipments	227,700	-	-	227,700	124,930	41,108	-	166,038	61,662	102,770
Office Equipments	209,524	-	-	209,524	43,620	23,077	-	66,697	142,827	165,904
Furniture & Fixtures	218,712	-	-	218,712	108,946	19,888	-	128,814	89,898	109,766
Total	655,936	-	-	655,936	277,496	84,063	-	361,549	294,387	378,440
Previous Year	655,937	-	-	655,937	157,920	118,577	-	277,496	378,440	-

NOTE NO. 9 - CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress (IEDC)	365,305,249	273,449,758
Add: Transferred from Expenditure During Construction Period (Note-14)	74,012,419	81,855,491
	439,317,668	365,305,249
Capital Expenditure for Land Acquisition	1,215,653	1,215,653
TOTAL	440,533,321	366,520,902

NOTE NO. 10 - LONG-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Capital Advances (For Land)	228,349,959	228,349,959
TOTAL	228,349,959	228,349,959

NOTE NO. 11 - OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Interest receivable from related party but not due (Power Finance Corporation Ltd., Holding Company)	15,858,750	15,858,750
TOTAL	15,858,750	15,858,750

NOTE NO. 12 - CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Balances with banks:		
In Current Account	12,785	9,788
TOTAL	12,785	9,788

NOTE NO. 13 - SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Others		
Tax deducted at source refundable by Govt	151	151
TOTAL	151	151

NOTE NO. 14 - EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Expenses		
Manpower Charges	6,879,877	19,384,475
Payment to the auditor :		
-As auditor	87,781	131,672
Advertisement Expenses	1,676,852	9,868,202
Consultancy Charges	1,787,505	2,394,872
Conference & Meetings	72,134	136,255
Official Hospitality	57,117	8,043
Legal & Professional Fees	212,582	720,684
Interest Exp on utilised portion	59,965,527	55,366,372
Depreciation	84,053	119,577
Telephone Expenses	67,353	47,574
Tour & Travelling Expenses	959,029	431,841
Vehicle Hiring	832,755	833,585
Office rent	569,721	556,182
Outsourcing Expenses	898,929	888,979
Printing & Stationery	204,403	172,548
Other Administration Expenses	658,801	794,430
TOTAL	74,012,419	81,855,491

16. Pursuant to decision of Ministry of Power, Government of India, the Company has received entire Commitment Advance of ₹ 40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Long-term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.
16. Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹ 40,00,00,000/- received from procurers was given to the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.
17. The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Interest expenses of ₹ 5,99,65,527/- (Previous Year ₹ 5,53,68,372/-) is towards interest on utilized portion including ₹ 99,65,530/- (Previous year ₹ 45,28,019/-) payable to PFC Ltd. on amount spent by them before receipt of advance from procurers. Interest so payable has been capitalized under the head 'Capital work-in-progress'. Interest payable to procurers being accrued but not due is shown under the head Other Long-term liabilities.
18. The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.
19. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.
20. An amount of ₹ 22.83 Crores has been paid to Chhattisgarh Government for 2331.84 acres of private land at the time of Section 4 processing as advance in earlier years. The cost of the land has been revised by Chhattisgarh Government for arren, single crop and double crop land respectively. Hence the cost of land now estimated amounts to ₹ 196 Crores which is payable after completion of section 6 and receiving the demand for the same, hence, no liability has been provided.
21. Total 135 MCM water quantity is estimated for CSPL project. Total 8 no. of Hydro-structure will be constructed on river Raheer and its tributaries. Estimated cost of construction of Hydro structures is ₹ 4 Crores / MCM totaling to ₹ 540 Crores. ₹ 2.70 Crores has already been paid in earlier years as Survey charges at the rate of 0.05% of ₹ 540 Crores. The survey work is under progress, hence no liability provided. The company is also liable to pay compensation as per Rehabilitation and Resettlement policy on approval by the State Govt. of Chhattisgarh. The quantum of liability is not ascertainable presently until socio economic study are completed and approved by concerned Government authorities.
22. All the work for the Company are executed by PFC Consulting Ltd (PFCL). Manpower Charges of ₹ 58,79,877/- (Previous Year ₹ 1,93,84,475/-) for manpower cost of PFCL employees charged by PFCL on cost to company basis/rate, as determined by PFCL, in proportion to actual man days spent by the employees for the Company as per invoice raised by PFCL and include ₹ 1,74,518/- (Previous Year ₹ 5,79,800/-) of Sh. N.D. Tyagi (Director) and ₹ 3,61,518/- (Previous Year ₹ 4,65,400/-) of Sh. Yogesh Juneja (Director) and ₹ NIL (Previous Year ₹ 5,20,000/-) of Sh. Damodar Salapure (Director).

23. The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the Deduction of tax at source and Service tax etc. as applicable to these expenses.
24. Expenditure during Construction Period (Note-14) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.
25. i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 1,92,21,600/- (Previous year ₹ 1,92,21,600/-). ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the year is ₹ 196 Crore (Previous year ₹ 196 Crore) for land and ₹ 540 Crore (Previous year ₹ 540 Crore) for Hydro Structure. The company is also liable to pay compensation as per Rehabilitation and Resettlement policy on approval by the State Govt. of Chhattisgarh. The quantum of liability is not ascertainable presently until socio economic study are completed and approved by concerned Government Authorities. (Refer note no.20)
26. In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.
27. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.
28. The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd. (PFCL)/Holding Company, PFC Consulting Ltd (A wholly owned Subsidiary of PFCL) and from Power Procuring States and deployed on Part Time basis.
- The details of such Key Management Personnel during the year ended March 31, 2014 are as follows:

S.No	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri A.K. Agarwal	Chairman	23.08.2012	Continuing
2.	Shri C. Gangopadhyay	Director	03.02.2014	Continuing
3.	Shri K. Sridhar	Director	17.12.2008	Continuing
4.	Shri Yogesh Juneja	Director	17.02.2010	Continuing
5.	Shri Manu Srivastava *	Director	14.05.2012	Continuing
6.	Shri A.S. Chavhan *	Director	24.12.2010	Continuing
7.	Shri Umesh K. Agrawal *	Director	17.02.2010	Continuing
8.	Shri N. D. Tyagi	Director	17.02.2010	02.02.2014

* From Power Procuring States

29. The disclosure as per AS18 - Related Party Disclosure:

Chhattisgarh Surguja Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Chhattisgarh Surguja Power Limited where the PFCL/ PFCCL nominee exercises control.

Detail of maximum Credit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd	C.Y ₹. 7,27,94,121/-
	P.Y ₹. 5,28,93,702/-

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties:-

S.No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Sakhigopal Integrated Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Ghogapalli Integrated Power Company Limited	Fellow Subsidiary
9.	Tatiya Andhra Mega Power Limited	Fellow Subsidiary



S.No.	Name of the Related Party	Nature of Relationship
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	Deoghar Mega Power Limited	Fellow Subsidiary
14.	Odisha Infrapower Limited	Fellow Subsidiary
15.	Cheyur Infra Limited	Fellow Subsidiary
16.	DGEN Transmission Company Limited	Enterprise under common control
17.	RAPP Transmission Company Limited	Enterprise under common control till 12.03.2014
18.	Patran Transmission Company Limited	Enterprise under common control till 13.11.2013
19.	Punjab Kharagpur Transmission Company Ltd.	Enterprise under common control till 09.12.2013
20.	Darbanga Molihari Transmission Company Limited	Enterprise under common control till 10.12.2013
21.	Ballaigharh-GN Transmission Company Limited	Enterprise under common control limited
22.	Tanda Transmission Company Limited	Enterprise under common control

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S.No.	Particulars	March 31, 2014 ₹	March 31, 2013 ₹
1.	Interest expense for the year	9,965,530	4,528,019
2.	Manpower Charges *	5,879,877	19,384,475
3.	Closing Balances:		
(a)	Interest accrued but not due on long-term borrowings	18,260,446	6,294,916
(b)	Interest Receivable	15,858,750	15,858,750
(c)	Long Term Borrowings	71,725,053	52,893,702

*Charged by PFCCL

30. The Company's significant leasing arrangements are in respect of operating leases of premises for office for a period of one or two year(s). These leasing arrangements are usually renewable on mutually agreed terms. Lease payments in respect of premises for offices ₹ 5,69,721/- (Previous year ₹ 5,56,182/-) are included under 'Rent' in Note 14 - 'Expenditure during construction period'.

31. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

32. Auditors Remuneration (including Service Tax)

S.No.	Particulars	March 31, 2014 ₹	March 31, 2013 ₹
1.	Audit Fees	87,781	131,672

33. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows:-

S.No.	Particulars	March 31, 2014 ₹	March 31, 2013 ₹
1.	Nominal Value of share ₹	10	10
2.	Number of Equity shares (No.)	50,000	50,000
3.	Net Profit after tax ₹	-	-
4.	Earning per share ₹	-	-

34. The company has sent letters to various parties included under the head Long Term Borrowings for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

35. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

36. Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (vii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still in its development stage and the company has yet to start its commercial activities. Applicable Information is provided as under:

- (a) Expenditure in foreign currency - Nil (Previous year- Nil)
- (b) Income in foreign exchange - Nil (Previous year- Nil)

37. The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

38. Figures have been rounded off to the nearest Rupee unless otherwise stated.

39. Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to Current year's classification.

For and on Behalf of Board of Directors

(Yogesh Juneja)
Director

(K.Sridhar)
Director

(A.K Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on Behalf of
NKS Chauhan & Associates
(Chartered Accountants)
(Firm Reg No. :013940N)

NKS Chauhan
(Partner)
M. No : 088165

Place: New Delhi
Date: 23.05.2014

COASTAL KARNATAKA POWER LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting the 8th Annual Report on the performance of the Company for the financial year ended on 31st March, 2014 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 10th February, 2006 as a wholly owned subsidiary of Power Finance Corporation Limited for the development of Ultra Mega Power Project in the state of Karnataka.

Power from the project will be procured by five states namely Karnataka (1500MW), Maharashtra (1000MW), Tamil Nadu (1000MW), Rajasthan (300MW) and Kerala (200MW).

Secretary (Power), Govt. Of India (Gol) had requested Chief Secretary, Govt. Of Karnataka to suggest suitable site for the proposed Ultra Mega Power Project at the earliest. Hon'ble Minister of State (IC) for Power, Gol had also requested Chief Minister, Karnataka to suggest a suitable site. Further, Hon'ble Minister of State (IC) for Power, Gol informed Chief Minister, Karnataka that land requirement would be about 1065 acres if conveyor belt is used for transportation of coal from port and 1230 acres if MGR system for transportation of coal. In response, Chief Minister, Karnataka proposed a site in Dakshina Kannada District of Karnataka.

A site visit was undertaken by a team of PFCCL and CEA officials and a site visit report was sent to Govt. of Karnataka on 20th June, 2013 highlighting issues with respect to the site.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 52.19 Lakh in the development of the project which has been transferred to capital work in progress. The total expenditure incurred by the Company till 31st March 2014 is ₹ 337.83 Lakh.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend during the year 2013-14.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC and its nominees.

COMMITMENT ADVANCE

During the year under review, your Company has not received any Commitment Advance from the power procuring states.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year 2013-2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. G. Dinesh Narayan & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There are no adverse

comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Shri Subir Mulchandani, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

The Board of Directors presently comprises of the following:

1.	Shri A.K. Agarwal	Chairman
2.	Shri Subir Mulchandani	Director
3.	Shri A. K. Gupta	Director
4.	Shri R. Rahman	Director

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 2nd July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2013-14;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 13th August, 2014

(A.K. Agarwal)
Chairman



ANNEXURE-I

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT,
1956 ON THE ACCOUNTS OF COASTAL KARNATAKA POWER LIMITED FOR THE YEAR ENDED
31 MARCH 2014**

The preparation of financial statements of Coastal Karnataka Power Limited, New Delhi for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 20 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Coastal Karnataka Power Limited, New Delhi for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 02 July, 2014

INDEPENDENT AUDITOR'S REPORT

To
The Members
COASTAL KARNATAKA POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Coastal Karnataka Power Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit/(loss) for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by 'the Companies (Auditor's Report) Order, 2003' ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2) As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For G. Dinesh Narayan & Co.
Firm Registration No.000644N
Chartered Accountants

N. D. Gupta
PARTNER

Membership. No. 016150

Place: New Delhi
Date: 20.05.2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. The company has no fixed Assets other than Capital work in progress. Hence the provisions of clause 4 (i) of the Order are not applicable to the company.
2. The Company does not have any inventories.
3. The Company has neither granted nor accepted any loans, secured or unsecured to a party covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. Internal Audit is not applicable to the company.

8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. In our opinion the company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in current financial year.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xlv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the year. Therefore the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long-term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For G. Dinesh Narayan & Co.
Firm Registration No.000644N
Chartered Accountants

Place: New Delhi
Date: 20.05.2014

N. D. Gupta
PARTNER
Membership No. 016150

COASTAL KARNATAKA POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(20,802)	(20,802)
		479,198	479,198
(2) Non-current liabilities			
(a) Long-term borrowings	5	15,856,931	14,710,860
(b) Other current liabilities	6	17,387,401	13,308,338
		33,244,332	28,019,198
(3) Current liabilities			
(a) Other current liabilities	7	70,225	70,225
		70,225	70,225
TOTAL		33,793,755	28,568,621
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Capital work-in-progress	8	33,783,327	28,563,971
		33,783,327	28,563,971
(2) Current Assets			
(a) Cash and cash equivalents	9	10,428	4,650
		10,428	4,650
TOTAL		33,793,755	28,568,621
Corporate Information	1		
Significant accounting Policies	2		
Expenditure During Construction Period	10		
Other Notes to financial statements	11 to 29		

For and on Behalf of Board of Directors

(R. RAHMAN) Director (A.K. GUPTA) Director (A.K. AGARWAL) Chairman

AS PER OUR REPORT OF EVEN DATE

For & on behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg No. : 000644N)

N. D. Gupta
(Partner)
M. No : 018150

Place: New Delhi
Date: 20.05.2014

COASTAL KARNATAKA POWER LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
I. Revenue from operations		-	-
II. Other income		-	-
III. Total Revenue (I+II)		-	-
IV. Expenses		-	-
Total Expenses		-	-
V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		-	-
VI. Extraordinary items		-	-
VII. Profit / (Loss) extraordinary items and tax (V-VI)		-	-
VIII. Extraordinary items		-	-
IX. Profit / (Loss) before tax (VI-VII)		-	-
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit / (Loss) for the year from continuing operations (IX-X)		-	-
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit / (Loss) for the year after tax (XI+XIV)		-	-
XVI. Earnings per equity share:			
(1) Basic	22	-	-
(2) Diluted	22	-	-
Corporate Information	1		
Significant accounting Policies	2		
Expenditure During Construction Period	10		
Other Notes to financial statements	11 to 29		

For and on Behalf of Board of Directors

(R. RAHMAN) Director (A.K. GUPTA) Director (A.K. AGARWAL) Chairman

AS PER OUR REPORT OF EVEN DATE

For & on behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg No. : 000644N)

N. D. Gupta
(Partner)
M. No : 018150

Place: New Delhi
Date: 20.05.2014



COASTAL KARNATAKA POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014
 (Amount in ₹)

PARTICULARS	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-	-
Operating profit before working capital changes	-	-
Adjustment For Increase/(Decrease) In:		
Liabilities and provisions	4,079,063	3,498,555
Net cash flow from operating activities	<u>4,079,063</u>	<u>3,498,555</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(5,219,356)	(4,107,393)
Net cash used in Investing activities	<u>(5,219,356)</u>	<u>(4,107,393)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Long-term borrowings	1,146,071	516,288
Net cash flow from financing activities	<u>1,146,071</u>	<u>516,288</u>
Net Increase/(decrease) In cash and cash equivalents(A+B+C)	5,778	(92,550)
Add: Cash and cash equivalents at beginning of the year	4,650	97,200
Cash and cash equivalents at end of the year	<u>10,428</u>	<u>4,650</u>
Balance with bank	<u>10,428</u>	<u>4,650</u>

For and on Behalf of Board of Directors

(R. RAHMAN)
Director

(A.K.GUPTA)
Director

(A.K. AGARWAL)
Chairman

AS PER OUR REPORT OF EVEN DATE
 For & on behalf of
 G. Dinesh Narayan & Co.
 (CHARTERED ACCOUNTANTS)
 (Firm Reg No. : 000644N)

N. D. Gupta
(Partner)
M. No : 016150

Place: New Delhi
 Date: 20.05.2014

COASTAL KARNATAKA POWER LIMITED

Notes to the Financial Statements for the Year ended March 31, 2014

1. Corporate Information

The Company was incorporated on February 10, 2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on November 23, 2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Karnataka.

2. Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on pro rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

Depreciation on addition to / deduction from fixed assets during the year is charged on pro rata basis from/up to the date in which assets are available for use / disposal.

Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc and other expenditure during construction period is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long-term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

l. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

COASTAL KARNATAKA POWER LIMITED
Notes to the Financial Statements for the Year ended March 31, 2014

NOTE NO.3 - SHARE CAPITAL (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	500,000	500,000
Issued, subscribed and fully paid up :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	500,000	500,000
Total issued, subscribed and fully paid up share capital	500,000	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting year

Equity Shares	As at March 31, 2014	As at March 31, 2013
	No. of Shares Amount(₹)	No. of Shares Amount(₹)
Balance at the beginning of the year	50,000 500,000	50,000 500,000
Add: Shares issued during the year	- -	- -
Balance at the end of the year	50,000 500,000	50,000 500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	As at March 31, 2014	Amount in (₹) As at March 31, 2013
Power Finance Corporation Limited, the Holding Company*		
50,000 (Previous year: 50,000) equity shares ₹ 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014	As at March 31, 2013
	No. of Shares % holding in the class	No. of Shares % holding in the class
Equity Shares of ₹ 10 each fully paid Power Finance Corporation Limited, the Holding Company *	50,000 100%	50,000 100%
	50,000 100%	50,000 100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

COASTAL KARNATAKA POWER LIMITED
Notes to the Financial Statements for the Year ended March 31, 2014

NOTE NO. 4 - RESERVES AND SURPLUS (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	(20,802)	(20,802)
Profit/(Loss) for the year	-	-
Balance as at the end of the year	(20,802)	(20,802)
TOTAL	(20,802)	(20,802)

NOTE NO. 5 - LONG TERM BORROWINGS (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Loans and advances from related party (Unsecured)		
Power Finance Corporation Ltd (Holding Company)	15,856,931	14,710,860
TOTAL	15,856,931	14,710,860

Terms of repayment for Unsecured borrowings
Loans and advances from related party Repayable within 15 days from the date of transfer of the Company to its successful bidder

NOTE NO. 6 - OTHER LONG-TERM LIABILITIES (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Interest Accrued but not due on long-term borrowings	17,387,401	13,308,338
TOTAL	17,387,401	13,308,338

NOTE NO. 7 - OTHER CURRENT LIABILITIES (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Others payable		
Statutory dues (Taxes deducted at Source)	7,023	7,023
Expenses Payable	63,202	63,202
TOTAL	70,225	70,225

NOTE NO. 8 - CAPITAL WORK-IN-PROGRESS (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress	28,563,971	24,456,578
Add: Transferred from Expenditure During Construction Period (Note-10)	5,219,358	4,107,393
TOTAL	33,783,327	28,563,971

NOTE NO. 9 - CASH AND CASH EQUIVALENTS (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Balances with banks :		
In Current Account	10,428	4,650
TOTAL	10,428	4,650

NOTE NO. 10 - EXPENDITURE DURING CONSTRUCTION PERIOD (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Expenses		
Manpower Charges	314,499	-
Bank Charges	1,222	550
Payment to the auditor:		
-As auditor	70,225	105,338
Legal & Professional Charges	5,777	17,422
Consultancy Charges	190,999	288,481
Conference & Meeting Expenses	34,348	97,898
Interest on utilised portion	4,079,063	3,498,556
Other Administrative Expenses	523,226	101,148
TOTAL	5,219,358	4,107,393



11. Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹ 40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. However Commitment advance is yet to be received from procurers.

12. As per the scheme of setting up of the project entire expenditure to be incurred by the company for project exploration and initial spade work including interest on funds deployed and professional fees of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC Ltd.) consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into.

13. The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder therefore no liability has been provided for fees payable to PFCL/PFCCL since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

14. All the work for the Company are executed by PFC Consulting Ltd (PFCCL). Manpower Charges of ₹ 3,14,499/- (Previous Year ₹ NIL/-) for manpower cost of PFCCL employees charged by PFCCL on cost to company basis/rate, as determined by PFCCL, in proportion to actual man days spent by the employees for the Company as per invoice raised by PFCCL and include ₹ 1,62,158/- (Previous Year ₹ NIL/-) of Sh. R. Rahman (Director).

15. The expenditures on development of the project were incurred by PFC Ltd. The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company. Interest so payable is capitalized under capital work-in-progress. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time. Total interest amounting to ₹ 40,79,063/- (Previous Year ₹ 34,98,556/-) has been accounted in the books of account. Interest has been capitalized under Capital work-in-progress. Interest payable has been shown under Other Long-term liabilities.

16. The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPVs. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

17. Expenditure during Construction Period (Note-10) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

18. i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil. (Previous year ₹ Nil).

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ Nil (Previous year ₹ Nil).

19. The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC Ltd.)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel during the year ended March 31, 2014 are as follows:

S.No.	Name	Designation	Date of Appointment	Date of Resignation
1.	Shri A.K. Agarwal	Chairman	13.08.2012	Continuing
2.	Shri R.Rahman	Director	08.06.2011	Continuing
3.	Shri A.K. Gupta	Director	17.12.2008	Continuing
4.	Shri S. Mulchandani	Director	17.08.2011	Continuing

20. The disclosure as per AS18-Related Party Disclosure:

The Coastal Karnataka Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Karnataka Power Limited where the PFC Ltd. nominees exercise control.

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties:-

S.No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
5.	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Ghogaralli Integrated Power Company Limited	Fellow Subsidiary
9.	Tatya Andhra Mega Power Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	Deoghar Mega Power Limited	Fellow Subsidiary
14.	Odisha Infrapower Limited	Fellow Subsidiary
15.	Cheyur Infra Limited	Fellow Subsidiary
16.	DGEN Transmission Company Limited	Enterprises under common control
17.	RAPP Transmission Company Limited	Enterprises under common control till 12.03.2014
18.	Patran Transmission Company Limited	Enterprises under common control till 13.11.2013
19.	Purulia Kharagpur Transmission Company Limited	Enterprises under common control till 09.12.2013
20.	Darbhanga Molihari Transmission Company Limited	Enterprises under common control till 10.12.2013
21.	Ballabgarh-GN Transmission Company limited	Enterprises under common control
22.	Tanda Transmission Company Limited	Enterprises under common control

Detail of maximum debit balance during the Year in the accounts of related parties as appeared in the accounts and as certified by Power Finance Corporation ₹. 1,59,14,113/- (P.Y ₹. 1,47,10,860/-)

The related Party Transactions was done only with Holding Company (PFC Ltd.) details are as follows:-

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S.No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
1.	Long Term Borrowings taken during the year	1,146,071	516,288
2.	Interest Expense for the year	4,079,063	3,498,556
3.	Manpower Charges*	314,499	-
4.	Closing Balances		
a)	Interest Accrued but not due on long-term borrowings	17,387,401	13,308,338
b)	Long Term Borrowings	15,856,931	14,710,860

*Charged by PFCCL

21. Auditors Remuneration (Including service tax)

S.No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
1.	Audit Fees	70,225	105,338

22. In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956 Earning per share (Basic & Diluted) is worked out as follows:-

S.No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
1.	Nominal Value of share (₹.)	10	10
2.	Number of Equity shares (No.)	50,000	50,000

S.No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
3.	Net Profit after tax (₹.)	-	-
4.	Earning per share (₹.)	-	-

23. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability/Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the development phase and yet to commence its operation.
24. Since there are no employees in the company the obligation as per Accounting Standard-15 (Revised) do not arises.
25. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management there are no dues payable to enterprises covered under "Micro Small and Medium Enterprises Development Act 2006"
26. Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable Information is provided as under:
- a). Expenditure in foreign currency – ₹.NIL (Previous year- ₹.Nil)
- b). Income in foreign exchange – ₹.NIL (Previous year- ₹.Nil)
27. The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.
28. Figures have been rounded off to the nearest Rupee unless otherwise stated.
29. Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to Current year's classification.

For and on Behalf of Board of Directors

(R. RAHMAN)
Director

(A.K.GUPTA)
Director

(A.K. AGARWAL)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg No. : 000844N)

N. D.Gupta
(Partner)
M. No : 016150

Place: New Delhi
Date: 20.05.2014



COASTAL MAHARASHTRA MEGA POWER LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting the 8th Annual Report on the performance of the Company for the financial year ended on 31st March, 2014 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 1st March, 2006 under Companies Act, 1956 as wholly owned subsidiary of Power Finance Corporation Limited (PFC) for the development of Ultra Mega Power Project (UMPP) in the State of Maharashtra.

Power from the project will be procured by five states namely Maharashtra (2000 MW), Rajasthan (500 MW), Madhya Pradesh (500 MW), Chhattisgarh (500 MW) and Karnataka (500 MW).

State Government had given consent for the site near village Munge in Tehsil Deogarh for setting up the UMPP. However, due to local resistance at the site, Secretary (Power), Government of India (GoI) requested Chief Secretary (Govt. of Maharashtra) to suggest alternate site(s) or resolve the local issues related to site at Munge.

In review meeting of PFC held on 8th March, 2011 in Ministry of Power under the Chairmanship of Secretary, Power, it was decided that Maharashtra UMPP may be continued.

CMD, PFC during the discussions with Hon'ble Chief Minister of Maharashtra and Union Minister of Power on 18th September, 2012 requested to identify new site for setting up the UMPP.

PFCCL has been continually requesting Principal Secretary, Chief Minister Office, Govt. of Maharashtra (GoM) for identification of potential site for setting up the UMPP.

GoM on 24th May, 2013 has informed that the High Power Committee, constituted by MoEF, under the Chairmanship of Sh. M. Gadgil to study the ecological, environmental issues of Konkan area, had recommended that no high capacity thermal power project should be allowed in Konkan area in future and that GoI has, now, constituted another Committee under the Chairmanship of Sh. Kasturi Rangan to study the recommendations of Gadgil Committee and to give its recommendations. GoM has further informed that till these recommendations are finalized by GoI, any site for thermal power project in Konkan area cannot be finalized.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year, the Company has spent an amount of ₹ 70.27 Lakh in the development of the project which has been transferred to capital work in progress. Total expenditure incurred by the Company till 31st March, 2014 is ₹ 648.48 Lakh.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared during the year 2013-14.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC and its nominees.

COMMITMENT ADVANCE

The Company has received the entire commitment advance of ₹ 40,00,00,000/- (Rupees Forty Crore Only) from power procuring states.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year 2013-14.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of

Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. M. D. Gujarati & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Presently the Board of Directors of the Company comprises of:

1. Shri R. Nagarajan	Chairman
2. Shri Alok Sud	Director
3. Shri Yogesh Juneja	Director

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 Shri Yogesh Juneja, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 8th July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2013-14;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 12th August, 2014

(R. Nagarajan)
Chairman



ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF COASTAL MAHARASHTRA MEGA POWER LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Coastal Maharashtra Mega Power Limited, New Delhi for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Coastal Maharashtra Mega Power Limited, New Delhi for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 08 July, 2014



INDEPENDENT AUDITOR'S REPORT To

The Members
COASTAL MAHARASHTRA MEGA POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Coastal Maharashtra Mega Power Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit / (loss) for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2) As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For M.D.Gujrati & Co.
Firm Registration No.005301N
Chartered Accountants

R.K.AGRAWAL
Partner

Place: New Delhi
Date : 21.05.2014

Membership No. 076984

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. The company has no fixed assets other than Capital work in progress. Hence the provisions of clause 4 (i) of the Order are not applicable to the company.
2. The Company does not hold any inventory. Therefore, the provisions of clause 4 (ii) of the Order are not applicable to the company.
3. During the year the Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.

7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. In our opinion the company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in current financial year.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the year. Therefore the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For M.D.Gujrati & Co.
Firm Registration No.005301N
Chartered Accountants

R.K.AGRAWAL
Partner
Membership No. 076984

Place: New Delhi
Date : 21.05.2014



COASTAL MAHARASHTRA MEGA POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

COASTAL MAHARASHTRA MEGA POWER LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

Particulars	Note No	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(37,865)	(37,865)
		462,135	462,135
(2) Non-current liabilities			
(a) Long-term borrowings	5	400,000,000	400,000,000
(b) Other long-term liabilities	6	155,687,280	122,531,567
		555,687,280	522,531,567
(3) Current liabilities			
(a) Other current liabilities	7	3,635,854	1,809,723
(b) Short-term provisions	8	-	81
		3,635,854	1,809,784
TOTAL		559,785,269	524,803,486

II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Capital work-in-progress	9	64,648,205	57,821,737
(b) Other non-current assets	10	140,000,856	110,683,420
		204,649,061	168,305,157
(2) Current assets			
(a) Cash and cash equivalents	11	10,053	7,275
(b) Short-term loans and advances	12	355,126,155	356,491,054
		355,136,208	356,498,329
TOTAL		559,785,269	524,803,486

Corporate Information	1
Significant Accounting Policies	2
Expenditure during Construction Period	13
Other Notes to financial statements	14 to 35

Particulars	Note No	Year ended March 31, 2014	Year ended March 31, 2013
I. Revenue from operations		-	-
II. Other income		-	198
III. Total Revenue (I+II)		-	198
IV. Expenses		-	-
Total Expenses		-	-
V. Profit before exceptional and extraordinary items and tax (III-IV)		-	198
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		-	198
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		-	198
X. Tax expense:			
(1) Current tax		-	81
(2) Deferred Tax		-	-
XI. Profit for the year from continuing operations (IX-X)		-	137
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit for the year after tax (XI+XIV)		-	137
XVI. Earnings per equity share:			
(1) Basic	26	-	0
(2) Diluted	26	-	0
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure during Construction Period	13		
Other Notes to financial statements	14 to 35		

For and on Behalf of Board of Directors

Yogesh Juneja Director Alok Sud Director R.Nagarajan Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.AGRAWAL
(Partner)
M No.:76984

Place : New Delhi
Date : 21.05.2014

For and on Behalf of Board of Directors

Yogesh Juneja Director Alok Sud Director R.Nagarajan Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.AGRAWAL
(Partner)
M No.:76984

Place : New Delhi
Date : 21.05.2014

COASTAL MAHARASHTRA MEGA POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-	137
Operating profit before working capital changes	-	137
Adjustment For Increase/Decrease in:		
Other non-current assets	(29,317,436)	(30,548,377)
Loans and advances	1,364,899	6,629,497
Liabilities and provisions	34,981,783	30,824,285
Net cash flow from operating activities	7,029,246	6,905,542
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(7,026,488)	(6,982,612)
Net cash used in investing activities	(7,026,488)	(6,982,612)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,778	(77,070)
Add: Cash and cash equivalents at the beginning of the year	7,275	84,345
Cash and cash equivalents at the end of the year	10,053	7,275
Balance with bank	10,053	7,275

For and on Behalf of Board of Directors

Yogesh Juneja
Director

Alok Sud
Director

R.Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
M.D.Gujral & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.AGRAWAL
(Partner)
M No.:76984

Place : New Delhi
Date : 21.06.2014

COASTAL MAHARASHTRA MEGA POWER LIMITED
Notes to the Financial Statements for the Year ended March 31, 2014

1 Corporate Information

The Company was incorporated on March 1, 2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on September 29, 2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the State of Maharashtra (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis. Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are stated at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹ 5000/- are fully depreciated.

f. Capital work-in progress

Expenditure incurred on Survey /Studies /Investigation /Consultancy /Administration /Depreciation /Interest etc and other expenditure during construction period is treated as Capital work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long-term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred

l. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.



NOTE NO. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	500,000	500,000
Issued, subscribed and fully paid up :		
50,000 Equity shares of ₹.10/- each fully paid up (Previous year 50,000 Equity shares of ₹.10/- each fully paid up)	500,000	500,000
Total issued, subscribed and fully paid up share capital	500,000	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting year

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount(₹)	No. of Shares	Amount(₹)
Balance as at the beginning of the year	50,000	500,000	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

Power Finance Corporation Limited, the Holding Company*	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
50,000 (Previous Year: 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000	100%
	50,000	100%	50,000	100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	(37,865)	(38,002)
Profit for the year	-	137
Balance as at the end of the year	(37,865)	(37,865)
Total	(37,865)	(37,865)

NOTE NO. 5 - LONG-TERM BORROWINGS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Other loans and advances(Unsecured)		
Commitment advance		
Ajmer VVNL	18,000,000	18,000,000
BESCOM	50,000,000	50,000,000
Chhatisgarh State Electricity Board	50,000,000	50,000,000
Jaipur VVNL	18,000,000	18,000,000
Jodhpur VVNL	14,000,000	14,000,000
Maharashtra State Distribution Company Limited	200,000,000	200,000,000
M.P.Power Trading Co. Ltd.	50,000,000	50,000,000
Total	400,000,000	400,000,000

Terms of repayment for Unsecured borrowings

Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder
--------------------------	--

NOTE NO. 6 - OTHER LONG-TERM LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest accrued but not due on long-term borrowings	155,687,280	122,531,587
TOTAL	155,687,280	122,531,587

NOTE NO. 7 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Other payables		
Statutory dues (Tax deducted at Source)	3,572,652	1,746,521
Expenses Payable	63,202	63,202
TOTAL	3,635,854	1,809,723

NOTE NO. 8 - SHORT-TERM PROVISIONS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Provision for Income tax	-	61
TOTAL	-	61

NOTE NO. 9 - CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress	57,621,737	50,638,125
Add: Transferred from Expenditure During Construction Period (Note-13)	7,026,468	8,982,612
TOTAL	64,648,205	59,620,737

NOTE NO. 10 - OTHER NON-CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest receivable from related party but not due (Power Finance Corporation Ltd, Holding Company)	140,000,856	110,683,420
Total	140,000,856	110,683,420

NOTE NO. 11 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Balances with banks		
In Current Account	10,053	7,275
Total	10,053	7,275

NOTE NO. 12 - SHORT-TERM LOANS AND ADVANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Loans and advances to related parties		
(Power Finance Corporation Ltd, Holding Company)	354,438,481	356,487,996
Others		
Tax deducted at source (Refundable by Govt)	687,674	3,058
Total	355,126,155	356,491,054

NOTE NO. 13 - EXPENDITURE DURING CONSTRUCTION PERIOD

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
Expenses		
Manpower Charges	-	77,224
Bank Charges	222	1,550
Payment to the auditor:		
-As auditor	70,225	105,338
Legal & Professional Charges	50,279	50,144
Consultancy Charges	59,846	290,798
Conference & Meeting Expenses	-	97,898
Interest on utilised portion	6,719,229	6,258,187
Interest on un-utilised portion	30,002,113	30,551,435
Less: Income of Interest on un-utilised portion	30,002,113	6,719,229
Other Administrative Expenses	128,667	101,473
Total	7,028,468	8,982,612

14 Pursuant to decision of Ministry of Power, Procurers are required to pay commitment advance against their respective share of allocated power to them, without any obligation of payment of interest on commitment advance on part of the company. Accordingly commitment advance is received from procurer without any obligation or commitment for payment of interest on commitment advance paid by them. However company has provided interest liability on commitment advance received from procurer as per decision of company. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

15 Pursuant to the Financing Agreement with PFC Ltd., total commitment advance of ₹ 40,00,00,000/- received from procurers as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder was parked with the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet. The said commitment advance has been shown in the Balance Sheet as Long-term Borrowings.

16 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Total Interest expenses of ₹ 3,87,21,342/- (Previous Year ₹ 3,68,09,622/- (Gross) includes interest of ₹ 3,00,02,113/- (Previous Year ₹ 3,05,51,435/-) on unutilized portion and ₹ 67,19,229/- (Previous Year ₹ 62,58,187/-) on utilized portion. Interest on utilized portion has been capitalized.

17 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed and Professional Fee of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC Ltd.), consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

18 The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

19 All the work for the Company are executed by PFC Consulting Ltd (PFCCCL). Manpower Charges of ₹ NIL (Previous Year ₹ 77,224/-) for manpower cost of PFCCCL employees charged by PFCCCL on cost to company basis/rate, as determined by PFCCCL in proportion to the actual man days spent by the employees for the Company as per invoice raised by PFCCCL. The total expenditure during the construction period along with interest shall be recovered by PFC Ltd. from the successful bidder at the time of award of the project. PFC Ltd. is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

20 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

- 21 Statement of Incidental 'Expenditure during Construction Period' (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.
- 22 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil/- (Previous year ₹ Nil/-).
- ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ Nil (Previous year ₹ Nil).
- 23 The Key Management Personnel of the Company are employee of the PFC Ltd. (Holding Company) and PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel during the year ended are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri R.Nagarajan	Chairman	31.12.2009	Continuing
2	Shri Yogesh Juneja	Director	31.12.2009	Continuing
3	Shri Alok Sud	Director	22.12.2008	Continuing

24 The disclosure as per AS18 – Related Party Disclosure :

The Coastal Maharashtra Mega Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Maharashtra Mega Power Limited where the PFC Ltd. nominees exercise control.

Details of Related Parties :-

(a) Name and nature of the relationship of the related parties

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghograpelli Integrated Power Company Limited	Fellow Subsidiary
9	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	Odisha Infrapower Limited	Fellow Subsidiary
15	Cheyur Infra Limited	Fellow Subsidiary
16	DGEN Transmission Company Limited	Enterprise under common control
17	RAPP Transmission Company Limited	Enterprise under common control till 12.03.2014
18	Patran Transmission Company Limited	Enterprise under common control till 13.11.2013
19	Purulia Kharagpur Transmission Company Limited	Enterprise under common control till 09.12.2013
20	Darbhanga Motihari Transmission Company Limited	Enterprise under common control till 10.12.2013
21	Balleshgarh-GN Transmission Company limited	Enterprise under common control
22	Tanda Transmission Company Limited	Enterprise under common control

Detail of maximum debit balance during the Year in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹ 354,558,653/- (P.Y ₹ 363,117,269/-)

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S. No	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
1	Interest Expense	1,065,045	945,924
2	Interest Income (Net of TDS)	29,317,436	30,548,377
3	Manpower Charges*	-	77,224
4	Closing Balances		
(a)	Interest accrued but not due on long-term borrowings	8,565,830	7,500,885
(b)	Interest Receivable (Net of TDS)	140,000,856	110,683,420
(c)	Short-term loans & Advances (Receivable)	354,438,481	356,487,996

*Charged by PFCCL

25 Auditors Remuneration (including Service Tax)

S. No	Particulars	Year ended March 31, 2014	Year ended March 31, 2013
		₹	₹
1	Audit Fees	70,225	105,338

26 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No	Particulars	As at March 31, 2014	As at March 31, 2013
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax ₹	-	137
4	Earning per share ₹	-	0

27 In the opinion of the Board, on realization in the ordinary course of the company's business the other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

28 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

29 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

30 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

31 The company has sent letters to various parties included under the head Long Term Borrowings (Commitment advance) for confirmation of their balances as per the books of account of the company for which some confirmations is yet to be received from the respective parties.

32 Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

- (a) Expenditure in foreign currency – ₹ Nil (Previous Year ₹ Nil)
- (b) Income in foreign exchange – ₹ Nil (Previous Year ₹ Nil)



- 33 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.
- 34 Figures have been rounded off to the nearest Rupee unless otherwise stated.
- 35 Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to Current year's classification.

For and on Behalf of Board of Directors

Yogesh Juneja
Director

Alok Sud
Director

R.Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
M.O.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.AGRAWAL
(Partner)
M No.:76984

Place : New Delhi
Date : 21.05.2014

**SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED**

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting the 6th Annual Report on the working of the Company for the financial year ended on 31st March, 2014 along with Audited Statements of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 21st May, 2008 as a Special Purpose Vehicle (SPV) for Orissa first Additional UMPP as a wholly owned subsidiary of PFC Consulting Limited (PFCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your company became a wholly owned subsidiary Company of PFC.

Power from the project would be procured by the twelve States namely Odisha (2000 MW), Uttar Pradesh (480 MW), Bihar (350 MW), Haryana (275 MW), Rajasthan (250 MW), Delhi (120 MW), Punjab (120 MW), Assam (120 MW), Himachal Pradesh (100 MW), Jammu & Kashmir (75 MW), Meghalaya (60 MW) and Nagaland (50 MW).

In a meeting taken by Chief Secretary, Govt. of Odisha in August, 2011 it was decided to set up 1st additional UMPP at the Coastal location using desalination technology.

Chief Secretary, Govt. of Odisha in the meeting of Steering Committee for selection of sites for additional two UMPPs held in May 2012 conveyed the recommendation of Govt. of Odisha for locating the UMPP at Bijoypatna in Chandbali Tehsil of Bhadrak District.

Bankhui Coal Block in Talcher Coal Fields with indicative reserve of 800 MT has been allocated to your Company by Ministry of Coal in June 2010. Accordingly, CMPDIL has been requested to prepare the 'Geological Reports' of Bankhui Coal Block. CMPDIL has requested Forest Department, Govt. of Odisha for permission for prospecting and drilling in the coal block.

'In-principle' permission to use sea water was accorded by Commerce & Transport Department, Govt. of Odisha in November 2012.

No Objection for the site has been received from DRDO, Ministry of Defence in September 2012.

SIPCL has requested Govt. of Odisha for according 'in-principle' approval for the 1st Additional UMPP in Odisha.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year, the Company has spent an amount of ₹ 1.17 Crore for the development of the Project which has been transferred to capital work in progress. The Company has incurred total expenditure of ₹ 4.11 Crore till 31st March, 2014.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend during the financial year 2013-2014.

SHARE CAPITAL

The paid-up share capital of the company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC and its nominees.

COMMITMENT ADVANCE

The total commitment advance received till date is ₹ 16.34 Crore, out of the total commitment advance of ₹ 40.00 Crore, which is to be received from various power procurers. Commitment advance yet to be received from various power procurers as per their allocated share of power is ₹ 23.66 Crore.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year 2013-14.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. APN & Associates, Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri A.K. Agarwal has been appointed as Additional Director of the Company in place of Shri M.K. Goel w.e.f. 1st October, 2013. Your Board places on record the deep appreciation for the valuable contribution made by Shri M.K. Goel during his tenure as Director of the Company.

In terms of the provisions of Section 161(1) of the Companies Act, 2013, Shri A.K. Agarwal will hold office upto the date of ensuing Annual General Meeting. The Board recommends that Shri A.K. Agarwal be appointed as a Director, liable to retire by rotation.

Consequent to the aforesaid changes, presently the Board of Directors consists of:

1.	Shri A.K. Agarwal	Chairman
2.	Shri R. Rahman	Director
3.	Shri Subir Mulchandani	Director
4.	Shri Yogesh Juneja	Director

In accordance with the provisions of Section 152(6) of the Companies Act 2013, Shri Subir Mulchandani shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 4th July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2014 and as such have no comments to make under Section 819 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14;

- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The

Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Odisha, GRIDCO, IPICOL, IDCO, CEA, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 21st August, 2014

(A. K. Agarwal)
Chairman

ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Sakhigopal Integrated Power Company Limited, New Delhi for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 20 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Sakhigopal Integrated Power Company Limited, New Delhi for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 04 July, 2014



INDEPENDENT AUDITOR'S REPORT

To

The Members

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Sakhigopal Integrated Power Company Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal Control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- in the case of the Statement of Profit and Loss, of the profit/(loss) for the year ended on that date; and
- in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- As required by Section 227(3) of the Act, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For APN & Associates
Firm Registration No.001876N
Chartered Accountants

Jitender Nath
Partner

Membership No. 015549

Place: New Delhi
Date : 20.05.2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

- The company has no fixed Assets other than Capital work in progress. Hence the provisions of clause 4 (i) of the Order are not applicable to the company.
- The Company does not hold any inventory. Therefore, the provisions of clause 4 (ii) of the Order are not applicable to the company.
- During the year the Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- In our opinion, and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. In our opinion the company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in current financial year.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/midhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable to the Company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the year. Therefore the provisions of clause 4(xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For APN & Associates
Firm Registration No.001876N
Chartered Accountants

Jitender Nath
Partner
Membership No. 015549

Place: New Delhi
Date : 20.05.2014



SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)			
Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(52,754)	(52,813)
		<u>447,246</u>	<u>447,187</u>
(2) Non-current Liabilities			
(a) Long-term borrowings	5	183,400,000	182,700,000
(b) Other long-term liabilities	6	53,367,493	39,801,422
		<u>218,767,493</u>	<u>202,501,422</u>
(3) Current Liabilities			
(a) Other current liabilities	7	1,566,906	768,440
(b) Short term provisions	8	27	-
		<u>1,566,932</u>	<u>768,440</u>
TOTAL		<u>218,781,671</u>	<u>203,717,049</u>
II. ASSETS			
(1) Non-current Assets			
(a) Fixed assets			
(i) Capital work-in-progress	9	41,085,286	29,382,373
(b) Other non-current assets	10	51,176,909	40,387,644
		<u>92,262,195</u>	<u>69,770,017</u>
(2) Current Assets			
(a) Cash and cash equivalents	11	12,205	8,432
(b) Short-term loans and advances	12	126,507,271	133,938,800
		<u>126,519,476</u>	<u>133,947,032</u>
TOTAL		<u>218,781,671</u>	<u>203,717,049</u>
Corporate Information	1		
Significant accounting policies	2		
Expenditure During Construction Period	13		
Other Notes to financial statements	14 to 35		

(Amount in ₹)			
Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
L. Revenue from operations			
III. Other income			
Interest on Income Tax Refund		86	-
III. Total Revenue (I+II)		<u>86</u>	<u>-</u>
IV. Expenses			
Total Expenses		-	-
V. Profit before exceptional and extraordinary items and tax (III-IV)		<u>86</u>	<u>-</u>
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		<u>86</u>	<u>-</u>
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		<u>86</u>	<u>-</u>
X. Tax expense:			
(1) Current tax		27	-
(2) Deferred tax		-	-
XI. Profit for the year from continuing operations (IX-X)		<u>59</u>	<u>-</u>
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit for the year after tax (XI+XIV)		<u>59</u>	<u>-</u>
XVI. Earnings per equity share:			
(1) Basic	27	-	-
(2) Diluted	27	-	-
Corporate Information	1		
Significant accounting policies	2		
Expenditure During Construction Period	13		
Other Notes to financial statements	14 to 35		

For and on Behalf of Board of Directors

R. Rahman Director S. Mulchandani Director A.K. Agarwal Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
APN & Associates
Chartered Accountants
Firm Reg. No: 001876N

Jitender Nath
(Partner)
Membership No. : 015549

Place : New Delhi
Date : 20.05.2014

For and on Behalf of Board of Directors

R. Rahman Director S. Mulchandani Director A.K. Agarwal Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
APN & Associates
Chartered Accountants
Firm Reg. No: 001876N

Jitender Nath
(Partner)
Membership No. : 015549

Place : New Delhi
Date : 20.05.2014

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	88	-
Operating profit before working capital changes	88	-
Adjustment For Increase/Decrease In:		
Other non-current assets	(10,789,285)	(12,420,763)
Short-term loans and advances	7,431,329	18,780,152
Liabilities and provisions	14,384,563	12,252,203
Cash Inflow/Outflow from Operations before tax	11,006,713	18,591,592
Less: Tax Paid	27	-
Net cash flow from operating activities	11,006,686	18,591,592
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(11,702,913)	(18,781,676)
Net cash used in Investing activities	(11,702,913)	(18,781,676)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-term borrowings	700,000	-
Net cash flow from financing activities	700,000	-
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	3,773	(190,084)
Add: Cash and cash equivalents at beginning of the year	8,432	198,516
Cash and cash equivalents at end of the year	12,205	8,432
Balance with bank	12,205	8,432

For and on Behalf of Board of Directors

R. Rahman
Director

S. Mulchandani
Director

A.K. Agarwal
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
APN & Associates
Chartered Accountants
Firm Reg. No: 001876N

Jitender Nath
(Partner)
Membership No. : 015549

Place : New Delhi
Date : 20.05.2014

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED
Notes to the Financial Statements for the Year ended March 31, 2014

1 Corporate Information

The Company was incorporated on 21/05/2008 under the Companies Act, 1956 and Certificate for Commencement of Business was issued on April 17, 2009. The company is a wholly owned subsidiary of Power Finance Corporation (PFC), a Govt. of India undertaking. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary works viz statutory clearances including environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Odisha.

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC /PFCCCL will be accounted for in the year of transfer of the company to the successful bidder (as and when due).

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital work-in-progress

Expenditure Incurred on Land Survey / Studies / Investigation/ Consultancy / Administration / Depreciation / Interest etc and other expenditure during construction period is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company / Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Taxes on Income

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act, 1961 including Interest liability, if any. Deferred Tax assets / liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 notified under the Companies Act, 1956.



k. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

l. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

m. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

n. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

NOTE NO. 3 - SHARE CAPITAL

(Amount in ₹)				
Particulars	As at March 31, 2014		As at March 31, 2013	
Authorised :				
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	500,000		500,000	
Issued, subscribed and fully paid up :				
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	500,000		500,000	
Total issued, subscribed and fully paid up share capital	500,000		500,000	
a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting period				
Equity Shares	As at March 31, 2014	As at March 31, 2013		
	No. of Shares	Amount(₹)	No. of Shares	Amount(₹)
Balance as at the beginning of the year	50,000	500,000	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)			
	As at March 31, 2014	As at March 31, 2013	
Power Finance Corporation Limited, the Holding Company			
50,000 (Previous Year: 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000	
d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company			

(Amount in ₹)			
	As at March 31, 2014	As at March 31, 2013	
	No. of Shares	% holding in the class	No. of Shares % holding in the class
Equity Shares of ₹. 10 each fully paid			
Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000 100%
	50,000	100%	50,000 100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

(Amount in ₹)		
Particulars	As at March 31, 2014	As at March 31, 2013
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	(52,813)	(52,813)
Profit for the year	59	-
Balance as at the end of the year	(52,754)	(52,813)
TOTAL	(52,754)	(52,813)

NOTE NO. 5 - LONG-TERM BORROWINGS

(Amount in ₹)		
Particulars	As at March 31, 2014	As at March 31, 2013
Other loans and advances (Unsecured)		
Commitment advance		
Ajmer Vidyut Vitran Nigam Limited	9,000,000	9,000,000
Bihar State Electricity Board	35,000,000	35,000,000
BSES Rajdhani Power Limited	4,900,000	4,900,000
BSES Yamuna Power Limited	2,900,000	2,900,000
Dakshin Haryana Bijli Vitran Nigam Ltd	13,750,000	13,750,000
HP State Electricity Board	10,000,000	10,000,000
Jaipur Vidyut Vitran Nigam Limited	9,000,000	9,000,000
Jodhpur Vidyut Vitran Nigam Limited	7,000,000	7,000,000
Meghalaya Energy Corporation Ltd	8,000,000	8,000,000
North Delhi Power Ltd	3,400,000	3,400,000
U P Power Corporation Ltd	48,000,000	48,000,000
Uttar Haryana Bijali Nigam Ltd	13,750,000	13,750,000
New Delhi Municipal Corporation	700,000	-
TOTAL	163,400,000	162,700,000

Terms of repayment for Unsecured borrowings

Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder
---------------------------------	--

NOTE NO. 6 - OTHER LONG-TERM LIABILITIES

(Amount in ₹)		
Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Interest Accrued but not due on long-term borrowings	53,367,493	39,801,422
TOTAL	53,367,493	39,801,422

NOTE NO. 7 - OTHER CURRENT LIABILITIES

(Amount in ₹)		
Particulars	As at March 31, 2014	As at March 31, 2013
Other payables		
Statutory dues (Tax deducted at Source)	1,512,259	724,198
Expenses Payable	54,846	44,242
TOTAL	1,568,905	768,440

NOTE NO. 8 - SHORT TERM PROVISIONS

(Amount in ₹)		
Particulars	As at March 31, 2014	As at March 31, 2013
Other		
Provision for Income Tax	27	-
TOTAL	27	-

NOTE NO. 9 - CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress	29,382,373	10,600,697
Add: Transferred from expenditure During Construction Period (Note-13)	11,702,913	18,781,676
TOTAL	41,085,286	29,382,373

NOTE NO. 10 - OTHER NON-CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest receivable from related party but not due (Power Finance Corporation Ltd, Holding Company)	51,176,909	40,387,644
TOTAL	51,176,909	40,387,644

NOTE NO. 11 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Balances with banks		
In current account	12,205	8,432
TOTAL	12,205	8,432

NOTE NO. 12 - SHORT-TERM LOANS AND ADVANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Loans and advances to related parties (Power Finance Corporation Ltd)	126,243,871	133,936,111
Others		
Tax deducted at source (Refundable by Govt)	263,300	2,489
TOTAL	126,507,171	133,938,600

NOTE NO. 13 - EXPENDITURE DURING CONSTRUCTION PERIOD

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Expenses		
Manpower Charges	3,907,279	14,170,644
Payment to the auditor:		
-As auditor	49,156	73,737
Legal & Professional Charges	49,347	52,589
Consultancy Charges	271,676	613,633
Conference Charges	10,881	98,515
Printing & Stationary	183,588	166,079
Travelling Expenses	64,484	293,570
Advertisement Expenses	-	258,746
Vehicle Hiring Expenses	177,173	99,556
Outsourcing Expenses	2,286,899	325,765
Interest on utilised portion	4,022,094	2,183,593
Interest on un-utilised portion	11,051,320	12,422,008
Less: Income from Interest on un-utilised portion	11,051,320	12,422,008
Other Administrative Expenses	680,332	445,249
Total	11,702,913	18,781,676

14 Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹ 40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The sum of ₹ 16,34,00,000/- (Previous year ₹ 16,27,00,000/-) is received from procurers and ₹ 23,66,00,000 is yet to be received from the State of Assam (₹ 1,20,00,000/-), Delhi (₹ 1,00,000/-), Jammu & Kashmir (₹ 75,00,000/-), Nagaland (₹ 50,00,000/-), Orissa (₹ 20,00,00,000/-) and Punjab (₹ 1,20,00,000/-). The commitment advance received has been shown in the Balance Sheet as Long-term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

15 Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹ 16,34,00,000/- received from procurers was parked with the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.

16 The Company agreed to pay interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Total interest expense amounting to ₹ 1,50,73,414/- (Previous Year ₹ 1,46,05,601/-) has been accounted in the books of account for the year which includes interest of ₹ 1,10,51,320/- (Previous year ₹ 1,24,22,008/-) on unutilized portion and ₹ 40,22,094/- (Previous year ₹ 21,83,593/-) on utilized portion. Interest on utilized portion has been capitalized. Interest payable has been shown under Other Long-term liabilities.

17 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed and professional fees of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC Ltd.), consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into. The shares of the company shall be transferred by the Holding Company to the successful bidder of the project after completion of bidding process. The amount of consideration payable by the successful bidder as acquisition price for purchase of 100% equity shareholding of company and for taking over all assets and liabilities of company shall be at par at book value.

18 The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

19 All the work for the Company are executed by PFC Consulting Ltd (PFCCL). The Manpower Charges of ₹ 39,07,279/- (Previous Year ₹ 141,70,644/-) for cost of PFCCL employees charged by PFCCL on cost to company basis/rate, as determined by PFCCL in proportion to actual man days spent by the employees for the Company as per invoice raised by PFCCL and includes ₹ NIL/- (Previous year ₹ 1,52,750/-) charged for Sh. P.P. Shrivastava (Director), ₹ NIL/- (Previous year

₹ 2600/-) charged for Sh. Yogesh Juneja (Director), and ₹ 7,27,733/- (Previous Year ₹ 5,52,500/-) charged for Sh. R. Rahman (Director). PFC Ltd. is complying with statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

20 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

21 The Key Management Personnel of the Company are employee of the PFC Ltd (Holding Company) and PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd) and deployed on Part Time basis.

The details of such Key Management Personnel during the year ended 31 March, 2014 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri A.K. Agarwal	Chairman	01.10.2013	Continuing
2	Shri S. Mulchandani	Director	21.05.2008	Continuing
3	Shri R. Rahman	Director	08.11.2012	Continuing
4	Shri Yogesh Juneja	Director	30.12.2009	Continuing
5	Shri M.K.Goel	Chairman	17.12.2008	01.10.2013

22 The disclosure as per AS18-Related Party Disclosure:

The Sakthigopal Integrated Power Company Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Sakthigopal Integrated Power Company Limited where the PFCL/PFCCL nominees exercise control.

Detail of maximum debit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd. ₹133,216,846/- (P.Y ₹152,697,352/-)

Details of Related Parties :-

(a) name and nature of the relationship of the related parties

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghogaripalli Integrated Power Company Limited	Fellow Subsidiary
9	Tatliya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	Odisha Infrapower Limited	Fellow Subsidiary
15	Cheyyur Infra Limited	Fellow Subsidiary
16	DGEN Transmission Company Limited	Enterprises under common control
17	RAPP Transmission Company Limited	Enterprise under common control till 12.03.2014
18	Patran Transmission Company Limited	Enterprise under common control till 13.11.2013
19	Purulia Kharagpur Transmission Company Limited	Enterprise under common control till 09.12.2013
20	Darbhangha Motihari Transmission Company Limited	Enterprise under common control till 10.12.2013
21	Balabharati-GN Transmission Company Limited	Enterprise under common control
22	Tanda Transmission Company Limited	Enterprise under common control

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

(Amount in ₹)

S. No	Particulars	As at March 31, 2014	As at March 31, 2013
		PFC Ltd.	PFC Ltd.
1	Interest Income for the year	11,051,320	12,422,008
2	Manpower Charges*	3,907,279	14,170,644
3	Closing Balance		
a)	Interest receivable (Net of TDS)	51,176,909	40,387,644
b)	Short-term loans and advances	126,243,971	133,938,111

*Charged by PFCCL

23 i) Estimated amount of contracts remaining to be executed on Project (Capital work-in-progress) and not provided for ₹ NIL (Previous Year ₹NIL)

ii) Contingent liabilities of the company and claims against the company not acknowledged as debts by the company as certified by the management for the year is ₹ Nil (Previous year ₹ Nil).

24 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability / Asset pertaining to timing difference is not applicable to the company in view of the fact that company is still in the construction stage and yet to commence its operation.

25 Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

26 Auditors Remuneration (including Service Tax)

S. No	Particulars	As at March 31, 2014	As at March 31, 2013
			(Amount in ₹)
1	Audit Fees	49,158	73,737

27 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956, Earning per share (Basic & Diluted) is worked out as follows:-

S. No	Particulars	As at March 31, 2014	As at March 31, 2013
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax ₹	59	-
4	Earning per share ₹	-	-

28 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

29 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

30 The company has sent letters to various parties included under the head Long Term Borrowings (Commitment advance) for confirmation of their balances as per the books of accounts of the company. However no confirmation has been received.

31 In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

32 Most of the additional information pursuant to the provisions of Paragraph 5, (ii),(iii) and (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is



still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

- a. Expenditure in foreign currency – ₹ Nil (Previous Year ₹ Nil)
 - b. Income in foreign exchange – ₹ Nil (Previous Year ₹ Nil)
- 33 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.
- 34 Figures have been rounded off to the nearest Rupee unless otherwise stated.
- 35 Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to Current year's classification.

For and on Behalf of Board of Directors

R. Rahman
Director

S. Mulchandani
Director

A.K. Agarwal
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on behalf of
APN & Associates
Chartered Accountants
Firm Reg. No: 001878N

Jitender Nath
(Partner)
Membership No. : 015549

Place : New Delhi
Date : 20.05.2014



GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting the 6th Annual Report on the working of the Company for the financial year ended on 31st March, 2014 along with Audited Statements of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 22nd May, 2008 as a Special Purpose Vehicle (SPV) for Odisha second additional UMPP as a wholly owned subsidiary of PFC Consulting Limited (PFCCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your company became a wholly owned subsidiary Company of PFC.

Power from the project would be procured by the eleven States namely Odisha (2000 MW), Tamil Nadu (600 MW), Karnataka (350 MW), Jharkhand (350 MW), Kerala (190 MW), Andhra Pradesh (190 MW) West Bengal (120 MW), Puducherry (70 MW), Tripura (50 MW), Manipur (40 MW) and Mizoram (40 MW).

Ghogarpalli (280 MT) and Dipside of Ghogarpalli (360 MT) coal blocks in Ib valley Coalfields, with indicative reserve of 640 MT have been earmarked for the company by Ministry of Coal. After further exploration, in case requirement arises, Ministry of Coal will consider allocation of Chatbar Coal Block.

The earlier identified site in Mursundi, District Sonapur could not be finalized as the location falls within the command area of Mega Lift Irrigation Scheme of Govt of Odisha. In a meeting taken by Chief Secretary, Govt. of Odisha in August, 2011 it was decided to set up 2nd additional UMPP at the inland location in Kalahandi/ Bolangir district. It was also decided that, Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) will lead and co-ordinate the visit of the team of officers from concerned departments to various locations and suggest suitable locations to take a final view on the selection of sites for the additional UMPP.

IPICOL coordinated a field visit of the team comprising officials from CEA, IPICOL, Odisha Industrial Infrastructure Development Corporation (IDCO), Local Revenue Department, Forest Department and PFC to Bolangir and Kalahandi districts for selection of site for inland based UMPP in April, 2012. The site visit report of CEA for the selection of site for the Coastal Belt UMPP was submitted to Principal Secretary, Department of Energy, Govt of Odisha in May 2012. Chief Secretary, Govt of Odisha in the 2nd Steering Committee meeting held in May 2012 conveyed the recommendation of Govt. of Odisha for locating the Inland belt UMPP in Narla and Kesinga Subdivision of Kalahandi district.

GIPCL has requested Govt. of Odisha for according 'in-principle' approval for the 2nd Additional UMPP in Odisha.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 93.29 Lakh on the development of the Project which has been transferred to capital work in progress. The Company has incurred total expenditure of ₹ 3.56 Crore till 31st March, 2014.

DIVIDEND

As the Company has not started its commercial activities, no dividend has been declared for the financial year 2013-14.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

The total commitment advance received till date is ₹ 15.18 Crore, out of the total commitment advance of ₹ 40.00 Crore, which is to be received from various power procurers. Commitment advance yet to be received from various power procurers as per their allocated share of power is ₹ 24.82 Crore.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year 2013-14.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. R.P. Narang & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There are no adverse comments, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri A.K. Agarwal has been appointed as Additional Director of the Company in place of Shri M.K. Goel w.e.f. 1st October, 2013. Your Board places on record the deep appreciation for the valuable contribution made by Shri M.K. Goel during his tenure as Director of the Company.

In terms of the provisions of Section 161(1) of the Companies Act, 2013, Shri A.K. Agarwal will hold office upto the date of ensuing Annual General Meeting. The Board recommends that Shri A.K. Agarwal be appointed as a Director, liable to retire by rotation.

Consequent to the aforesaid changes, presently the Board of Directors consists of:

1.	Shri A. K. Agarwal	Chairman
2.	Shri R. Rahman	Director
3.	Shri Subir Mulchandani	Director
4.	Shri Yogesh Juneja	Director

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Shri Subir Mulchandani shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&A) OF INDIA

C&A of India vide their letter dated 8th July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&A in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Odisha, GRIDCO, IPICOL, IDCO, CEA, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 21st August, 2014

(A.K. Agarwal)
Chairman

ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GHOGARPALLI INTEGRATED POWER COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Ghogarpalli Integrated Power Company Limited, New Delhi for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 819(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 20 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Ghogarpalli Integrated Power Company Limited, New Delhi for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 08 July, 2014



INDEPENDENT AUDITOR'S REPORT

To

The Members

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Ghogarpalli Integrated Power Company Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit/(loss) for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2) As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For R.P. Narang & Co.
Chartered Accountants
Firm Registration No.001794N

Place: New Delhi
Date: 20.05.2014

Rahul Khurana
Partner
Membership No. 527244

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. The company has no fixed Assets other than Capital work in progress. Hence the provisions of clause 4 (i) of the Order are not applicable to the company.
2. The Company does not hold any inventory. Therefore, the provisions of clause 4 (ii) of the Order are not applicable to the company.
3. During the year the Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In our opinion, and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. In our opinion the company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in current financial year.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable to the Company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the year. Therefore the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short – term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For R.P Narang & Co.
Chartered Accountants
Firm Registration No.001794N

Place: New Delhi
Date: 20.05.2014

Rahul Khurana
Partner
Membership No. 527244



GHOGARPALLI INTEGRATED POWER COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)			
Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(54,677)	(54,729)
		<u>445,323</u>	<u>445,271</u>
(2) Non-current liabilities			
(a) Long-term borrowings	5	155,790,000	151,800,000
(b) Other Long-Term liabilities	6	50,107,803	37,081,638
		<u>205,897,803</u>	<u>188,881,638</u>
(3) Current liabilities			
(a) Other current liabilities	7	1,354,201	667,749
(b) Short-term provisions	8	23	-
		<u>1,354,224</u>	<u>667,749</u>
TOTAL		<u>207,697,350</u>	<u>189,994,658</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Capital work-in-progress	9	35,553,037	26,223,797
(b) Other non-current assets	10	48,160,338	37,655,788
		<u>83,713,375</u>	<u>63,879,585</u>
(2) Current Assets			
(a) Cash and cash equivalents	11	11,688	5,814
(b) Short-term loans and advances	12	123,972,289	126,109,261
		<u>123,983,975</u>	<u>126,115,075</u>
TOTAL		<u>207,697,350</u>	<u>189,994,658</u>
Corporate Information	1		
Significant accounting Policies	2		
Expenditure During Construction Period	13		
Other Notes to financial statements	14 to 36		

For and on Behalf of Board of Directors

(R. Rahman)
Director

(S. Mulchandani)
Director

(A.K. Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
R.P. Narang & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg No. :001794N)

Rahul Khurana
(Partner)
M. No : 527244

Place: New Delhi
Date: 20.05.2014

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)			
Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
I. Revenue from operations		-	-
II. Other Income		-	-
Interest on Income Tax Refund		75	-
III. Total Revenue (I+II)		<u>75</u>	<u>-</u>
IV. Expenses		-	-
Total Expenses		<u>-</u>	<u>-</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		75	-
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		75	-
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		<u>76</u>	<u>-</u>
X. Tax expense:			
(1) Current tax		23	-
(2) Deferred tax		-	-
XI. Profit for the year from continuing operations (IX-X)		<u>52</u>	<u>-</u>
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit for the year after tax (XI + XIV)		<u>52</u>	<u>-</u>
XVI. Earnings per equity share:			
(1) Basic	27	-	-
(2) Diluted	27	-	-

Corporate information 1
Significant accounting policies 2
Expenditure during construction period 13
Other notes to financial statements 14 to 36

For and on Behalf of Board of Directors

(R. Rahman)
Director

(S. Mulchandani)
Director

(A.K. Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
R.P. Narang & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg No. :001794N)

Rahul Khurana
(Partner)
M. No : 527244

Place: New Delhi
Date: 20.05.2014

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

PARTICULARS	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	75	-
Operating profit before working capital changes	75	-
Adjustment For Increase/(Decrease) in:		
Other non-current assets	(10,504,652)	(11,701,201)
Short-term loans and advances	2,136,872	18,019,710
Liabilities and provisions	13,712,640	11,620,383
Cash Inflow/Outflow from Operations before tax		
Less: Tax Paid	23	-
Net cash flow from operating activities	<u>5,345,112</u>	<u>17,938,892</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(9,329,240)	(18,007,959)
Net cash used in Investing activities	<u>(9,329,240)</u>	<u>(18,007,959)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-term borrowings	3,990,000	-
Net cash flow from financing activities	<u>3,990,000</u>	<u>-</u>
Net Increase/(decrease) in cash and cash equivalents(A+B+C)	5,872	(69,067)
Add: Cash and cash equivalents at the beginning of the year	5,814	74,881
Cash and cash equivalents at the end of the year	<u>11,686</u>	<u>5,814</u>
Balance with bank	11,686	5,814

For and on Behalf of Board of Directors

(R. Rahman)
Director

(S. Mulchandani)
Director

(A.K Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg No. :001794N)

Rahul Khurana
(Partner)
M. No : 527244

Place: New Delhi
Date: 20.05.2014

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED
Notes to the Financial Statements for the Year ended March 31, 2014

1. Corporate Information

The Company was incorporated on May 22, 2008 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking) and Certificate for Commencement of Business was issued on April 16, 2009. During the Financial year 2009-10, PFC Consulting Limited has transferred GIPCL to PFC Limited on 09/02/2010. Now it is a wholly owned subsidiary of PFC Limited. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and to complete preliminary works viz statutory clearances including environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the State of Odisha.

2. Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis. Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration/Depreciation/Interest etc and other expenditure during construction period is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

l. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.



NOTE NO. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Authorised :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	500,000	500,000
Issued, subscribed and fully paid up :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	500,000	500,000
Total issued, subscribed and fully paid up share capital	500,000	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting year

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount(₹)	No. of Shares	Amount(₹)
Balance as at the beginning of the year	50,000	500,000	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	Amount in ₹	
	As at March 31, 2014	As at March 31, 2013
Power Finance Corporation Limited, the Holding Company*		
50,000(Previous year : 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000	100%
	50,000	100%	50,000	100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	(54,729)	(54,729)
Profit for the year	52	-
Balance as at the end of the year	(54,677)	(54,729)
TOTAL	(54,677)	(54,729)

NOTE NO. 5 - LONG-TERM BORROWINGS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Other Loans and advances (Unsecured)		
Commitment Advances		
Banglore Electricity Supply Co. Ltd.	35,000,000	35,000,000
Central Power Distribution Co. of A.P. Ltd	8,800,000	8,800,000
Eastern Power Distribution Co. of A.P. Ltd	3,000,000	3,000,000
Government of Pondicherry	7,000,000	7,000,000
Government of Mizoram	4,000,000	4,000,000
Kerala State Electricity Board	19,000,000	19,000,000
Northern Power Distribution Co. of A.P. Ltd	3,000,000	3,000,000
Tamil Nadu Electricity Board	80,000,000	80,000,000
West Bengal State Electricity Dist. Co. Ltd	12,000,000	12,000,000
Government of Manipur	3,990,000	-
TOTAL	155,790,000	151,800,000

Terms of repayment for Unsecured borrowings

Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder
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NOTE NO. 6 - OTHER LONG-TERM LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest Accrued but not due on long-term borrowings	50,107,803	37,081,838
TOTAL	50,107,803	37,081,838

NOTE NO. 7 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others payables		
Statutory dues (Tax deducted at Source)	1,289,217	823,507
Expenses Payable	54,984	44,242
TOTAL	1,354,201	867,749

NOTE NO. 8 - SHORT-TERMS PROVISIONS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others payables		
Provision for Income Tax	23	-
TOTAL	23	-

NOTE NO. 9 - CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress	26,223,797	8,215,838
Add: Transferred from Expenditure During Construction Period (Note-13)	9,329,240	18,007,959
TOTAL	35,553,037	26,223,797

NOTE NO. 10 - OTHER NON-CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest receivable from related party but not due (Power Finance Corporation Ltd., Holding Company)	48,160,338	37,655,786
TOTAL	48,160,338	37,655,786

NOTE NO. 11 - CASH AND CASH EQUIVALENTS (Amount in ₹)
Particulars As at As at
March 31, 2014 March 31, 2013

Balances with banks:		
In Current Account	11,688	5,814
TOTAL	11,688	5,814

NOTE NO. 12 - SHORT-TERM LOANS AND ADVANCES (Amount in ₹)
Particulars As at As at
March 31, 2014 March 31, 2013

Unsecured, considered good		
Loans and advances to related parties		
- Power Finance Corporation Limited (Holding Company)	123,722,448	126,108,774
Others		
Tax deducted at source (Refundable by Govt)	249,841	2,487
TOTAL	123,972,289	126,109,261

NOTE NO. 13 - EXPENDITURE DURING CONSTRUCTION PERIOD (Amount in ₹)
Particulars Year ended Year ended
March 31, 2014 March 31, 2013

Expenses		
Manpower Charges	2,031,521	13,446,479
Payment to the auditor :		
- As auditor	49,158	73,737
Legal & Professional		
Charges	49,347	52,589
Consultancy Charges	277,752	564,841
Advertisement Expenses	341	258,746
Conference Charges	10,438	101,124
Tour and Travelling	19,173	534,038
Office Maintenance	374,499	298,663
Vehicle Hiring Charges	175,895	92,526
Security Charges	188,412	136,269
Interest on		
utilised portion	3,567,245	1,871,590
Interest on		
un-utilised portion	10,753,221	11,702,373
Less: Income of		
Interest on		
un-utilised portion	10,753,221	11,702,373
Outsourcing Expenses	2,339,661	347,446
Printing & Stationery	183,470	170,698
Other Administrative		
Expenses	62,328	59,213
TOTAL	9,329,240	18,007,959

14. Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹ 40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The sum of ₹ 15,57,90,000/- (Previous year ₹ 15,18,00,000/-) is received from procurers and ₹ 24,42,10,000/- is yet to be received from the State of Andhra Pradesh (₹ 42,00,000/-), Orissa (₹ 20,00,00,000/-), Jharkhand (₹ 3,50,00,000/-), Manipur (₹ 10,000/-) and Tripura (₹ 50,00,000/-). The commitment advance received has been shown in the Balance Sheet as Long-term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.
15. Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹ 15,57,90,000/- received from procurers is parked with the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other non-current assets in the Balance Sheet.
16. The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Total Interest Expense amounting to ₹ 1,43,20,466/- (Previous Year ₹ 1,35,73,983/-) has been accounted for in the books of account for the year which includes interest of ₹ 1,07,53,221/- (Previous year ₹ 1,17,02,373/-) on unutilized portion and ₹ 35,67,245/- (Previous year ₹ 18,71,590/-) on utilized portion. Interest on utilized portion has been capitalized. Interest Payable is grouped under Other Long-term liabilities.
17. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC Ltd.), consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into.
18. The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.
19. The shares of the company shall be transferred by the Holding Company to the successful bidder of the project after completion of bidding process. The amount of consideration payable by the successful bidder as acquisition price for purchase of 100% equity shareholding of company and for taking over all assets and liabilities of company shall be at par at book value.
20. All the work for the Company are executed by PFC Consulting Ltd. (PFCCCL). The Manpower Charges of ₹ 20,31,521/- (Previous Year ₹ 134,46,479/-) for PFCCCL employees charged by PFCCCL on cost to company basis/rate, as determined by PFCCCL in proportion to the actual man days spent by the employees for the Company as per invoice raised by PFCCCL and include ₹ NIL/- (Previous Year ₹ 2,600) of Shri Yogesh Juneja, ₹ NIL/- (Previous Year ₹ 1,59,250/-) of Sh.P.P. Srivastava (Director) and ₹ 5,71,508/- (Previous Year ₹ 4,33,875/-) of Shri R. Rahman (Director). PFC Ltd. is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.
21. The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPVs. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the "Deduction of tax at source and Service tax etc. as applicable to these expenses.

22. Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.
23. In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.
24. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arise.
25. The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFCL)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.
- The details of such Key Management Personnel during the year ended 31 March, 2014 are as follows:

S.No.	Name	Designation	Date of Appointment	Date of Resignation
1.	Shri A.K. Agarwal	Chairman	01.10.2013	Continuing
2.	Shri Subir Mulchandani	Director	22.05.2008	Continuing
3.	Shri R. Rahman	Director	06.11.2012	Continuing
4.	Shri Yogesh Juneja	Director	30.12.2009	Continuing
5.	Shri M.K. Goel	Chairman	17.12.2008	01.10.2013

26. The disclosure as per AS18 – Related Party Disclosure :

Ghogarpalli Integrated Power Company Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Ghogarpalli Integrated Power Company Limited where the PFCL/PFCCL nominees exercise control.

Detail of maximum debt balance during the Year in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹. 130,096,774/-
(P.Y ₹. 144,127,856/-)

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties:-

S.No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Sarguja Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Saktigopal Integrated Power Company Limited	Fellow Subsidiary
9.	Tatya Andhra Mega Power Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	Deoghar Mega Power Limited	Fellow Subsidiary
14.	Odisha Infrapower Limited	Fellow Subsidiary
15.	Cheyur Infra Limited	Fellow Subsidiary
16.	DGEN Transmission Company Limited	Enterprises under common control
17.	RAPP Transmission Company Limited	Enterprises under common control till 12.03.2014
18.	Patran Transmission Company Limited	Enterprises under common control till 13.11.2013
19.	Purulia Kharagpur Transmission Company Limited	Enterprises under common control till 09.12.2013
20.	Darbhangha Motihari Transmission Company Limited	Enterprises under common control till 10.12.2013
21.	Ballabgarh-GN Transmission Company limited	Enterprises under common control
22.	Tanda Transmission Company Limited	Enterprises under common control

The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S.No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
1.	Interest Income for the year	1,07,53,221	1,17,02,373
2.	Manpower Charges *	20,31,521	1,34,46,479
3.	Closing Balance		
a)	Interest receivable (Net of TDS)	4,81,60,338	3,78,55,786
b)	Short-term loans and advances	12,37,22,448	12,61,06,774

*Charged by PFCCL

27. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows:-

S.No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
1.	Nominal Value of share ₹	10	10
2.	Number of Equity shares (No.)	50,000	50,000
3.	Net Profit after tax ₹.	52	-
4.	Earning per share ₹.	-	-

28. i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹. Nil.

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the year is ₹. Nil.

29. Auditors Remuneration (including Service Tax)

S.No.	Particulars	March 31, 2014 ₹	March 31, 2013 ₹
1.	Audit Fees	49,158	73,737

30. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

31. The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

32. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

33. Most of the additional Information pursuant to the provisions of Paragraph 5, (ii),(iii),(vii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – ₹. Nil (Previous Year ₹. Nil)

(b) Income in foreign exchange – ₹. Nil (Previous Year ₹. Nil)

34. The company has sent letters to various parties included under the head Long-Term borrowings (Commitment advance) for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

35. Figures have been rounded off to the nearest Rupee unless otherwise stated.

36. Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to Current year's classification.

For and on Behalf of the Board of Directors

(R. Rahman)
Director

(S. Mulchandani)
Director

(A.K. agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of

R.P. Narang & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg No. :001794N)

Rahul Khurana
(Partner)
M. No : 527244

Place: New Delhi
Date: 20.05.2014

TATYAA ANDHRA MEGA POWER LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting their 5th Annual Report on the working of the Company for the financial year ended 31st March, 2014 together with the Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 17th April, 2009 as a Special Purpose Vehicle (SPV) to undertake developmental activities for the proposed 4000MW, 2nd UMPP in Nayunipalli village, district Prakasam, Andhra Pradesh as a wholly owned subsidiary of PFC Consulting Limited (PFCCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your company became a wholly owned subsidiary Company of PFC.

Govt. of Andhra Pradesh (GoAP) vide letter dated 3.12.2013 has communicated to Ministry of Power (MoP) that GoAP has decided not to proceed further with the 4000 MW 2nd UMPP in the State of Andhra Pradesh.

Further, MoP vide letter dated 2.1.2014 has requested PFC to take necessary action for closing the project, as GoAP has decided not to proceed further with the project.

Necessary actions are being taken for closing the project and for winding up the Company.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 34.47 Lakh in the development of the Project which has been transferred to capital work in progress. The total expenditure incurred by the Company till 31st March, 2014 is ₹ 9.82 Crore.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend during the year 2013-14.

SHARE CAPITAL

The paid-up share capital of the company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC and its nominees.

COMMITMENT ADVANCE

The commitment advance received till date is ₹ 20.00 Crore, out of the total commitment advance of ₹ 40.00 Crore, which is to be received from various power procurers. Commitment advance of ₹ 20.00 Crore has not been received from the Host State of Andhra Pradesh. Further, since now the Project stand abandoned, the expenditure incurred on the project be adjusted out of the Commitment advance received/to be received from the procurers in proportion to their allocated share of power in the project. Further, any surplus/Deficit after such adjustment may be refunded/called for from the respective utilities.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year 2013-14.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. SVP & Associates, Chartered Accountants, was appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri A.K. Agarwal has been appointed as Additional Director of the Company in place of Shri M.K. Goel w.e.f. 1st October, 2013. Your Board places on record the deep appreciation for the valuable contribution made by Shri M.K. Goel during his tenure as Director of the Company.

In terms of the provisions of Section 161(1) of the Companies Act 2013, Shri A.K. Agarwal will hold office upto the date of ensuing Annual General Meeting. The Board recommends that Shri A.K. Agarwal be appointed as a Director, liable to retire by rotation.

Presently the Board of Directors of the Company comprises of the following:

1.	Shri A.K. Agarwal	Chairman
2.	Shri Subir Mulchandani	Director
3.	Shri Yogesh Juneja	Director
4.	Shri R. Rahman	Director

In accordance with provisions of Section 152(6) of the Companies Act, 2013 Shri Yogesh Juneja, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 2nd July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2013-14;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- Since, the project is to be closed as per direction of MoP vide letter dated 2.1.2014, the financial statements are not prepared on going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 21st August, 2014

(A.K. Agarwal)
Chairman



ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TATIYA ANDHRA MEGA POWER LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Tatiya Andhra Mega Power Limited, New Delhi for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Tatiya Andhra Mega Power Limited, New Delhi for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Place : New Delhi
Date : 02 July, 2014

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

INDEPENDENT AUDITOR'S REPORT

To
The Members

TATIYA ANDHRA MEGA POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Tatiya Andhra Mega Power Limited, which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit/(loss) for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Going Concern Assumption

We draw attention to the following notes in the financial statements:

- (I) Note No. 14 (a), 14(b) and 14(c); Ministry of Power vide its Letter No. 12/9/2008-UMPP dated 2nd January, 2014 had informed that

Government of Andhra Pradesh (GoAP) vide its letter No. 9072/PR.IV/2010-1 dated 03.12.2013 has informed its decision of not to proceed further with the said project. In view of same, MoP has decided to close the Project and financial statements have not been prepared on going concern basis as disclosed in Note No. 14(b).

- (ii) Note No. 16; the liability of interest on utilized portion as per the Board's decision in the meeting held on 25th April, 2014 is reversed as no amount is recoverable from successful bidder. Further, no liability of interest is provided on utilized portion of commitment advance for the financial year.
- (iii) Since, the Books of Accounts of the Company are not prepared as per going concern basis. Company has long term borrowings of Rs. 20,00,00,000 along with interest payable on such borrowing which may arise on winding up of the company. It is informed to us that total Capital Expenditure incurred up to date to be charged from the amount of commitment advances and any surplus/deficit after such adjustment may be refunded/ called for / from the respective procurer.

Report on Other Legal and Regulatory Requirements

- 1) As required by 'the Companies (Auditor's Report) Order, 2003' ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, (Department of Company Affairs).

For SVP & Associates
Firm Registration No.003838N
Chartered Accountants

CA Tarun Kansal
Partner
Membership No. 084751

Place: New Delhi
Date : 23.05.2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. The company has no fixed Assets other than Capital work in progress. Hence the provisions of clause 4 (i) of the Order are not applicable to the company.
2. The Company does not hold any inventory. Therefore, the provisions of clause 4 (ii) of the Order are not applicable to the company.
3. During the year the Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. In our opinion the company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in current financial year.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the year. Therefore the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For SVP & Associates
Firm Registration No.003838N
Chartered Accountants

CA Tarun Kansal
Partner
Membership No. 084751

Place: New Delhi
Date : 23.05.2014

TATIYA ANDHRA MEGA POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)			
Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(29,401)	(29,459)
		<u>470,599</u>	<u>470,541</u>
(2) Non-current liabilities			
(a) Long-term borrowings	5	-	200,000,000
(b) Other long-term liabilities	6	-	46,042,931
		-	<u>246,042,931</u>
(3) Current liabilities			
(a) Other current liabilities	7	196,717,502	929,687
		<u>196,717,502</u>	<u>929,687</u>
TOTAL		<u>197,188,101</u>	<u>247,443,159</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Capital work-in-progress	8	-	94,799,121
(b) Other non-current assets	9	-	30,218,088
		-	<u>125,017,209</u>
(2) Current assets			
(a) Cash and cash equivalents	10	13,153	5,311
(b) Short-term loans and advances	11	118,320,118	122,420,639
(c) Other current assets	12	78,854,832	-
		<u>197,188,101</u>	<u>122,425,950</u>
TOTAL		<u>197,188,101</u>	<u>247,443,159</u>
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure During Construction Period	13		
Other Notes to the Financial Statements	14 to 32		

For and on behalf of the Board of Directors

R. Rahman Director S. Mulchandani Director A.K. Agarwal Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 003838N

CA TARUN KANSAL
(Partner)
M No. 084751

Place : New Delhi
Date : 23.05.2014

TATIYA ANDHRA MEGA POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
MARCH 31, 2014

(Amount in ₹)			
Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
I. Revenue from operations		-	-
II. Other income			
Interest on Income Tax Refund		84	-
III. Total Revenue (I+II)		<u>84</u>	<u>-</u>
IV. Expenses			
Total Expenses		-	-
V. Profit before exceptional and extraordinary items and tax (III-IV)		84	-
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		84	-
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		<u>84</u>	<u>-</u>
X. Tax expense:			
(1) Current tax		26	-
(2) Deferred tax		-	-
XI. Profit for the year from continuing operations (IX-X)		<u>58</u>	<u>-</u>
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit from discontinuing operations (after tax) (XII-XIII)		<u>-</u>	<u>-</u>
XV. Profit for the year after tax (XI+XIV)		<u>58</u>	<u>-</u>
XVI. Earnings per equity share:			
(1) Basic	27	-	-
(2) Diluted	27	-	-
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure During Construction Period	13		
Other Notes to the Financial Statements	14 to 32		

For and on behalf of the Board of Directors

R. Rahman Director S. Mulchandani Director A.K. Agarwal Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 003838N

CA TARUN KANSAL
(Partner)
M No. 084751

Place : New Delhi
Date : 23.05.2014



TATIYA ANDHRA MEGA POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	84	-
Operating profit before working capital changes	84	-
Adjustment For Increase/Decrease In:		
Other assets	47,885,603	(10,972,333)
Loans and advances	4,100,523	12,067,734
Liabilities and provisions	(48,531,890)	17,023,488
Cash Inflow/Outflow from Operations before tax	3,454,320	18,118,889
Less: Tax Paid	26	-
Net cash flow from Operating Activities	3,454,294	18,118,889
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(3,448,452)	(18,207,956)
Net cash used in Investing activities	(3,448,452)	(18,207,956)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	7,842	(89,067)
Add: Cash and cash equivalents at beginning of the year	5,311	94,378
Cash and cash equivalents at end of the year	13,153	5,311
Balance with bank	13,153	5,311

For and on behalf of the Board of Directors

R. Rahman S. Mulchandani A.K. Agarwal
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 003838N

CA TARUN KANSAL
(Partner)
M No. 084751

Place : New Delhi
Date : 23.05.2014

TATIYA ANDHRA MEGA POWER LIMITED

Notes to the Financial Statements for the Year ended March 31, 2014

1 Corporate Information

The Company was incorporated on April 17, 2009 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking). Certificate for Commencement of Business was issued on February 19, 2010. During the financial year 2009-10 PFCL has transferred the company (TAMPL) to PFC Limited as per decision of Ministry of Power and presently it is wholly owned subsidiary of PFC Limited. The Company is a special purpose vehicle incorporated to facilitate the acquisition of the land and complete the preliminary works viz the statutory clearances including that of environment, forest, etc. for the purpose of establishing ultra mega power project for 4000 MW in the State of Andhra Pradesh (Project). However, Ministry of Power vide its Letter No. 12/9/2008-UMPP dated January 2, 2014 informed its decision to close the project in view of the decision of the Government of Andhra Pradesh not to proceed further with the said project informed to the Ministry vide its letter No. 9072/PR.IV/2010-1 dated 03.12.2013 and requested PFC Limited to take necessary action in this regard.

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Fixed Assets

Fixed assets are shown at historical cost less current/accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

d. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹5000/- are fully depreciated.

e. Loans

Expenditure incurred by the company for the Project is financed by the Procurers and is grouped under Other current liabilities. Interest on unutilized portion of funds is payable to Procurers.

f. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC Limited) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

g. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

h. Preliminary Expenses

Preliminary expenses were written off in the year in which such expenditure was incurred.

i. Contingent Liability

Contingent liabilities are not provided for and are disclosed by way of notes.

j. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

NOTE NO. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Authorised		
50,000 Equity shares of ₹10/- each (Previous year 50,000 Equity shares of ₹10/- each)	500,000	500,000
Issued, subscribed and fully paid up:		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	500,000	500,000
Total issued, subscribed and fully paid up share capital	500,000	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting year

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance as at the beginning of the year	50,000	500,000	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	Amount(₹)	
	As at March 31, 2014	As at March 31, 2013
Power Finance Corporation Limited, the Holding Company *		
50,000 (Previous Year: 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	50,000	100%	50,000	100%
Power Finance Corporation Limited, the Holding Company *				
	50,000	100%	50,000	100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	(29,459)	(29,459)
Profit for the year	58	-
Balance as at the end of the year	(29,401)	(29,459)
TOTAL	(29,401)	(29,459)

NOTE NO. 5 - LONG- TERM BORROWINGS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Other loans and advances (Unsecured)		
Commitment advance	-	-
Ajmer-AVVNL	-	1,705,000
Assam State Electricity Board	-	4,500,000
Chattisgarh State Power Holding Co. Ltd.	-	11,500,000
Dashin Haryana Bijlee Vitran Nigam Ltd.	-	2,750,000
Govt. of Arunachal Pradesh	-	2,000,000
Govt. of Manipur	-	2,000,000
Govt. of Mizoram	-	2,000,000
Govt. of Nagaland	-	2,000,000
Govt. Of Puducherry	-	2,000,000
Himachal Pradesh State Electricity Board	-	4,500,000
Jaipur-JVVNL	-	2,090,000
Jharkhand State Electricity Board	-	18,500,000
Jodhpur-JVVNL	-	1,705,000
Kerala State Electricity Board	-	7,500,000
Maharashtra State Electricity Dist. Co. Ltd.	-	27,500,000
Meghalaya Energy Corporation Ltd.	-	2,000,000
M.P. Power Trading Co. Ltd.	-	17,000,000
Power Company of Karnataka Ltd.	-	11,500,000
Tamil Nadu Electricity Board	-	11,500,000
Uttar Haryana Bijlee Vitran Nigam Limited	-	2,750,000
Uttar Pradesh Power Corp. Limited	-	59,500,000
West Bengal Electricity Distribution Co. Ltd.	-	5,500,000
TOTAL	-	200,000,000

Terms of repayment for Unsecured borrowings

Other loans and advances Repayable within 15 days from the date of transfer of the Company to its successful bidder.

NOTE NO. 6 - OTHER LONG-TERM LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest Accrued but not due on long-term borrowings	-	48,042,931
TOTAL	-	48,042,931

NOTE NO. 7 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term borrowings (Unsecured)		
Commitment advance (Net)	161,270,478	-
Interest Accrued but not due on borrowings	34,434,427	-
Other payables		
Statutory dues (Tax deducted at Source)	968,355	885,445
Expenses Payable	44,242	44,242
TOTAL	196,717,502	929,687



NOTE NO. 8 - CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress	94,799,121	78,591,165
Add: Transferred from expenditure during Construction period (Note-13)	3,446,452	18,207,956
Less: Expenditure Incurred upto 31st March, 2014 apportioned in allocated share of power of procurers	(98,245,573)	-
TOTAL	-	94,799,121

NOTE NO. 9 - OTHER NON-CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest receivable from related party but not due	-	30,218,088
(Power Finance Corporation Ltd., Holding Company)		
TOTAL	-	30,218,088

NOTE NO. 10 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Balance with bank		
In Current Account	13,153	5,311
TOTAL	13,153	5,311

NOTE NO. 11 - SHORT-TERM LOANS AND ADVANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Loans and advances to related parties	118,084,801	122,418,334
(Power Finance Corporation Ltd., Holding Company)		
Others		
Tax deducted at source (Net of provision ₹ 26/-, Previous year ₹Nil/-) (Refundable by GoI)	235,315	2,305
TOTAL	118,320,116	122,420,639

NOTE NO. 12 - OTHER CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Recoverable From Govt. of Andhra Pradesh	38,729,524	-
Interest receivable from related party but not due	40,125,308	-
(Power Finance Corporation Ltd., Holding Company)		
TOTAL	78,854,832	-

NOTE NO. 13 - EXPENDITURE DURING CONSTRUCTION PERIOD

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
Expenses		
Manpower Charges	1,236,957	8,812,691
Advertisement Expenses.	-	9,726
Payment to the auditor		
- As auditor	49,158	73,737
Legal & Professional Charges	52,866	286,012
Outsourcing Expenses	550,963	539,636
Tour & Travelling Expenses	253,251	20,291
Consultancy Charges	551,898	565,701
Interest Expenses on utilized portion	-	9,178,526
Interest Expenses on un-utilized portion	10,141,462	10,973,432
Less: Income of Interest Expenses on un-utilized portion	(10,141,462)	- (10,973,432)
Printing & stationery	103,485	160,896
Telephone	12,086	6,872
Conference & Meeting	23,164	129,232
Vehicle Hiring Charges	110,997	147,105
Other Administration Expenses	501,627	477,531
TOTAL	3,446,452	18,207,956

- 14 (a) The Board of Directors of the company, approved that in accordance with the direction of Ministry of Power, the company to be wound up and the name struck off from the records of the Registrar of Companies and for this approval of the Board of Power Finance Corporation Limited and Government of India is required to be obtained before closing down the company. The company is under the process to obtain approval of Power Finance Corporation Limited and Government of India.
- (b) Since the project is to be closed as per directions of MoP and company to be wound up, the financial statements are not prepared on going concern basis. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.
- (c) Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹ 40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. A sum of ₹ 20,00,00,000/- is received from procurers and ₹ 20,00,00,000 is yet to be received from State of Andhra Pradesh. As per the decision of the Board of the Company, the expenditure incurred for the company being shown as Capital work in progress has been charged off against the commitment advance contributed/to be contributed by the utilities in proportion to their allocated share of power in the project and any surplus/deficit after adjustment is to be refunded/called for from the respective utilities. The surplus amount of commitment advance to be refunded is shown in the Balance Sheet under Other current liabilities and the recoverable amount against commitment advance to be called for is shown in the Balance Sheet under Other current assets.
- 15 Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹ 20,00,00,000/- received from procurers was parked with the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short-term loans and advances and interest due thereon is appearing under the head Other current assets in the Balance Sheet.
- 16 As per the decision of the Board of the Company, liability of interest against utilized portion of commitment advance provided for upto financial year 2012-13 from date of incorporation is reversed since no amount is recoverable from successful bidder and further no liability of interest is provided on utilized portion of commitment advance for the financial year 2013-14. However, the Company is paying interest to Procurers on unutilized portion of commitment advance at rates as per the policy of the holding company. Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Interest expenses on un-utilized portion amounting to ₹ 1,01,41,462/- (PY: ₹ 1,09,73,432/-) has been accounted in the books of account for the year. As such liability of interest on utilised portion up to financial year 2012-13 which works out to ₹ 2,07,86,527 has been reversed from Interest payable liability.
- 17 All the work for the Company is executed by PFC Consulting Ltd (PFCL). Manpower Charges of ₹12,36,957/- (Previous Year ₹ 66,12,691/-) for man power cost of PFCL employees charged by PFCL on cost to company basis/rate, as determined by PFCL in proportion to the actual man days spent by the employees for the Company as per invoice raised by PFCL. This include ₹ 81,821/- (Previous Year ₹ 14,43,000/-) charged for Sh. R. Rahman (Director), and ₹ Nil/- (Previous Year ₹ 2600) charged for Sh. Yogesh Juneja (Director). PFC Ltd. is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.
- 18 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCL to SPVs as per assessment of expenditure made by these companies. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCL are in the name of PFCL/PFCL and retained by them of which copies are available with the Company. PFCL/PFCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

19 Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

- 20 i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ Nil/- (Previous Year ₹1,67,52,500/-)
- ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ Nil. (Previous Year ₹ Nil)

21 Auditors Remuneration (including Service Tax)

(Amount in ₹)

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
1	Audit Fees	49,158	73,737

22 The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFCL)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel during the year ended March 31, 2014 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri A.K. Agarwal	Chairman	01.10.2013	Continuing
2	Shri S. Mulchandani	Director	17.04.2009	Continuing
3	Shri R. Rahman	Director	18.04.2011	Continuing
4	Shri Yogesh Juneja	Director	17.08.2011	Continuing
5	Shri M.K. Goel	Chairman	17.04.2009	01.10.2013

23 The disclosure as per AS18 – Related Party Disclosure:

Tatiya Andhra Mega Power Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Tatiya Andhra Mega Power Limited where the PFC Ltd. nominees exercise control.

Detail of maximum debit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd. ₹121,537,813/- (P.Y ₹134,487,167/-)

Details of Related parties and nature of relationship

(a) Name and nature of the relationship of the related parties: -

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	Odisha Infrapower Limited	Fellow Subsidiary
15	Cheyur Infra Limited	Fellow Subsidiary
16	DGEN Transmission Company Limited	Enterprise under common control



17	Ballabgarh - GN Transmission Company Limited	Enterprise under common control
18	Tanda Transmission Company Limited	Enterprise under common control
19	RAPP Transmission Company Limited	Enterprise under common control till 12.03.2014
20	Patran Transmission Company Limited	Enterprise under common control till 13.11.2013
21	Purulia Kharagpur Transmission Company Limited	Enterprise under common control till 09.12.2013
22	Darbhanga Motihari Transmission Company Limited	Enterprise under common control till 10.12.2013

The related Party Transactions are as follows:-

(Amount in ₹)

S. No.	Particulars	As at March 31, 2014 PFC Ltd. (Holding Co.)	As at March 31, 2013 PFC Ltd. (Holding Co.)
1	Interest Expense	-	97,255
2	Interest Income	(10,141,462)	10,973,432
3	Manpower Charges*	1,236,957	6,612,691
4	Closing Balance		
	a) Interest accrued but not due on long-term borrowings	-	771,208
	b) Interest Receivable (Net of TDS)	40,125,308	30,218,088
	c) Short-term loans and advances	118,084,801	122,418,334

*Charged by PFCCL

- 24 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.
- 25 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.
- 26 In the opinion of the Board, on realization in the ordinary course of the company's business the Short-term loans and advances and Other current assets as stated in the balance sheet are expected to produce at least the amount at which they are stated. -

27 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows :-

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax ₹	58	-
4	Earning per share ₹	-	-

- 28 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006
- 29 Most of the additional Information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:
- (a) Expenditure in foreign currency – ₹ Nil (Previous Year ₹ Nil)
- (b) Income in foreign exchange – ₹ Nil (Previous Year ₹ Nil)
- 30 The Company is not in operation since December 2013, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.
- 31 Figures have been rounded off to the nearest Rupee unless otherwise stated.
- 32 Corresponding figures for the previous year have been regrouped / rearranged wherever necessary to confirm to Current year's classification.

For and on behalf of the Board of Directors

R. Rahman S. Mulchandani A.K. Agarwal
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE

For & on behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 003838N

CA TARUN KANSAL
(Partner)
M No. 084751

Place : New Delhi
Date : 23.05.2014

DEOGHAR MEGA POWER LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting the 2nd Annual Report on the working of the Company for the financial year ended on 31st March, 2014 along with Audited Statements of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 26th April, 2012 as a Special Purpose Vehicle (SPV) by Power Finance Corporation Limited (PFC) as its wholly owned subsidiary, for development of second Ultra Mega Power Project (UMPP) in the State of Jharkhand.

Govt of Jharkhand (GoJ) has given "in-principle" approval for the site at Hussainabad, Devipur Division, District Deoghar, Jharkhand on 26th June, 2012. The total land required for the project is 2256 acres across 20 villages, which includes about 1652 acres of private land and about 322 acres of Govt. land and Forest land spread of about 282 acres.

The water requirement for the project is 106 Million Cubic Metre (MCM), out of which GoJ on 14th January, 2012 has conveyed "in-principle" approval for drawl of 80.25 MCM water from River Ajay basin. The study for adequate water availability as well as the Socio-Economic Impact Assessment (SEIA) & Environment Management Plan (EMP) Studies of the proposed storage dam on river Ajay have been awarded to IIT Roorkee and studies are being carried out.

The Expert Appraisal Committee (EAC) of Ministry of Environment & Forest (MoEF) considered the project for issuance of Terms of Reference (ToR) during its meeting held on 5th November, 2012.

Ministry of Power (MoP) and Central Electricity Authority (CEA) has been requested to suggest captive coal blocks for the project.

MoP has been requested to allocate power from the UMPP to various States.

An application for issuance of Section 4(1) Notification under Land Acquisition Act, 1894 for acquisition of 1652 acres of private land was filed with the concerned authority on 1st March, 2013. The application for diversion of about 282 acres of Forest land was submitted to the concerned authority on 17th July, 2013.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year, the Company has spent an amount of ₹ 2.48 Crore for the development of the Project which has been transferred to capital work in progress.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend during the year 2013-14.

SHARE CAPITAL

The paid-up share capital of the company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year 2013-14.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. VSD & Associates, Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Presently the Board of Directors of the Company comprises of the following:

1.	Shri R. Nagarajan	Chairman
2.	Shri P.P. Srivastava	Director
3.	Shri N.B. Gupta	Director
4.	Shri Yogesh Juneja	Director

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Shri N.B. Gupta shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 2nd July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, The Ministry of Power, Government of Jharkhand, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 12th August, 2014

(R. Nagarajan)
Chairman



ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF DEOGHAR MEGA POWER LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Deoghar Mega Power Limited, New Delhi for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Deoghar Mega Power Limited, New Delhi for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 02 July, 2014

INDEPENDENT AUDITOR'S REPORT

To
The Members of
DEOGHAR MEGA POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Deoghar Mega Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the profit/(loss) for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- As required by section 227(3) of the Act, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

for VSD & Associates
Chartered Accountants

(Vinod Sahni)

F.C.A.

Partner

M. No. 086666

F.R. No. 008726N

Place : New Delhi

Dated : 21.05.2014

ANNEXURE TO AUDITOR'S REPORT OF DEOGHAR MEGA POWER LIMITED

- In our opinion and according to information and explanation given to us, provision of para 4(i)(a) of the Companies (Auditor's Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.
 - In our opinion and according to information and explanation given to us provision of para 4(i)(b) of the companies (Auditor's Report) Order, 2003 relating to physical verification of fixed assets by the management is not applicable to Company as it does not have fixed assets.
 - In our opinion and according to information and explanation given to us provision of para 4(i)(c) of the companies (Auditor's Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the period are not applicable to Company as it does not have fixed assets.
- As the company has not purchased/ sold goods during the period nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- As explained to us, the Company has not granted or taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- Having regards to the nature of company's business and based on our scrutiny of company's records and the information and explanation given to us, we report that company's activities do not include purchase of inventory and sale of goods. In our opinion and

according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regards to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regards to purchase of fixed assets.

5. According to the information and explanation given to us, there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. According to the information and explanation given to us, the company has not accepted any deposits from public.
7. The company does not have paid up capital and reserves of Rs 50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a year of three consecutive financial years immediately preceding the financial year concerned, the provision of para 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to company.
8. The company does not have any business activities during the period, the provision of para 4 (viii) of the Companies (Auditor's Report) Order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies act is not applicable to the company.
9. (a) According to information and explanation given to us, the company is regular in depositing Income Tax, and other statutory dues with the appropriate Authorities through holding company i.e. PFC Ltd & PFCC Ltd. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for a period of more than six months from the date they become payable.
(b) According to information and explanation given to us, there are no dues of Income Tax which have not been deposited on account of any dispute.
10. The company has been registered for less than five years.
11. According to the records made available to us and information and explanations given by the management, the company has not defaulted in repayment of dues to a financial institution.
12. In our opinion and according to information and explanation given to us, provision of para 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company as it has not given any loans and advance on security of shares, Debentures and other securities.
13. In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the companies (Auditor's Report) Order, 2003 is not applicable to company.
14. According to information and explanation given to us, the Company is not dealing or trading in shares, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to Company.
15. According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by it from banks and financial institutions.
16. In our opinion and according to information and explanation given to us the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.
17. According to information and explanation given to us and on an overall examination of the Balance sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.
18. The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.
20. According to information and explanation given to us the company has not raised any money from public issues during the period.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the period that causes the financial statements to be materially misstated.

for VSD & Associates
Chartered Accountants

(Vinod SahnI)
F.C.A.
Partner

M. No. 086666
F.R. No. 008726N

Place : New Delhi
Dated : 21.05.2014

DEOGHAR MEGA POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(39,058)	(39,058)
		<u>460,944</u>	<u>460,944</u>
(2) Non-Current Liabilities			
(a) Long-term borrowings	5	43,882,987	23,069,815
(b) Other long-term liabilities	6	6,091,801	1,296,993
		<u>49,974,788</u>	<u>24,366,808</u>
(3) Current Liabilities			
(a) Other current liabilities	7	107,580	58,731
		<u>107,580</u>	<u>58,731</u>
TOTAL		50,543,292	24,886,483
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Capital work-in-progress	8	49,743,292	24,881,483
		<u>49,743,292</u>	<u>24,881,483</u>
(2) Current Assets			
(a) Cash and cash equivalents	9	5,000	5,000
(b) Short-term loans and advances	10	795,000	-
		<u>800,000</u>	<u>5,000</u>
TOTAL		50,543,292	24,886,483
Corporate Information	1		
Significant accounting policies	2		
Expenditure During Construction Period	11		
Other Notes to financial statements	12 to 30		

For and on Behalf of Board of Directors

Yogesh Juneja
Director

N.B. Gupta
Director

R. Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

VSD & Associates
CHARTERED ACCOUNTANTS
(Firm Reg. No:008728N)

VINOD SAHNI
(Partner)
M. No. 086666

Place : New Delhi
Date : 21.05.2014

DEOGHAR MEGA POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM APRIL 1, 2013
TO MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	For the period April 1, 2013 to March 31, 2014	For the period April 28, 2012 to March 31, 2013
I. Revenue from operations		-	-
II. Other income		-	-
III. Total Revenue (I+II)		<u>-</u>	<u>-</u>
IV. Expenses			
Preliminary Expenses		-	39,058
Total Expenses		<u>-</u>	<u>39,058</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		-	(39,058)
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		-	(39,058)
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII-VIII)		-	(39,058)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit/(Loss) for the period from continuing operations (IX-X)		-	(39,058)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the period (XI+XIV)		-	(39,058)
XVI. Earnings per equity share:			
(1) Basic	24	-	(0.78)
(2) Diluted	24	-	(0.78)
Corporate Information	1		
Significant accounting policies	2		
Expenditure During Construction Period	11		
Other Notes to financial statements	12 to 30		

For and on Behalf of Board of Directors

Yogesh Juneja
Director

N.B. Gupta
Director

R. Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

VSD & Associates
CHARTERED ACCOUNTANTS
(Firm Reg. No:008726N)

VINOD SAHNI
(Partner)
M. No. 086666

Place : New Delhi
Date : 21.05.2014



DEOGHAR MEGA POWER LIMITED
CASH FLOW STATEMENT FOR THE PERIOD FROM APRIL 1, 2013 TO
MARCH 31, 2014

Particulars	For the period April 1, 2013 to March 31, 2014	(Amount in ₹) For the period April 26, 2012 to March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	-	(39,058)
Operating profit before working capital changes	-	(39,058)
Adjustment For Increase/Decrease in:		
Short term loans and advances	(795,000)	-
Liabilities and provisions	48,43,857	1,355,724
Net cash flow from operating activities	4,048,857	1,316,668
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(24,861,809)	(24,881,483)
Net cash used in investing activities	(24,861,809)	(24,881,483)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-term borrowings	20,813,152	23,069,815
Issue of Share Capital	-	500,000
Net cash flow from financing activities	20,813,152	23,569,815
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	-	5,000
Add: Cash and cash equivalents at beginning of the period	5,000	-
Cash and cash equivalents at end of the period	5,000	5,000
Balance with bank	5,000	5,000

For and on Behalf of Board of Directors

Yogesh Juneja Director	N.B. Gupta Director	R. Nagarajan Chairman
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AS PER OUR REPORT OF EVEN DATE
For & on behalf of

VSD & Associates
CHARTERED ACCOUNTANTS
(Firm Reg. No:008726N)

VINOD SAHNI
(Partner)
M. No. 086866

Place : New Delhi
Date : 21.05.2014

DEOGHAR MEGA POWER LIMITED

Notes to the Financial Statements for the Period from April 1, 2013 to March 31, 2014

1 Corporate Information

The Company was incorporated on April 26, 2012 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on September 26, 2012. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary works viz statutory clearances including that of environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the State of Jharkhand (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting year. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on pro rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

Depreciation on addition to / deduction from fixed assets during the year is charged on prorata basis from/up to the date in which assets are available for use / disposal.

Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital work-in-progress

Expenditure Incurred on Consultancy / Administration / Interest / Manpower Charges / Legal & Professional etc and other expenditure during construction period is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company / Procurers and is grouped under Unsecured Long term borrowings. Interest is charged on funds deployed by them.

h. Loans & Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

j. Investments

Investments are stated at cost.

k. Borrowing Costs

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

l. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in books when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

n. Taxes

Provision for Current taxes is made in accordance with the relevant provisions of the Income - Tax Act, 1961. Deferred tax are recognized subject to prudence on timing differences between accounting profits and tax profits using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a virtual reasonable certainty that the assets will be realisable in future.

NOTE NO. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)			
	As at March 31, 2014		As at March 31, 2013	
Authorised :				
50,000 Equity shares of ₹.10/- each				
(Previous period 50,000 Equity shares of ₹.10/- each)				
	500,000		500,000	
Issued, subscribed and fully paid up :				
50,000 Equity shares of ₹.10/- each fully paid up				
(Previous period 50,000 Equity shares of ₹.10/- each fully paid up)				
	500,000		500,000	
Total issued, subscribed and fully paid up share capital	500,000		500,000	
a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting period	As at		As at	
Equity Shares	March 31, 2014		March 31, 2013	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance as at the beginning of the period	50,000	500,000	50,000	500,000
Add: Shares issued during the period	-	-	-	-
Balance as at the end of the period	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	Amount in (₹)	
	As at March 31, 2014	As at March 31, 2013
Power Finance Corporation Limited, the Holding Company *		
50,000 (Previous Year: 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Equity Shares of ₹. 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000	100%
	50,000	100%	50,000	100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the period	(39,056)	-
Profit/(Loss) for the period	-	(39,056)
Balance as at the end of the period	(39,056)	(39,056)
TOTAL	(39,056)	(39,056)

NOTE NO. 5 - LONG-TERM BORROWINGS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Loans and advances from related party (Unsecured)		
Power Finance Corporation Ltd (Holding Co.)	43,882,967	23,069,815
TOTAL	43,882,967	23,069,815
Terms of repayment for Unsecured borrowings		
Loans and advances from related party	Repayable within 15 days from the date of transfer of the Company to its successful bidder	

NOTE NO. 6 - OTHER LONG-TERM LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest Accrued but not due on long-term borrowings	6,091,801	1,296,993
TOTAL	6,091,801	1,296,993

NOTE NO. 7 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Other payables		
Expenses Payable	103,847	52,833
Statutory dues (Tax deducted at source)	3,933	5,898
TOTAL	107,580	58,731

NOTE NO. 8 - CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Opening Capital Work-in-progress	24,881,483	-
Transferred from Expenditure During Construction Period (Note-11)	24,861,809	24,881,483
TOTAL	49,743,292	24,881,483



NOTE NO. 9 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Balance with bank		
In current account	5,000	5,000
TOTAL	5,000	5,000

NOTE NO. 10 - SHORT TERM LOANS & ADVANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Others		
Advance for Consultancy Assignment	795,000	-
	795,000	-

NOTE NO. 11 - EXPENDITURE DURING CONSTRUCTION PERIOD

Particulars	(Amount in ₹)	
	For the period April 1, 2013 to March 31, 2014	For the period April 26, 2012 to March 31, 2013
Expenses		
Manpower Charges	8,084,554	14,746,273
Payment to the auditor		
- As auditor	39,326	58,989
Legal & Professional Charges	5,557	86,543
Consultancy Charges	344,238	2,398,987
Advertisement	-	136,108
Office Maintenance	201,731	161,957
Printing & Stationary	203,603	159,069
Vehicle Hiring	439,888	125,827
Tour & Travelling	850,563	1,253,915
Telephone	21,104	5,735
Canteen Expense	147,009	93,119
Interest Expense	4,794,808	1,296,993
Survey & Studies	8,960,657	4,019,879
Meeting & Conference	-	97,893
Security Charges	188,407	136,757
Outsourcing expense	445,071	87,416
Other Administrative Expenses	135,293	36,223
TOTAL	24,881,809	24,881,483

12 Pursuant to decision of Ministry of Power, Government of India, the Company is to receive Commitment Advance of ₹ 40,00,00,000/- from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. However Commitment advance is yet to be received.

13 The Company pays interest to PFC Ltd. (Holding Company) on the expenses incurred by them on behalf of the company at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the project loan/schemes (Generation) for Borrower under Category "State Sector Borrowers (Category 'A') as determined from time to time. Interest expenses of ₹ 47,94,808/- (Previous Year ₹ 12,96,993/-) has been accounted for in the books of account for the year which is payable to PFC Ltd. on amount spent by them. Interest so payable is capitalized under the head Capital work-in-progress. Interest payable to holding company being accrued but not due is shown under the head Other Long-term liabilities.

14 The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFCL / PFCCL on account of fees for providing advisory & professional services rendered by PFCL / PFCCL. The fees for providing advisory & professional services is payable to PFCL / PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder therefore no liability has been provided for fees payable to PFCL / PFCCL since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

15 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

16 All the work for the Company are executed by PFC Consulting Ltd (PFCCL). Manpower Charges of ₹ 80,84,554/- (Previous period ₹ 1,47,46,273/-) of PFCCL employees is charged by PFCCL on cost to company basis/rate, as determined by the PFCCL in proportion to the actual man days spent by the employees for the company as per invoice raised by PFCCL and include ₹ 1,83,641/- (Previous period ₹ 80,600/-) of Sh. P.P. Srivastava (Director), ₹ 5,99,441/- (Previous period ₹ 7,77,400/-) of Sh. Yogesh Juneja (Director).

17 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL / PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPVs. Original Supporting bills in respect of such expenditure incurred by the PFCL / PFCCL are in the name of PFCL / PFCCL and retained by them of which copies are available with the Company. PFCL / PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

18 Expenditure during Construction Period (Note-11) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

19 The Key Management Personnel of the Company are employee of the Holding Company (PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel during the year ended 31 March, 2014 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri R. Nagarajan	Chairman	26.04.2012	Continuing
2	Shri N. B. Gupta	Director	26.04.2012	Continuing
3	Shri P. P. Srivastava	Director	26.04.2012	Continuing
4	Shri Yogesh Juneja	Director	26.04.2012	Continuing

20 The disclosure as per AS 18 – Related Party Disclosure :

Deoghar Mega Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Deoghar Mega Power Limited where the PFCL/PFCCL nominee exercises control.

Details of Related parties and nature of relationship

(a) Name and nature of the relationship of the related parties :-

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited (PFCCL)	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Orissa Integrated Power Limited	Fellow Subsidiary
5	Coastal Karnataka Power Limited	Fellow Subsidiary
6	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
7	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
8	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
9	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10	Tatya Andhra Mega Power Limited	Fellow Subsidiary
11	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
12	PFC Green Energy Limited	Fellow Subsidiary
13	PFC Capital Advisory Services Limited	Fellow Subsidiary
14	Ooisha Infrapower Limited	Fellow Subsidiary
15	Cheyur Infra Limited	Fellow Subsidiary
16	DGEN Transmission Company Limited	Enterprises under common control
17	RAPP Transmission Company Limited	Enterprise under common control till 12.03.2014
18	Patran Transmission Company Limited	Enterprise under common control till 13.11.2013
19	Purulia Kharagpur Transmission Company Limited	Enterprise under common control till 09.12.2013
20	Darbhanga Motihari Transmission Company Limited	Enterprise under common control till 10.12.2013
21	Balabharat-GN Transmission Company Limited	Enterprise under common control
22	Tanda Transmission Company Limited	Enterprise under common control

Detail of maximum Credit (Debit) balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹ 45,352,883/- (Previous period ₹ 23,069,815)

Details of Related party transactions

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
		PFC Ltd. (Holding Co.)	
1	Equity Contribution	-	500,000
2	Manpower Charges *	8,084,554	14,746,273
3	Interest on Long Term Borrowings	4,794,808	1,296,993
4	Closing Balances :-		
	(a) Long Term Borrowings	43,882,967	23,069,815
	(b) Interest Accrued but not due on long-term borrowings	6,091,801	1,296,993

* Charged by PFCCL

21 Auditors Remuneration (Including service tax)

Particulars	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Audit Fees	39,326	58,989

22 Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a. Expenditure in foreign currency – ₹ NIL

b. Income in foreign exchange – ₹ NIL

23 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 1,42,92,192

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ NIL

24 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956, Earning per share (Basic & Diluted) is worked out as follows:-

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax ₹	-	(39,056)
4	Earning per share (Basic & Diluted) ₹	-	(0.78)

25 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

26 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

27 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the development phase and yet to commence its operation.

28 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

29 Figures have been rounded off to the nearest Rupee unless otherwise stated.

30 The current period figures are for period from April 1, 2013 to March 31, 2014. Hence previous period figures are not comparable since the previous period consist of period from April 26, 2012 to March 31, 2013. Corresponding figures for the previous period have been regrouped/rearranged wherever necessary to conform to current period's classification.

For and on Behalf of Board of Directors

Yogesh Juneja
Director

N.B. Gupta
Director

R. Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

VSD & Associates
CHARTERED ACCOUNTANTS
(Firm Reg. No:008726N)

VINOD SAHNI
(Partner)
M. No. 086886

Place : New Delhi
Date : 21.05.2014



COASTAL TAMIL NADU POWER LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTOR'S REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting their 7th Annual Report on the working of the Company for the financial year ended on 31st March, 2014 together with the Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was established on 9th January, 2007 as a Special Purpose Vehicle (SPV) by Power Finance Corporation Limited to undertake developmental activities for the proposed Ultra Mega Power Project in the State of Tamil Nadu. The project would be developed as per the Tariff based competitive bidding guidelines issued by Ministry of Power, Government of India.

The UMPP is proposed to be set up near village Cheyyur, District - Kancheepuram, Tamil Nadu. The power plant would be using coal to be imported through a Captive Port proposed near village Panaiyur, District - Kancheepuram, Tamil Nadu. The brief status of the Project as on date is as follows:

- Land Acquisition:-** Out of 488 acres of Government Land, Government Orders (GO) for 261.24 acres have been issued and balance is yet to be notified. Further, Animal Husbandry Department has issued NOC for 46.04 acres of land coming under their department. Issuance of GO is under process by GoTN. Out of 655 acres of Private land, possession of about 36 acres of land has been taken in the name of DC (Kancheepuram). The applications for the issuance of 'Administrative Sanctions' (AS) for acquisition of about 756 acres of land, land for Corridor for Coal Conveyor and water pipeline, Ash Corridor, Corridor for connecting road ECR to Main Plant, Corridor for connecting road from NH-45 to Main Plant and POL has been submitted to DC, Kancheepuram. However, the land for POL and approach from Main Plant to NH-45 (about 382 acres) is optional which may be developed by selected developer as may be required. The issuance of AS for the said land is awaited.
- Issuance of Request for Qualification (RFQ):-** The RFQ for Cheyyur UMPP was issued on 26.9.2013. The response to RFQ was submitted by eight bidders. All the eight bidders were shortlisted at the RFQ stage for issuance of Request for Proposal (RFP).
- Issuance of Request for Proposal (RFP) :-** The RFP for the project was issued on 27.12.2013. Upon the issuance of RFP, five bidders out of the eight have purchased the RFP. As per the RFP document, the bid due date initially was 26.2.2014 which was further extended twice and the bid due date of RFP is 22.09.2014.
- Cases filed against CTNPL in NGT Chennai :-** Four petitions have been filed in NGT, Chennai to set aside Environment Clearance for Captive Port and Main Plant. Next hearing is scheduled for 27.10.2014.
- Cases filed against CTNPL in Madras High Court :-** A PIL have been filed in Madras High Court challenging the land acquisition process by GoTN for the Project. The Hon'ble Court has dismissed the PIL in the hearing held on 6th August, 2014.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year, the Company has spent an amount of ₹ 1346.34 Lakh on the development of the project which has been transferred to capital work in progress. The Company has incurred total expenditure of ₹ 5513.27 Lakh till 31st March, 2014.

DIVIDEND

As the Company has not started its commercial activities, no dividend has been declared during the year 2013-14.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 4000.00 Lakh from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year 2013-14.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s Gupta Nanda & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, following changes were made in the constitution of the Board of the Company:

- Shri Naveen Kumar Raju S. KAS, Managing Director, Power Company of Karnataka Limited (PCKL) was appointed as Additional Director of the Company w.e.f. 24th September, 2013 in place of Shri K.N.Ramesh, Managing Director, PCKL.
- Shri M.G. Suresh Babu, Managing Director, PCKL was appointed as Additional Director of the Company w.e.f. 21st December, 2013 in place of Shri Naveen Kr. Raju, Managing Director, PCKL.
- The Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) nominated Shri P. Annadurai, Director/Projects (A/c) as Director of the Company in place of Shri R. Ganapathy Sankaran, Chief Engineer/Civil/Projects & Environment. Accordingly, Shri P. Annadurai was appointed as Additional Director of the Company w.e.f. 6th May, 2014 in place of Shri R. Ganapathy Sankaran.
- Shri G. Kumar Naik, IAS, Chairman and Managing Director, PCKL was appointed as Additional Director of the Company w.e.f. 6th May, 2014 in place of Shri M.G.Suresh Babu, Additional Director (Projects), PCKL.
- Pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri C.Gangopadhyay was appointed as Additional Director of the Company w.e.f. 19th December, 2013 in place of Shri N.D.Tyagi.

- The Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) nominated Shri R.S. Alagappan, Director/Projects, TANGEDCO as Director of the Company in place of Shri P. Annadurai, Director/Projects (A/c). Accordingly, Shri R.S. Alagappan was appointed as Additional Director of the Company w.e.f. 25th August, 2014 in place of Shri P. Annadurai.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Shri C. Gangopadhyay, Shri G. Kumar Naik and Shri R.S. Alagappan will hold office upto the date of ensuing Annual General Meeting. The Board recommends that Shri C. Gangopadhyay, Shri G. Kumar Naik and Shri R.S. Alagappan may be appointed as a Director(s), liable to retire by rotation.

In accordance with the provisions of section 152(6) of the Companies Act, 2013, Shri R. Rahman and Shri K. Vijayanand, Directors shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Your Board places on record its deep appreciation for the valuable contribution made by Shri K.N. Ramesh, Shri Naveen Kumar Raju, Shri R. Ganapathy Sankaran, Shri Suresh Babu, Shri N.D. Tyagi and Shri P. Annadurai during their tenure as Director(s) of the Company.

Consequent to the aforesaid changes, presently the Board of Directors of the Company comprises of the following:

1.	Shri R. Nagarajan	Chairman
2.	Shri C. Gangopadhyay	Director
3.	Shri A. K. Gupta	Director
4.	Shri Yogesh Juneja	Director
5.	Shri R. Rahman	Director
6.	Shri R.S. Alagappan	Director (Representing State of Tamil Nadu)
7.	Shri K. Vijayanand	Director (Representing State of Andhra Pradesh)
8.	Shri G. Kumar Naik	Director (Representing State of Karnataka)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

The Comptroller and Auditor General of India had conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of your Company for the year ended 31 March 2014.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF COASTAL TAMIL NADU POWER LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Coastal Tamil Nadu Power Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Coastal Tamil Nadu Power Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working paper of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

Place : New Delhi
Date : 25th August, 2014

C&AG of India vide their letter dated 25th August, 2014 has mentioned that on the basis of their audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Tamil Nadu, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 25th August, 2014

(R. Nagarajan)
Chairman

ANNEXURE-I

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi



INDEPENDENT AUDITOR'S REPORT

To

The Members

Coastal Tamil Nadu Power Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Coastal Tamil Nadu Power Ltd. ("the Company") which comprise the Balance sheet as on 31st March, 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto and a summary of significant accounting policies and other explanatory information and notes.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards notified under the Companies Act, 1956 ("the Act") read with the General circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of the internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of Balance Sheet, of the state of affairs of the Company as on March 31, 2014;
- in the case of the Statement of Profit and Loss, of the profit/(loss) for the year ended on that date; and
- in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order,

2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. As required by Section 227(3) of the Act, we report that :

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- In our opinion, the Balance sheet, the statement of profit and loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- The requirements of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a Government company, in terms of Notification No. G.S.R.829(E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For Gupta Nanda & Co.
Chartered Accountants
Firm No.: 9039N

SANJIVE NANDA
(Partner)
M.No.: 87108

Place: New Delhi
Dated: 15.05.2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

- The Company has maintained reasonable records showing full particulars, including quantitative details and situation of fixed assets.
 - As explained to us the fixed assets have been physically verified by the management at reasonable intervals during the year under audit.
 - The Company has not disposed off any substantial part of fixed assets during the year.
- In our opinion and as per the information given to us company is having Nil balance of Inventory as on 31.03.2014. Hence, clause 4(ii) of the Companies (Auditor's Report) Order, 2003 ('Order') is not applicable.
- The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under Section 301 of the Companies Act, 1956, the provision of clause (iii) (a), (b), (c) and (d) of the Order are not applicable to the company.
 - The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register

maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the registers maintained under Section 301 of the Companies Act, 1956, the provision of clause (iii) (e), (f) and (g) of the Order are not applicable to the company.

- (iv) In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for expenses incurred on the project directly by the Company only. Further, during the course of our audit we have neither come across nor have we been informed of any significant continuing failure to correct major weaknesses in the internal control system with regard to purchase of fixed assets and expenses incurred on the project directly by the Company only.
- (v) (a) To the best of our knowledge and belief and according to the information and explanation given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (b) To the best of our knowledge and belief and according to the information and explanation given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, hence clause (v) (b) of the order is not applicable.
- (vi) According to the information and explanation given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
- (vii) Internal Audit is not applicable to the company.
- (viii) According to the information and explanation given to us, the Central Government has prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 but same not yet applicable being company is in construction period.
- (ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including Income Tax, and other material statutory dues directly incurred by the Company as applicable with the appropriate authorities.
- (b) According to information and explanation given to us, no undisputed amounts in respect of Income Tax, and other material statutory dues applicable to the company was in arrears as of March 31, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues outstanding on account of Income Tax and other material statutory dues that have not been deposited on account of disputes.
- (x) The company has no accumulated loss as on 31st March, 2014 being under construction period. The Company has not incurred cash losses for the year ended 31st March, 2014 and in the immediately preceding financial year being still under construction stage.

- (xi) According to the information and explanation given to us, and on the basis of our examination of the books of account, the company has not taken any loan from any financial institution or bank or debenture holders during audit period. Hence, clause (xi) is not applicable to the company.
- (xii) According to the information and explanation given to us, and on the basis of our examination of the books of account, the company has not granted loans and advances on the basis of prime security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) The company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) (a) In our opinion company is not dealing in or trading in shares, securities, debentures and other securities. Hence clause (xiv) (a) and (b) are not applicable.
- (xv) In our opinion and according to information and explanations given to us, the company has not given any guarantees for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to information and explanations given to us, the company have not availed any Term Loan during the year. Hence clause (xvi) is not applicable to the company.
- (xvii) According to information and explanations given to us and based on the overall examination of the Balance Sheet of the Company, we report that as on balance sheet date company has not raised funds on short term basis. Hence, clause (xvii) is not applicable to the Company.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the concerned year.
- (xix) In our opinion and according to the information and explanations given to us, company has not issued any debenture during the year under audit. Hence clause (xix) is not applicable to the company.
- (xx) The company has not raised any money by public issues during the year under audit.
- (xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year under audit.

For Gupta Nanda & Co.
Chartered Accountants
Firm No.: 9039N

SANJIVE NANDA
(Partner)
M.No.: 87108

Place: New Delhi
Dated: 15.05.2014



**COASTAL TAMIL NADU POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014**

**COASTAL TAMIL NADU POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note No.	As at March 31, 2014	(Amount in ₹) As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	174,463	174,463
		<u>674,463</u>	<u>674,463</u>
(2) Non-current liabilities			
(a) Long-term borrowings	5	-	400,000,000
(b) Other long-term liabilities	6	-	169,276,592
		-	<u>569,276,592</u>
(3) Current liabilities			
(a) Short-term borrowings	7	38,764,673	-
(b) Trade payables	8	-	744,525
(c) Other current liabilities	9	1,456,135,786	4,148,828
(d) Short-term provisions	10	-	26,467
		<u>1,493,900,459</u>	<u>4,919,820</u>
TOTAL		<u>1,494,574,922</u>	<u>574,870,875</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	27,040	41,126
(ii) Capital work-in-progress	12	551,326,749	388,006,729
(b) Long-term loans and advances	13	835,743,737	-
(c) Other non-current assets	14	-	103,006,048
		<u>1,387,097,526</u>	<u>491,053,903</u>
(2) Current assets			
(a) Cash and cash equivalents	15	12,265	882,528
(b) Short-term loans and advances	16	966,308	82,934,444
(c) Other current assets	17	106,498,823	-
		<u>107,477,396</u>	<u>83,816,972</u>
TOTAL		<u>1,494,574,922</u>	<u>574,870,875</u>
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure During Construction Period	19		
Other Notes to Financial Statements	20 to 45		

Particulars	Note No.	(Amount in ₹)	
		Year ended March 31, 2014	Year ended March 31, 2013
I. Revenue from operations		-	-
II. Other income	18	-	81,538
III. Total Revenue (I+II)		-	81,538
IV. Expenses			
Total Expenses		-	-
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		-	81,538
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		-	81,538
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII-VIII)		-	81,538
X. Tax expense:			
(1) Current tax		-	25,195
(2) Deferred tax		-	-
XI. Profit/(Loss) for the year from continuing operations (IX-X)		-	56,343
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the year after tax (XI+XIV)		-	56,343
XVI. Earnings per equity share:			
(1) Basic	35	-	1.13
(2) Diluted	35	-	1.13
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure During Construction Period	19		
Other Notes to Financial Statements	20 to 45		

For and on Behalf of Board of Directors

Yogesh Juneja
Director

A.K. Gupta
Director

R.Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
Gupta Nanda & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:9039N)
Sanjive Nanda
(Partner)
M No.:87108

Place : New Delhi
Date:15.05.2014

For and on Behalf of Board of Directors

Yogesh Juneja
Director

A.K. Gupta
Director

R.Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
Gupta Nanda & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:9039N)
Sanjive Nanda
(Partner)
M No.:87108

Place : New Delhi
Date:15.05.2014

COASTAL TAMIL NADU POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-	81,538
Operating profit before working capital changes	-	81,538
Adjustment For Increase/Decrease In:		
Other assets	(3,492,775)	(10,878,294)
Loans and advances	81,968,138	74,748,145
Liabilities and provisions	919,704,047	33,731,420
Cash Inflow/Outflow from Operations before Tax	998,179,408	97,880,809
Less: Taxes Paid	-	25,195
Net cash flow from operating activities	998,179,408	97,855,614
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(163,305,934)	(96,998,124)
Capital advances for land	(835,743,737)	-
Net cash used in Investing activities	(999,049,671)	(96,998,124)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net increase/decrease in cash and cash equivalents (A+B+C)	(870,283)	857,490
Add: Cash and cash equivalents at beginning of the year	882,528	25,038
Cash and cash equivalents at end of the year	12,285	882,528
Balance with bank	12,285	882,528

For and on Behalf of Board of Directors

Yogesh Juneja
Director

A.K. Gupta
Director

R. Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
Gupta Nanda & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:9039N)
Sanjiva Nanda
(Partner)
M No.:87108

Place : New Delhi
Date:15.05.2014

COASTAL TAMIL NADU POWER LIMITED
Notes to the Financial Statements for the Year ended March 31, 2014

1 Corporate Information

The company was incorporated on January 9, 2007 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking pursuant to decision taken by Ministry of Power (GoI) in a meeting dated September 26, 2006. Certificate for Commencement of Business was issued on March 5, 2007. The company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the State of Tamil Nadu (Project)

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc and other expenditures during construction period is treated as Capital-work-in-progress.

f. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of fixed assets acquired during the year costing up to ₹.5000/- are fully depreciated.

g. Recognition of Income/ Expenditure

"Income and expenses (except as stated below) are accounted for on accrual basis."

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

h. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

i. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Current Liabilities. Interest is charged on funds deployed by them.

j. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

k. Investments

Investments are stated at cost.

l. Provisions and Contingencies

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can



be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent liabilities are disclosed in the notes.

m. Earnings Per Share

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is same as basic earnings per share as there are no potential equity shares as on Balance sheet date.

NOTE NO. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	500,000	500,000
Issued, subscribed and fully paid up :		
50,000 Equity shares of ₹.10/- each fully paid up (Previous year 50,000 Equity shares of ₹.10/- each fully paid up)	500,000	500,000
Total issued, subscribed and fully paid up share capital	500,000	500,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount(₹)	No. of Shares	Amount(₹)
Equity Shares				
Balance at the beginning of the year	50,000	500,000	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	Amount in (₹)	
	As at March 31, 2014	As at March 31, 2013
Power Finance Corporation Limited, the Holding Company		
50,000 (Previous Year: 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding in class	No. of Shares	% holding in class
Equity Shares of ₹. 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000	100%
	50,000	100%	50,000	100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	174,483	118,120
Add: Profit for the year	-	58,343
Balance as at the end of the year	174,483	174,463
TOTAL	174,483	174,463

NOTE NO. 5 - LONG-TERM BORROWINGS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Other loans and advances (Unsecured)		
(Commitment advance)		
Bangalore Electricity Supply Company Ltd.	-	65,000,000
Kerala State Electricity Board	-	30,000,000
Mangalore Electricity Supply Company Ltd.	-	15,000,000
Maharashtra State Electricity Distribution Company Ltd.	-	40,000,000
Central Power Distribution Company of AP Ltd.	-	40,000,000
Punjab State Electricity Board	-	20,000,000
Tamilnadu Electricity Board	-	160,000,000
U.P.Power Corporation Ltd.	-	30,000,000
TOTAL	-	400,000,000

Terms of repayment for Unsecured borrowings relevant for Previous Year

Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder
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NOTE NO. 6 - OTHER LONG-TERM LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest Accrued but not due on long-term borrowings	-	169,276,592
TOTAL	-	169,276,592

NOTE NO. 7 - SHORT- TERM BORROWINGS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
(Unsecured)		
Loans and advances from related party		
Power Finance Corporation Ltd (Holding Company)	38,784,673	-
TOTAL	38,784,673	-

Terms of repayment for Unsecured borrowings

Loans and advances from related party	Repayable within 15 days from the date of transfer of the Company to its successful bidder
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NOTE NO. 8 - TRADE PAYABLES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Rites Ltd.	-	744,525
TOTAL	-	744,525

NOTE NO. 9 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term borrowings (Unsecured) (Commitment advance)		
Bangalore Electricity Supply Company Ltd.	55,000,000	-
Kerala State Electricity Board	30,000,000	-
Mangalore Electricity Supply Company Ltd.	15,000,000	-
Maharashtra State Electricity Distribution Company Ltd.	40,000,000	-
Central Power Distribution Company of AP Ltd.	40,000,000	-
Punjab State Electricity Board	20,000,000	-
Tamilnadu Electricity Board	180,000,000	-
U.P. Power Corporation Ltd.	30,000,000	-
	<u>400,000,000</u>	<u>-</u>
Interest Accrued but not due on borrowings	213,200,329	-
Other payables		
Earnest Money Deposits	400,000	400,000
Statutory dues (Tax deducted at Source)	4,830,828	2,301,829
Expenses Payable	960,892	1,446,999
Amount received from procurers for land	835,743,737	-
TOTAL	1,455,135,788	4,148,828

NOTE NO. 10 - SHORT-TERM PROVISIONS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Provision for Income tax	-	26,467
TOTAL	-	26,467

NOTE NO. 11 - TANGIBLE ASSETS

Particulars	Gross Block				Depreciation				(Amount in ₹)	
	Opening Balance As at April 1, 2013	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at March 31, 2014	Opening Balance as at April 1, 2013	For the year	Deductions / Adjustments	Closing Balance as at March 31, 2014	Net Block	
									As at March 31, 2014	As at March 31, 2013
Office Equipments	169,987	-	-	169,987	128,861	14,086	-	142,947	27,040	41,126
Furniture & Fixtures	3,300	-	-	3,300	3,300	-	-	3,300	-	-
Total	173,287	-	-	173,287	132,161	14,086	-	146,247	27,040	41,126
Previous Year	173,287	-	-	173,287	109,321	22,840	-	132,161	41,126	-

NOTE NO. 12 - CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress (IEDC)	341,367,301	253,223,795
Add: Transferred from expenditure During Construction Period (Note-19)	134,834,289	88,143,506
	<u>476,001,590</u>	<u>341,367,301</u>
Capital Expenditure for Land Acquisition	75,325,159	46,639,428
TOTAL	551,326,749	388,006,729

NOTE NO. 13 - LONG-TERM LOANS AND ADVANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good Capital Advances (For Land)	835,743,737	-
TOTAL	835,743,737	-

NOTE NO. 14 - OTHER NON-CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest receivable from related party but not due	-	103,006,048
(Power Finance Corporation Ltd, Holding Company)		
TOTAL	-	103,006,048

NOTE NO. 15 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Balances with banks:		
In Current Account	12,285	882,528
TOTAL	12,285	882,528

NOTE NO. 16 - SHORT-TERM LOANS AND ADVANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Loans and advances to related parties		
- (Power Finance Corporation Ltd, Holding Company)	-	82,084,137
Others		
Security Deposit	10,650	10,650
Advance Income Tax	-	25,195
Tax deducted at source (Refundable by Govt)	955,658	814,462
TOTAL	966,308	82,934,444

NOTE NO. 17 - OTHER CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest receivable from related party but not due	106,498,823	-
(Power Finance Corporation Ltd, Holding Company)		
TOTAL	106,498,823	-

NOTE NO. 18 - OTHER INCOME

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Sale of RFQ/RFP	34,900,000	-
Less: Cost of bidding document	34,900,000	-
Interest on Income Tax Refund	-	81,538
TOTAL	-	81,538

NOTE NO. 19 - EXPENDITURE DURING CONSTRUCTION PERIOD

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
Expenses		
Interest on utilised portion	45,100,051	34,999,905
Interest on un-utilised portion	3,646,701	10,679,384
Less: Income from Interest on un-utilised portion	3,646,701	10,679,384
Manpower Charges	31,451,129	34,175,117
Advertisement & Publicity Expenses	17,391,425	-
Survey and Studies expenses	12,087,110	9,089,461
Fees to TNPCB	8,000,000	-
Professional, Legal & Consultancy Charges	6,343,100	3,037,320
Tours & Travelling Expenses	4,880,933	1,420,112
Outsourcing Expenses	3,069,091	1,937,963
Vehicle Hiring Expenses	2,378,804	1,508,656
Other Administration Expenses	1,829,647	1,152,521
Application Fee	900,000	-
Printing & Stationery Expenses	741,092	383,847
Rent	236,893	197,784
Telephone Expenses	87,646	67,925
Payment to the auditor:		
- As auditor	87,781	114,747
- Others	22,427	16,854
Depreciation	14,086	22,840
Bank Charges	12,933	550
Interest on TDS	141	-
Interest on Income Tax	-	17,904
TOTAL	134,634,289	88,143,506

20 Pursuant to decision of Ministry of Power, Government of India, the Company has received, entire Commitment Advance of ₹ 40,00,00,000/- (Previous Year ₹ 40,00,00,000/-) from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Other current liabilities (Previous Year: Long Term Borrowings). The company is under no obligation to pay interest on such advances. In view of the para No. 12 of minutes of meeting of Ministry of Power regarding development of UMPP which states that; "Procurers would provide the commitment advance for temporary infusion as equity in the SPV to enable it to leverage these funds to borrow. However, as a prudent accounting policy and as per the decision taken by the company/holding company, interest has been provided on the said commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

21 Pursuant to the Financing Agreement between PFC Ltd. and the Company, the entire expenditure on development of the Project being developed by the Company were incurred by PFC Ltd. from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers. Further, total commitment advance of ₹ 40,00,00,000/- (Previous Year ₹ 40,00,00,000/-) received from procurers was parked with the Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company. Interest due thereon is appearing under the head Other current assets (Previous Year: Other Non Current Assets) in the Balance Sheet. However as on balance sheet date no unutilized amount is left of such commitment advance and in pursuant to the financing agreement between PFC Ltd and the Co., After utilisation of commitment advance from procurers, PFC Ltd has incurred the expenditure from its own fund and in accordance with the financing agreement the amount so incurred is shown as short term borrowings.

22 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the selected bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which all its Assets, Liabilities and Equity shares shall be transferred to such bidder at par.

23 The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable, since the same will become due in the year of transfer of the company to successful bidder only in the event of transfer of the company.

24 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the Holding Company/Company. Interest on unutilized portion of fund is receivable from PFC Ltd. and interest on utilized portion is recoverable from selected bidder, the same is payable to procurers on back to back basis. The rate of interest charged / paid on the utilized amount of funds is as per PFC Ltd i.e. rate of interest for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time as per their circular and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd". Total interest expense amounting to ₹ 4,87,46,752/- (Previous Year ₹ 4,56,79,269/-) has been accounted in the books of account for the year which includes interest of ₹ 36,46,701/- (Previous year ₹ 1,06,79,384/-) on unutilized portion and ₹ 4,51,00,051/- (Previous year ₹ 3,49,99,905/-) on utilized portion. Interest on utilized portion has been capitalized. Interest payable has been shown under Other current liabilities (Previous Year: Other Long Term Liabilities).

25 Land acquisition for the project is being carried out as per Tamil Nadu Land Acquisition for Industrial Purposes Act 1997. The company has paid ₹ 83.57 Crores to Govt. of Tamil Nadu for acquisition of land, for the private land of Main Plant, Ash Dyke and Captive Port. The land extents

- indicated in the AS may undergo revision as per CEA / MoEF / GoTN directions. However, the actual value of land would be known after the final award is issued by GoTN for both Private and Govt. land to be acquired for the Project. The Company has given its consent to bear the land cost, establishment and other charges for acquisition of land and has also confirmed its consent to bear the enhanced compensation awarded by the sub-court/ High Court. Further, the land to be acquired includes forest land (approx. 25 acres) and the company has also given its consent to bear the cost towards compensatory afforestation. The amount against land acquisition is payable on receipt of demand from the concerned authorities.
- 26 The "In-Principle" clearance for use of Sea water has been received from Tamil Nadu Maritime Board. Cost towards usage of water has not been indicated as yet by concerned Authorities.
- 27 All the work for the Company are executed by PFC Consulting Ltd. (PFCCL). Manpower Charges of ₹ 3,14,51,129/- (Previous Year ₹ 3,41,75,117/-) of PFCCL employees are charged by PFCCL on cost to company basis/rate, as determined by PFCCL in proportion to actual man days spent by the employees for the Company as per invoice raised by PFCCL, and includes charges for Sh.N.D.Tyagi (Director) ₹ 14,95,512/- (Previous Year ₹ 11,28,400/-), Sh. C. Gangopadhyay (Director) ₹ 8,82,475/- (Previous Year ₹ NIL/-), Sh. Yogesh Juneja (Director) ₹ 62,74,054/- (Previous Year ₹ 39,88,400/-). PFC Ltd. is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.
- 28 The expenses appearing as other Administrative Expenses are mainly allocated by PFC/PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPVs. Original Supporting bills in respect of such expenditure incurred by the PFC/PFCCL are in the name of PFC/PFCCL and retained by them of which copies are available with the Company. PFC/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.
- 29 Expenditure during Construction Period (Note-19) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.
- 30 i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 91,77,865/- (Previous Year ₹ 1,43,67,408/-)
- ii) Cost of land for corridors will be additionally paid which can not be ascertained since the process is at very initial stage.
- iii) Expenditure for keeping encumbered custody of land till the transfer of title of land to selected bidder will be borne by the company on taking possession of the land i.e. around ₹ 1,74,30,000/- for erection of chain linking fencing around the project site.
- iv) Interest payable on cost of land acquisition from the date of land acquisition till date of payment to land owner. Amount can not be ascertained as payment is yet to be made by Govt. of Tamilnadu.
- 31 (i) The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC Ltd.)/Holding Company, PFC Consulting Ltd (A wholly owned Subsidiary of PFC Ltd.) and from Power Procuring States and deployed on Part Time basis. The details of such Key Management Personnel as on March 31, 2014 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri R.Nagarajan	Chairman	31.12.2009	Continuing
2	Shri C. Gangopadhyay	Director	19.12.2013	Continuing
3	Shri R.Rahman	Director	30.09.2011	Continuing
4	Shri A.K. Gupta	Director	22.12.2008	Continuing
5	Shri Yogesh Juneja	Director	31.12.2009	Continuing
6	Shri K.Vijayanand *	Director	19.08.2009	Continuing
7	Shri R. Ganapathy Sankaran *	Director	28.05.2013	Continuing
8	Shri M.G. Surash Babu *	Director	21.12.2013	Continuing
9	Shri N.D.Tyagi	Director	31.12.2009	19.12.2013
10	Shri J.Uthasoorian *	Director	20.03.2012	28.05.2013
11	Shri K. N. Ramesh *	Director	04.02.2013	24.09.2013
12	Shri Naveen Kumar Raju *	Director	24.09.2013	21.12.2013

* from Power Procuring States

- (ii) The disclosure as per AS18-Related Party Disclosure:

The Coastal Tamil Nadu Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Tamil Nadu Power Limited where the nominees of holding company exercise control.

Detail of maximum debit balance during the year in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹ 82,964,137/-(P.Y ₹ 153,727,713/-)

- (iii) Following are the related person:-

(a) Name and nature of the relationship of the related parties:-

S. No	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Tatya Andhra Mega Power Limited	Fellow Subsidiary
8	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9	Sakhigopall Integrated Power Company Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	Odisha Infrapower Limited	Fellow Subsidiary
15	Cheyur Infra Limited	Fellow Subsidiary
16	DGEN Transmission Company Limited	Enterprises under common control
17	RAPP Transmission Company Limited	Enterprise under common control till 12.03.2014
18	Patran Transmission Company Limited	Enterprise under common control till 13.11.2013
19	Purulia Kharagpur Transmission Company Limited	Enterprise under common control till 09.12.2013
20	Darbhanga Motihari Transmission Company Limited	Enterprise under common control till 10.12.2013
21	Balabharathi - GN Transmission Company Limited	Enterprises under common control
22	Tanda Transmission Company Limited	Enterprises under common control

- (iv) The related Party Transactions was done only with Holding Company (PFC Ltd.), details are as follows:-

S. No	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
1	Interest Income	3,848,701	10,679,364
2	Interest Expenses	516,597	2,238
3	Manpower Charges*	31,451,129	34,175,117
4	Closing Balances		
(a)	Interest accrued but not due on borrowings	534,351	17,764
(b)	Interest Receivable	106,498,823	103,006,048
(c)	Short-term loans and advances	-	82,084,137
(d)	Borrowings	38,764,873	-

*Charged by PFCCL

- 32 The Company owes no dues to small-scale units at year end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006."

33 In the opinion of the Board, on realization in the ordinary course of the company's business the other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

34 Auditors Remuneration (including Service Tax)

S. No	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
1	Audit Fees	87,781	114,747
2	Out of pocket expenses	22,427	16,854

35 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax ₹	-	56,343
4	Earning per share ₹	-	1.13

36 Operating Lease

The Company's significant leasing arrangements are in respect of operating leases of premises for office for a period of one or two years. These leasing arrangements are usually renewable on mutually agreed terms. Lease payments in respect of premises for offices ₹ 2,36,893/- (Previous year ₹ 1,97,784/-) are included under 'Rent' in Note 19 - 'Expenditure during construction period'.

37 Balances in various personal accounts are subject to confirmation and reconciliation. The company has sent letters to various parties included under the head other current liabilities for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

38 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) does not arise.

39 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

40 The RFQ/RFP amount received was paid to PFC Consulting Limited since the bidding process is carried out by them. The management certifies that the RFQ/RFP documents are prepared by PFC Consulting Limited and sold on behalf of them.

41 As per time line for the bidding process, the Request for Proposal is due to be submitted by 21st May, 2014. Thereafter on completion of bidding process and on approval from Ministry of Power, upon which all its assets and liabilities and Equity shares of the company shall be transferred to selected bidder at par. Accordingly various assets and liabilities are reclassified from non current to current considering that the selected bidder will takeover all assets and liabilities within 12 months from the date of balance sheet and all the amount due against borrowing will be paid by the selected bidder

42 Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii) and (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a) Expenditure in foreign currency - ₹ Nil (Previous Year ₹ Nil)

b) Income in foreign exchange - ₹ Nil (Previous Year ₹ Nil)

43 The Company is in construction stage, however, the company has adopted period of 12 months cycle for classification of the assets and liabilities as current and non-current.

44 Figures have been rounded off to the nearest Rupee unless otherwise stated.

45 Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to Current year's classification.

For and on Behalf of Board of Directors

Yogesh Juneja
Director

A.K. Gupta
Director

R.Nagarajan
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
Gupta Nanda & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:9039N)

Sanjiva Nanda
(Partner)
M No.:87108

Place : New Delhi
Date:15.05.2014

ORISSA INTEGRATED POWER LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting the 8th Annual Report on the performance of the Company for the financial year ended on 31st March, 2014 along with Audited Statement of Accounts, Auditor's Report and Review of the Accounts by the Comptroller & Auditor General of India for the reporting period.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 24th August, 2006 as a Special Purpose Vehicle (SPV) for Orissa UMPP by Power Finance Corporation Limited (PFC) as its wholly owned subsidiary Company.

Power produced from the project would be procured by nine States namely Odisha (1300 MW), Punjab (500 MW), Rajasthan (400 MW), Haryana (400 MW), Madhya Pradesh (400 MW), Uttar Pradesh (300 MW), Tamil Nadu (300 MW), Uttarakhand (200 MW) and Chhattisgarh (200 MW).

Brief status of the Project as on date of this report is as follows:

1. The Department of Water Resources, Government of Odisha (GoO) allocated water for the Project from the single source i.e. from Hirakud reservoir in January 2009, on the condition of receipt of undertaking for funding the development of additional storage scheme in the upstream of Hirakud Dam. The undertaking to this effect was given in July 2011.
2. Ministry of Coal, Government of India had allocated Meenakshi (285 MT), Meenakshi-B (250 MT) and Dipside of Meenakshi (350 MT) coal blocks located in the Ib river coal fields to Orissa Integrated Power Limited for the Project. Consequent to surrender of forest land and subsequent redrawn of boundaries, the originally allocated coal reserves has been revised by Ministry of Power, Govt to Meenakshi (285 MT), Meenakshi-B (254 MT) and Dipside of Meenakshi (299 MT). MoEF categorized the Coal blocks from "No-Go" area to "Go" area in June 2011.
3. To proceed ahead with the acquisition of land, all the Procurers deposited the cost of private land in proportion to their share of allocated power amounting to ₹ 718.66 Cr for acquisition of private land of 2732.56 acres to OIPL. OIPL deposited the cost of private land with IDCO in June 2013. Award under Section 11 of Land Acquisition Act 1894 was passed by 10.8.2013. Disbursement of compensation to the Project Affected Families in progress. OIPL has deposited ₹ 54.52 Cr out of ₹ 145 Cr with IDCO towards additional cost of land, after obtaining the same from the Procurers.
4. The Government non-forest land, it is being alienated in 33 cases. 27 cases being processed by District Administration, Sundargarh. Payment for 7 cases already released to IDCO by OIPL. Out of 7 lease cases, lease deed is under execution in the office of Collector for 3 sanctioned cases and the issuance of order for the 3 permissive possession cases is under process in Tehsil office.
5. Application for acquisition of land for private and government has been filed for MGR & POL Corridors and Water Corridor with IDCO on 27.12.2013 and 31.1.2014 respectively.
6. Application for diversion for Forest land for non forest use was submitted to Principal Chief Conservator of Forest through IDCO in May 2011, is under process in the office of RCCF Rourkela.
7. The Request for Qualification (RfQ) as per 'Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees', issued on 11.6.2010 was annulled. Ministry of Power (MoP) issued 'Guidelines for procurement of Electricity from Thermal Power Stations set up on DBFOT basis' on

21.9.2013. RfQ as per the revised Guidelines was issued on 25.9.2013. The responses to RfQ were received from 9 bidders. All the 9 bidders were qualified at the RfQ stage. The Request for Proposal (RfP) was issued on 27.12.2013. 5 bidders have purchased the RfP document. The last date of submission of bids has been extended three times as per the decision of MoP and is now on 7.10.2014.

8. Expert Appraisal Committee, MoEF has recommended Odisha UMPP for Environment Clearance in its meeting held on 13.2.2014.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 43.85 Crore in the development of the Project which has been transferred to capital work in progress. The Company has incurred total expenditure of ₹ 843.86 Crore till 31st March, 2014.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared during the financial year 2013-14.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (Rupees Five Lac only) comprising of 50,000 equity shares of ₹ 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 40.00 Crore in aggregate from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year 2013-2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. Jain & Malhotra, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, following changes were made in the constitution of the Board of the Company:

- Pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri A.K. Agarwal was appointed as Additional Director of the Company in place of Shri M.K. Goel w.e.f. 24th September, 2013;
- Pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri C.Gangopadhyay was appointed as Additional Director of the Company in place of Shri N.D.Tyagi w.e.f. 16th December, 2013;



- Punjab State Power Corporation Limited (PSPCL) nominated Shri Surinder Pall, Director Commercial, PSPCL as Director of the Company in place of Shri G.S.Chhabra, Director, PSPCL. Accordingly, Shri Surinder Pall was appointed as Additional Director of the Company w.e.f 13th August, 2014 in place of Shri G.S.Chhabra.

In accordance with the provisions of Section 161(1) of the Companies Act 2013, Shri A.K.Agarwal, Shri C. Gangopadhyay and Shri Surinder Pall will hold office upto the date of ensuing Annual General Meeting. The Board recommends that Shri A.K.Agarwal, Shri C. Gangopadhyay and Shri Surinder Pall may be appointed as a Director(s), liable to retire by rotation.

Your Board places on record its deep appreciation for the valuable contribution made by Shri M.K.Goel, Shri N.D.Tyagi and Shri G.S.Chhabra. during their tenure as Directors of the Company.

In accordance with the provisions of Section 152(6) of the Companies Act 2013, Shri R. Rahman, Director and Shri Yogesh Juneja, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Consequent to the aforesaid changes, presently the Board of Directors of the Company comprises of the following:

Shri A.K.Agarwal	Chairman
Shri C. Gangopadhyay	Director
Shri R.Rahman	Director
Shri K. Sridhar	Director
Shri Yogesh Juneja	Director
Shri Hemant Sharma	Director (Representing State of Odisha)
Shri S.K.Jain	Director (Representing State of Rajasthan)
Shri Surinder Pall	Director (Representing State of Punjab)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

The Comptroller and Auditor General of India had conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of your Company for the year ended 31 March 2014.

C&AG of India vide their letter dated 25th August, 2014 has mentioned that on the basis of their audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2013-14;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Odisha, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 25th August, 2014

(A. K. Agarwal)
Chairman

ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA INTEGRATED POWER LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Orissa Integrated Power Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Orissa Integrated Power Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working paper of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 25 August, 2014

INDEPENDENT AUDITOR'S REPORT

To

The Members

ORISSA INTEGRATED POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Orissa Integrated Power Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit/(loss) for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2) As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013, Dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For JAIN & MALHOTRA
Firm Registration No.003610N
Chartered Accountants

Deepak Malhotra
Partner
Membership No. 080951

Place: New Delhi
Date : 23.05.2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. In respect of its fixed assets:
 - a. In our opinion and according to information and explanation given to us, The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the Fixed Assets have been physically verified by the Management during the year which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. As explained to us, the Company has not disposed off substantial part of fixed assets during the year.
2. The Company does not hold any inventory. Therefore, the provisions of clause 4 (ii) of the Order are not applicable to the company.
3. During the year the Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its

business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. In our opinion the company has accumulated losses at the end of the current financial year. However It has not incurred any cash losses in current financial year.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the company is not a chit fund or a nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the year. Therefore the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short – term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For JAIN & MALHOTRA
Firm Registration No.003610N
Chartered Accountants

Deepak Malhotra
Partner
Membership No. 080951

Place: New Delhi
Date : 23.05.2014

ORISSA INTEGRATED POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)

Particulars	Note	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(2,153,903)	(2,153,903)
		(1,653,903)	(1,653,903)
(2) Non-current liabilities			
(a) Long-term borrowings	5	-	672,485,215
(b) Other long-term liabilities	6	-	272,110,453
		-	944,595,668
(3) Current liabilities			
(a) Short-term borrowings	7	245,181,925	-
(b) Other current liabilities	8	8,268,936,017	1,080,844,514
		8,512,097,942	1,080,844,514
TOTAL		8,510,444,039	2,023,786,279
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	509,493	387,285
(ii) Capital work-in-progress	10	1,802,684,180	872,698,144
(b) Long-term loans and advances	11	6,832,887,711	-
(c) Other non-current assets	12	-	65,146,403
		8,435,841,384	938,211,832
(2) Current assets			
(a) Cash and cash equivalents	13	1,578,615	1,077,986,810
(b) Short-term loans and advances	14	7,577,637	7,577,637
(c) Other current assets	15	85,146,403	-
		74,602,655	1,085,574,447
TOTAL		8,510,444,039	2,023,786,279

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Significant accounting policies	2
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Other Notes to financial statements	18 to 45

For and on Behalf of Board of Directors

(R. Rahman)
Director

(K. Sridhar)
Director

(A.K. Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
Jain & Malhotra
CHARTERED ACCOUNTANTS
Firm Reg. No: 003610N

Deepak Malhotra
(Partner)
M. No. 80951

Place: New Delhi
Date: 23.05.2014

ORISSA INTEGRATED POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014
(Amount in ₹)

Particulars	Note	Year ended March 31, 2014	Year ended March 31, 2013
I. Revenue from operations		-	-
II. Other income	16	-	-
III. Total Revenue (I+II)		-	-
IV. Expenses		-	-
Total Expenses		-	-
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		-	-
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		-	-
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII-VIII)		-	-
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit/(Loss) for the year from continuing operations (IX-X)		-	-
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the year after tax (XI+XIV)		-	-
XVI. Earnings per equity share:			
(1) Basic	39	-	-
(2) Diluted	39	-	-
Corporate Information	1		
Significant accounting policies	2		
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For and on Behalf of Board of Directors

(R. Rahman)
Director

(K. Sridhar)
Director

(A.K. Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on Behalf of
Jain & Malhotra
CHARTERED ACCOUNTANTS
Firm Reg. No: 003610N

Deepak Malhotra
(Partner)
M. No. 80951

Place: New Delhi
Date: 23.05.2014



ORISSA INTEGRATED POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

ORISSA INTEGRATED POWER LIMITED
Notes to the Financial Statements for the Year ended March 31, 2014

(Amount in ₹)		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-	-
Operating profit before working capital changes	-	-
Adjustment For Increase/Decrease In:		
Liabilities and provisions	78,199,561	76,851,042
Net cash flow from operating activities	78,199,561	76,851,042
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress	(929,823,019)	(159,961,060)
Capital Advances	(6,632,667,711)	(558,789)
Purchase of fixed assets	(285,225)	-
Net cash used in investing activities	(7,562,775,955)	(160,519,849)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	6,408,458,199	1,161,488,147
Net cash flow from financing activities	6,408,458,199	1,161,488,147
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(1,076,118,195)	1,077,817,340
Add: Cash and cash equivalents at beginning of the year	1,077,996,810	179,470
Cash and cash equivalents at end of the year	1,878,816	1,077,996,810
Balance with bank	1,878,816	1,077,996,810

For and on Behalf of Board of Directors

(R. Rahman)
Director

(K. Sridhar)
Director

(A.K. Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on Behalf of

Jain & Malhotra

CHARTERED ACCOUNTANTS

Firm Reg. No: 003610N

Deepak Malhotra
(Partner)
M. No. 80951

Place: New Delhi
Date: 23.05.2014

1 Corporate Information

The Company was incorporated on August 24, 2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on September 29, 2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Orissa (Project).

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL is recognised in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of fixed assets acquired during the year costing up to ₹ 5000/- are fully depreciated.

f. Capital work-in-progress

Expenditure incurred on Land Survey/ Studies/ Investigation/ Consultancy/ Administration Depreciation/Interest etc and other expenditure during construction period is treated as Capital-work-in-progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and is grouped under Unsecured Short term borrowings (Previous Year : Long term borrowings). Interest is charged on funds deployed by them.

h. Loans and Advances

Surplus funds parked by the company with the Holding company (PFC) is grouped under Short term loans and advances and interest is claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss except for interest on borrowings for capital assets is capitalized till the date of commercial use of the assets.

k. Taxes on Income

"Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 notified under the Companies act 1956."

l. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure is incurred.

m. Contingent Liability

"Contingent liabilities are not provided for and are disclosed by way of notes."

n. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

NOTE NO. 3 - SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised :		
"50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)"	500,000	500,000
Issued, subscribed and fully paid up :		
"50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)"	500,000	500,000
Total issued, subscribed and fully paid up share capital	500,000	500,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount(₹)	No. of Shares	Amount(₹)
Balance at the beginning of the year	50,000	500,000	50,000	500,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

Amount in (₹)

	As at March 31, 2014	As at March 31, 2013
Power Finance Corporation Limited, the Holding Company		
50,000 (Previous Year: 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Equity Shares of ₹. 10 each fully paid Power Finance Corporation Limited, the Holding Company *	50,000	100%	50,000	100%
	50,000	100%	50,000	100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	(2,153,903)	(2,153,903)
Profit/(Loss) for the year	-	-
Balance as at the end of the year	(2,153,903)	(2,153,903)

NOTE NO. 5 - LONG-TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Loans and advances from related party (Unsecured)		
Power Finance Corporation Ltd - (Holding Company)	-	272,485,215
Other loans and advances (Unsecured)		
Commitment advance		
Ajmer VVNL	-	14,400,000
CSEB	-	20,000,000
Gridco	-	130,000,000
HPGCL	-	40,000,000
Jaipur VVNL	-	14,400,000
Jodhpur VVNL	-	11,200,000
M.P.Power Trading Co. Ltd.	-	40,000,000
Punjab State Electricity Board	-	50,000,000
Tamilnadu Electricity Board	-	30,000,000
UPPCL	-	30,000,000
Uttaranchal Power C.L.	-	20,000,000
TOTAL	-	672,485,215

Terms of repayment for Unsecured borrowings relevant for Previous Year

Loans and advances from related party and Other loans and advances	Repayable within 15 days from the date of transfer of the Company to its successful bidder.
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NOTE NO. 6 - OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Interest Accrued but not due on long-term borrowings	-	272,110,453
TOTAL	-	272,110,453

NOTE NO. 7 - SHORT-TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
(Unsecured)		
Loans and advances from related party		
Power Finance Corporation Ltd - (Holding Company)	245,161,825	-
TOTAL	245,161,825	-

Terms of repayment for Unsecured borrowings

Loans and advances from related party	Repayable within 15 days from the date of transfer of the Company to its successful bidder.
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NOTE NO. 8 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term borrowings (Unsecured)		
Commitment advance		
Ajmer VVNL	14,400,000	-
CSEB	20,000,000	-
Gridco	130,000,000	-
HPGCL	40,000,000	-
Jaipur VVNL	14,400,000	-
Jodhpur VVNL	11,200,000	-
M.P.Power Trading Co. Ltd.	40,000,000	-
Punjab State Electricity Board	50,000,000	-
Tamilnadu Electricity Board	30,000,000	-
UPPCL	30,000,000	-
Uttaranchal Power C.L.	20,000,000	-
	<u>400,000,000</u>	<u>-</u>
Interest Accrued but not due on borrowings	321,059,861	-
Other payables		
Statutory dues (Tax deducted at Source)	27,175,196	2,535,626
Expenses Payable	4,930,481	320,898
Amount received from procurers for land	7,513,769,479	1,077,987,990
TOTAL	<u>8,266,936,017</u>	<u>1,080,844,514</u>

NOTE NO. 9 - TANGIBLE ASSETS

	(Amount in ₹)									
	Gross Block				Depreciation				Net Block	
Particulars	Opening Balance as at April 1, 2013	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at March 31, 2014	Opening Balance as at April 1, 2013	During the year	Deductions/ Adjustments	Closing Balance as at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Own Assets:										
Furniture & Fixtures	205,343	35,404	-	240,747	106,018	28,813	-	134,831	105,918	99,325
EDP Equipments	512,245	122,697	-	634,942	287,424	100,373	-	387,797	247,145	224,821
Office and other equipments	71,377	127,124	-	198,501	28,239	13,831	-	42,070	156,431	43,138
Total	788,965	285,225	-	1,074,190	421,681	143,017	-	564,697	509,493	367,285
Previous Year	788,965	-	-	788,965	242,878	178,802	-	421,680	367,285	546,087

NOTE NO. 10 - CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress (IEDC)	478,209,523	318,069,861
Add: Transferred from Expenditure During Construction Period (Note-17)	438,447,777	160,139,862
	<u>916,657,300</u>	<u>478,209,523</u>
Capital Expenditure for Land Acquisition	886,006,880	394,488,621
TOTAL	<u>1,802,664,180</u>	<u>872,698,144</u>

NOTE NO. 11 - LONG-TERM LOANS AND ADVANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Capital Advances (For Land)	6,632,667,711	-
TOTAL	<u>6,632,667,711</u>	<u>-</u>

NOTE NO. 12 - OTHER NON-CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Others		
Interest receivable from related party but not due	-	65,146,403
(Power Finance Corporation Ltd., Holding Company)		
TOTAL	<u>-</u>	<u>65,146,403</u>

NOTE NO. 13 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Balances with banks:		
In Current Account	1,878,815	1,077,996,810
TOTAL	<u>1,878,815</u>	<u>1,077,996,810</u>

NOTE NO. 14 - SHORT-TERM LOANS AND ADVANCES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Others		
Tax deducted at source refundable by Govt	7,577,637	7,577,637
TOTAL	7,577,637	7,577,637

NOTE NO. 15 - OTHER CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Interest receivable from related party but not due (Power Finance Corporation Ltd., Holding Company)	65,146,403	-
TOTAL	65,146,403	-

NOTE NO. 16 - OTHER INCOME

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Sale of RFQ/RFP	35,180,000	-
Less: Cost of bidding document	35,180,000	-
TOTAL	-	-

NOTE NO. 17 - EXPENDITURE DURING CONSTRUCTION PERIOD

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
Expenses		
Manpower Charges	79,399,206	57,435,240
Payment to the auditor:		
-As auditor	87,781	131,672
Bank Charges	-	650
Consultancy Charges & Professional Fee	23,926,154	3,395,850
Depreciation	143,017	178,802
Advertisement Expenses	20,801,822	396,785
Fees & Legal Expenses	15,928	2,148,187
Conference & Meetings	1,076,278	354,089
Interest on utilised portion	91,593,133	87,511,909
Outsourcing Expenses	4,058,211	1,545,835
Vehicle Hiring Charges	2,409,471	1,223,121
Survey and Investigation	203,499,650	1,516,860
Telephone Expenses	136,190	65,097
Tours & Travelling Expenses	6,702,793	2,277,974
Rent	876,974	770,832
Printing & Stationery Expenses	865,744	311,723
Postage & Courier	31,732	22,358
Electricity Expenses	123,089	113,847
Repair & Maintenance	49,692	35,155
Other Administrative Expenses	1,760,904	704,096
Application Fees For Open Access	900,000	-
TOTAL	438,447,777	160,138,862

18 Pursuant to decision of Ministry of Power, Government of India, the Company has received, entire Commitment Advance of ₹ 40,00,00,000/- (Previous Year ₹ 40,00,00,000/-) from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Other current liabilities (Previous Year: Long term borrowings). The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

19 Pursuant to the Financing Agreement with PFC Ltd. total commitment advance of ₹ 40,00,00,000/- (Previous Year ₹ 40,00,00,000/-) received from procurers was parked with Holding Company (PFC Ltd.) to pay out expenditures for the project on behalf of the company. Interest due thereon is appearing under the head Other current assets (Previous Year: Other non-current assets) in the Balance Sheet. However as on balance sheet date no unutilized amount is left of such commitment advance and in pursuant to the financing agreement between PFC Ltd and the Co., After utilisation of commitment advance from procurers, PFC Ltd has incurred the expenditure from its own fund and in accordance with the financing agreement the amount so incurred is shown as short term borrowings. (Previous Year: Long term borrowings)

20 The Company pays interest to PFC Ltd. on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC Ltd.". Interest on unutilized portion of funds is receivable from PFC Ltd. and the same is payable to Procurers. Interest expenses of ₹ 9,15,93,133/- (Previous Year ₹ 8,75,11,909/-) is towards Interest on utilized portion. Interest on utilized portion has been capitalized. Interest payable has been shown under Other current liabilities (Previous Year: Other long term liabilities).

21 The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFCL/PFCCL on account of fees for providing advisory & professional services rendered by PFCL/PFCCL. The fees for providing advisory & professional services is payable to PFCL/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFCL/PFCCL, since the same will become due in the year of transfer of the company to successful bidder only in the event of transfer of the company.

22 As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which all its Assets, Liabilities and Equity shares shall be transferred to such bidder at par.

23 Ministry of Power has decided that the cost of land would be paid by the procurers to Orissa Integrated Power Ltd. (OIPL) which would then deposit the cost of land with IDCO. Accordingly the payment of cost of private land is paid by the power procurers in proportion of their allocated share of power. No interest would be payable to procurers by OIPL/PFC Ltd. on the cost of land deposited by procurers with OIPL. The amount received from procurers towards the cost of land would not be treated as loan or commitment advance or for normal day to day expenditure of the OIPL. As on 31st March, 2014 ₹ 751.38 Crores paid by procurers for land.



- 24 The land acquisition process for the Orissa UMPP is under way by the Orissa Govt. The notification under Section 6 of the Land Acquisition Act has been published by the Revenue and Disaster Management Department, Govt. of Orissa on 31.05.2011 (Gazette Notification date 23.05.2011) an amount of ₹ 883.27 Crores has been paid towards the estimated cost of land and ₹ 88.30 Crores has been paid towards establishment and administrative charges to Orissa Industrial Infrastructure Development Corporation (IDCO) pertaining to acquisition of private land measuring 2732.56 acres.
- 25 Water allocation for the project was given by Govt. of Orissa subject to the condition that Company shall bear the cost of development of additional storage scheme in the upstream of Hirakud reservoir, the physical works and execution of which will be taken up by DOWR. This undertaking was given to Govt. of Orissa after obtaining approval from the Board. Govt. of Orissa, Department of Water resources has informed that the estimate cost of aforesaid work will be approximately ₹ 500 Crores.
- 26 All the work for the Company are executed by PFC Consulting Ltd (PFCCL). Manpower charges of ₹ 7,93,99,206/- (Previous Year ₹ 574,35,240/-) of PFCCL employees, are charged by PFCCL on cost to company basis/rate, as determined by PFCCL in proportion to actual man days spent by the employees for the Company as per invoice raised by PFCCL, which include charges for Sh. N.D.Tyagi (Director) ₹ 14,01,579/- (Previous Year ₹ 12,76,600/-), Sh. C. Gangopadhyay (Director) ₹ 7,26,744/- (Previous Year ₹ Nil), Sh. P.P. Srivastava ₹ Nil (Previous Year ₹ 30,67,500/-), Sh. Yogesh Juneja (Director) ₹ Nil (Previous Year ₹ 1,01,400/-) and Shri R. Rahman ₹ 62,93,508/- (Previous Year ₹ 18,90,000) who are/were the directors of the Company.
- 27 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPV's. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.
- 28 The Key Management Personnel of the Company are employee of the PFC Ltd (Holding Company) and PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd) and deployed on Part Time basis.

The details of such Key Management Personnel during the year ended March 31, 2014 are as follows:

S.No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri A.K. Agarwal	Chairman	24.09.2013	Continuing
2	Shri K. Sridhar	Director	24.12.2008	Continuing
3	Shri C. Gangopadhyaya	Director	16.12.2013	Continuing
4	Shri R. Rahman	Director	30.10.2012	Continuing
5	Shri Yogesh Juneja	Director	30.12.2009	Continuing
6	Shri G.S.Chhabra *	Director	14.07.2010	Continuing
7	Shri S.K. Jain *	Director	27.05.2013	Continuing
8	Shri Hemant Sharma *	Director	16.08.2013	Continuing
9	Shri N.D.Tyagi	Director	30.12.2009	16.12.2013
10	Shri M.K.Goel	Chairman	02.11.2007	24.09.2013
11	Shri Y.K.Raizade *	Director	21.02.2008	27.05.2013
12	Shri P. K. Jena *	Director	23.01.2013	16.08.2013

* from Power Procuring States

29 The disclosure as per AS18 – Related Party Disclosure :

The Orissa Integrated Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Orissa Integrated Power Limited.

Detail of maximum credit (debit) balance during the period in the accounts of directors and other related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd

C.Y : ₹ 35,87,74,78/-
P.Y : ₹ 27,24,85,215/

Details of Related Parties:-

(a) Name and nature of the relationship of the related parties:-

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFCL)	Holding Company
2	PFC Consulting Limited (PFCCL)	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Ghogaripalli Integrated Power Company Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
9	Tatya Andhra Mega Power Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deoghar Mega Power Limited	Fellow Subsidiary
14	Odisha Infrapower Limited	Fellow Subsidiary
15	Cheyur Infra Limited	Fellow Subsidiary
16	DGEN Transmission Company Limited	Enterprise under common control
17	RAPP Transmission Company Limited	Enterprise under common control till 12.03.2014
18	Patran Transmission Company Limited	Enterprise under common control till 13.11.2013
19	Purulia Kharagpur Transmission Company Limited	Enterprise under common control till 09.12.2013
20	Darbhanga Motihari Transmission Company Limited	Enterprise under common control till 10.12.2013
21	Ballabgarh-GN Transmission Company limited	Enterprise under common control
22	Tanda Transmission Company Limited	Enterprise under common control

The related Party Transactions done during the year are as follows:-

(Amount in ₹)

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
		PFCL PFCCL	PFCL PFCCL
1	Interest Expenses	41,593,132	- 36,673,558
2	Cost of bidding document	- 35,160,000	- -
3	Manpower Charges*	79,399,206	- 57,435,240
4	Closing Balance		
a)	Interest receivable	65,146,403	- 65,146,403
b)	Interest accrued but not due on borrowings (Net of payment)	73,997,511	- 70,048,104
c)	Borrowings	245,161,925	- 272,485,215

*Charged by PFCCL

- 30 i) Estimated amount of contracts remaining to be executed on Project (Capital work-in-progress) and not provided for ₹ 5.655 Crores (Previous Year ₹ 1.484 Crores) excluding taxes
- ii) Expenditure under Rehabilitation & Resettlement is also estimated that will be around ₹ 915 Crores which will be incurred for land owners.
- iii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹.Nil (Previous year ₹.Nil).

31 Auditors Remuneration (Including Service Tax)

S. No.	Particulars	As at 31.03.2014	As at 31.03.2013
		₹	₹
1.	Audit fees	87,781	131,872

32 The Company owes no dues to small-scale units at year end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under 'Micro, Small and Medium Enterprises Development Act, 2006.

33 Since there are no employees in the company, the obligation as per Accounting Standard- 15 (Revised) do not arises.

34 The Company's significant leasing arrangements are in respect of operating leases of premises for office for a period of one to two years. These leasing arrangements are usually renewable on mutually agreed terms. Lease payments in respect of premises for offices ₹ 8,76,974/- (Previous year ₹ 7,70,632/-) are included under 'Rent' in Note 17 – 'Expenditure during construction period'

35 Expenditure during Construction Period (Note-17) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

36 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

37 In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

38 The company has sent letters to various parties included under the head Other current liabilities (Commitment advance) for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

39 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No)	50,000	50,000
3	Net Profit after tax ₹	-	-
4	Earning per share ₹	-	-

40 The RFQ/RFP amount received was paid to PFC Consulting Limited since the bidding process is carried out by them. The management certifies that the RFQ/REP documents are prepared by PFC Consulting Limited and sold on behalf of them.

41 Company has to incur expenditures toward forest afforestation as per estimate the cost will be around ₹ 1.16 Crores as per DFO Sundargarh letter dated 16th June, 2012

42 As per time line for the bidding process, the Request for Proposal is due to be submitted by 5th May, 2014. Thereafter on completion of bidding process and on approval from Ministry of Power, upon which all its assets and liabilities and Equity shares shall be transferred to selected bidder at par. Accordingly various assets and liabilities are reclassified from non current to current considering that the selected bidder will takeover all assets and liabilities within 12 months from the date of balance sheet and all the amount due against borrowing will be paid by the selected bidder.

43 The additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – ₹ Nil (Previous year- ₹ Nil)

(b) Income in foreign exchange – ₹ Nil (Previous year- ₹ Nil)

44 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

45 Figures have been rounded off to the nearest Rupee unless otherwise stated.

46 Corresponding figures for the previous year have been regrouped/rearranged wherever necessary to conform to Current year's classification.

For and on Behalf of Board of Directors

(R. Rahman)
Director

(K. Sridhar)
Director

(A.K. Agarwal)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on Behalf of

Jain & Malhotra

CHARTERED ACCOUNTANTS

Firm Reg. No: 003610N

Deepak Malhotra
(Partner)

M. No. 80951

Place: New Delhi
Date: 23.05.2014



CHEYUR INFRA LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 1st Annual Report on the performance of the Company for the period from 21st January, 2014 to 31st March, 2014 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 21st January, 2014 as a wholly owned subsidiary of Power Finance Corporation Limited for holding the land of Cheyyur Ultra Mega Power Project in the State of Tamil Nadu.

Under revised Standard Bidding Documents for procurement of electricity from thermal power generation stations constructed and operated on Design, Build, Finance, Operate and Transfer (DBFOT) basis issued by MoP, the Company would be transferred to procurer of power from the UMPP in the state of Tamil Nadu.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 23,000/- for the incorporation of the Company which has been transferred to capital work in progress.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 21st January, 2014 to 31st March, 2014.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by Power Finance Corporation Limited and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ended 31st March, 2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. Matta & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

The Board of Directors of the Company presently comprises of:

1.	Shri R. Nagarajan	Chairman
2.	Shri A.K. Gupta	Director
3.	Shri Rizwanur Rahman	Director
4.	Shri Yogesh Juneja	Director

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013 Shri Yogesh Juneja, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 14th July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the period from 21st January, 2014 to 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the period from 21st January, 2014 to 31st March, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(R. Nagarajan)
Chairman

Place : New Delhi
Date : 12th August, 2014



ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CHEYYUR INFRA LIMITED, NEW DELHI, FOR THE PERIOD FROM 21 JANUARY 2014 TO 31 MARCH 2014

The preparation of financial statements of Cheyyur Infra Limited, New Delhi for the period from 21 January 2014 to 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Cheyyur Infra Limited, New Delhi for the period from 21 January 2014 to 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 14 July, 2014



INDEPENDENT AUDITOR'S REPORT

To
The Members of
CHEYYUR INFRA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s CHEYYUR INFRA Limited, which comprise the Balance Sheet as at 31st March 2014 and Statement of Profit & Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the Losses for the period ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
- 2) As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the Balance Sheet and Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e) Being a Government Company, pursuant to the Notification No.G.S.R.829(E), dated 21.10.2003 issued by Department of Company Affairs, Government of India, the provisions of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956, are not applicable to the company.

f) Since the Central Government has not prescribed any Rules under the section 441A of Companies Act, 1956 prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For MATTA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN NO - 004259N

(AJAY KUMAR MATTA)

Partner

Membership No. 083483

Place: New Delhi
Date: 23.05.2014

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT (Referred to Paragraph (1) Under report on Other Legal and Regulatory Requirements)

- i) a) The Company does not own any Fixed Asset during the period, so the question of maintenance of records showing full particulars including Quantitative details and situation of fixed assets does not arise.
- b) The question of physical verification of fixed assets does not arise in absence of any Fixed Asset.
- c) The company has not disposed off the substantial part of the fixed assets during the period under consideration so the concept of going concern has not been effected.
- ii) a) In absence of any inventory, the clause (a) (b) & (c) of this clause(ii) of clause 4 are not applicable to the company.
- iii) a) The Company has not granted any loan or advance (secured or unsecured) to Companies, firms or other parties which are covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The Company has not granted any loan or advance, as referred in (iii) (a) above, the question of the rate of interest & terms and conditions being prima facie prejudicial to the interest of the Company does not arise.
- c) In absence of granting of loan, the question of any recovery does not arise.
- d) The question of any overdue amount does not arise in absence of advance of loan.
- e) The Company has not taken any secured or unsecured loan, from the Company, firm or other parties whose name is listed in the Register maintained under section 301 of the Companies Act, 1956 except short term borrowing from its holding company M/s Power Finance Corporation Ltd. for incurring of expenses on its behalf.

- f) The rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- g) The company has not repaid any principle or interest amount till the close of the year.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company. During the course of our audit, we have neither noticed/observed nor reported to us, any continuing failure to correct major weaknesses in internal control system.
- v) a) As the company is still in the development phase, there are no contracts or arrangements as referred to in section 301 of this Act, the particulars of which need be entered in the register maintained under this section.
- b) According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956, so, the question of reasonableness of market prices does not arise.
- vi) The Company has not accepted any deposits from the Public within the provisions of section 58A/58AA of Companies Act, 1956 and Companies (Acceptance of Deposits) rules, 1975 or other relevant provision of the Act.
- vii) The Company does not have an Internal Audit System, which otherwise is not applicable to the Company during the period under consideration.
- viii) The provisions for maintenance of cost records are not applicable as the company is in development phase.
- ix) a) The Company is in development phase and there are no undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable to it.
- b) According to the information and explanation given to us, no undisputed amounts Payable in respect of any statutory dues were in arrears, as at 31.03.2014 for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and/ or cess which have not been deposited on account of any dispute.
- x) This is the first year of incorporation of the Company, the question of reporting of accumulated losses does not arise.
- xi) On the basis of the verification of records and information & explanations given to us, the Company has not defaulted in repayment of dues to Banks or financial institutions, as no such loan has been obtained. The Company has not issued any debentures till date.
- xii) The Company has not granted loans and advances on the basis of security or by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is neither a chit fund nor a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Thus the question of maintenance of records and making entries therein does not arise.
- xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bankers or financial institutions.
- xvi) According to the information and explanations given to us, the company has not obtained any terms loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the period except initial allotment to the holding company or its nominees.
- xix) The Company has neither raised any funds by issuing debentures during the year under consideration nor created any security or charge.
- xx) The company has not raised any money from public by issue during the year under consideration.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For MATT & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 004259N

(AJAY KUMAR MATT)
PARTNER
Membership No. - 083483

Place: New Delhi
Date: 23.05.2014



CHEYUR INFRA LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	3	500,000
(b) Reserves and surplus	4	(38,528)
		<u>463,472</u>
(2) Current Liabilities		
(a) Short-term borrowings	5	21,716
(b) Other Current Liabilities	6	37,893
		<u>59,609</u>
TOTAL		<u>523,081</u>
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed assets		
(i) Capital work-in-progress	7	23,081
		<u>23,081</u>
(2) Current Assets		
(a) Cash and cash equivalents	8	500,000
		<u>500,000</u>
TOTAL		<u>623,081</u>
Corporate Information	1	
Significant accounting policies	2	
Pre Operating Expenses	9	
Other Notes to the Financial Statements	10 to 22	

For and on behalf of Board of Directors

(YOGESH JUNEJA) Director (A.K. GUPTA) Director (R.NAGARAJAN) Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
Matta & Associates
(Chartered Accountants)
(Firm Reg No. : 004259N)

AJAY KUMAR MATTA
(Partner)
M. No : 083483

Place: New Delhi
Date: 23.05.2014

CHEYUR INFRA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM
JANUARY 21, 2014 TO MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	For the Period January 21, 2014 to March 31, 2014
I. Revenue from operations		-
II. Other Income		-
III. Total Revenue (I+II)		<u>-</u>
IV. Expenses		-
Preliminary Expenses		36,528
Total Expenses		<u>36,528</u>
V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(36,528)
VI. Exceptional items		-
VII. Profit / (Loss) before extraordinary items and tax (V-VI)		(36,528)
VIII. Extraordinary items		-
IX. Profit / (Loss) Before Tax (VII-VIII)		(36,528)
X. Tax expense:		-
(1) Current tax		-
(2) Deferred tax		-
XI. Profit / (Loss) for the period from continuing operations (IX-X)		(36,528)
XII. Profit / (Loss) from discontinuing operations		-
XIII. Tax Expense of discontinuing operations		-
XIV. Profit / (Loss) from discontinuing operations (after tax) (XII-XIII)		-
XV. Profit / (Loss) for the period (XI + XIV)		(36,528)
XVI. Earnings per equity share:		
(1) Basic	18	(0.73)
(2) Diluted	18	(0.73)
Corporate Information	1	
Significant accounting Policies	2	
Pre Operating Expenses	9	
Other Notes to the Financial Statements	10 to 22	

For and on behalf of Board of Directors

(YOGESH JUNEJA) Director (A.K. GUPTA) Director (R.NAGARAJAN) Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
Matta & Associates
(Chartered Accountants)
(Firm Reg No. : 004259N)

AJAY KUMAR MATTA
(Partner)
M. No : 083483

Place: New Delhi
Date: 23.05.2014

CHEYUR INFRA LIMITED

CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 21, 2014 TO
MARCH 31, 2014

PARTICULARS	(Amount in ₹)
	For the period January 21, 2014 to March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES	
Loss before tax	(36,528)
Operating loss before working capital changes	(36,528)
Adjustment For Increase/(Decrease) In:	
Liabilities & Provisions	59,609
Net cash flow from operating activities	<u>23,081</u>
B. CASH FLOW FROM INVESTING ACTIVITIES	
Capital Work-in-Progress	(23,081)
Net cash used in Investing activities	<u>(23,081)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES	
Issue of Share Capital	500,000
Net cash flow from financing activities	<u>500,000</u>
Net Increase/(decrease) In cash and cash equivalents(A+B+C)	500,000
Add: Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the year	500,000
Balance with bank	500,000

For and on behalf of Board of Directors

(YOGESH JUNEJA)
Director

(A.K. GUPTA)
Director

(R.NAGARAJAN)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on behalf of
Matta & Associates
(Chartered Accountants)
(Firm Reg No. : 004259N)

AJAY KUMAR MATTA
(Partner)
M. No : 083483

Place: New Delhi
Date: 23.05.2014

CHEYUR INFRA LIMITED

Notes to the Financial Statements for the Period from January 21, 2014 to
March 31, 2014

1. Corporate Information

The Company was Incorporated on January 21, 2014 under the Companies Act 1956 as a wholly owned subsidiary of Power Finance Corporation Limited a Govt. of India Undertaking. The Board of Directors of PFC in its 315th meeting held on December 13, 2013 accorded the approval for registration of Special Purpose Vehicle for holding licensed premises of Ultra Mega Power Project in the State of Cheyyur. The Company has been incorporated to hold Coal Blocks License, Coal Blocks Land, Power Plant Land & Land for Corridors for the construction, operation and maintenance of electricity system and integrated fuel system and to act as a nodal agency for leave license of land, coal block etc.

2. Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Capital Work In Progress

Expenditure incurred on Consultancy /Administration /Interest /Manpower Charges/ Legal & Professional etc. and other pre operating expenditures has been capitalized & treated as Capital Work In Progress.

d. Preliminary Expenses

Preliminary expenses has been charged to the Statement of Profit & Loss in the period in which such expenditure has been incurred.

e. Borrowing Costs

Borrowing cost is charged to the Statement of Profit & Loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

f. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in books when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

g. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

h. Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank and in hand.



CHEYYUR INFRA LIMITED

Notes to the Financial Statements for the Period from January 21, 2014 to March 31, 2014

NOTE NO. 3 - SHARE CAPITAL (Amount in ₹)

Particulars	As at March 31, 2014
Authorised :	
50,000 Equity shares of ₹.10/- each	500,000
Issued, subscribed and fully paid up :	
50,000 Equity shares of ₹.10/- each fully paid - up	500,000
Total issued, subscribed and fully paid up share capital	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting period

Equity Shares	As at March 31, 2014
	No. of Shares Amount(₹)
Shares Issued during the period	60,000 500,000
Balance as at the end of the period	50,000 500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	Amount in (₹)
As at March 31, 2014	
Power Finance Corporation Limited, the Holding Company*	500,000
50,000 equity shares of ₹. 10 each fully paid	

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014
	No. of Shares % holding in the class
Equity Shares of ₹. 10 each fully paid	
Power Finance Corporation Limited, the Holding Company *	50,000 100%
	50,000 100%

* Equity shares are held by Power Finance Corporation Limited & through its nominees.

CHEYYUR INFRA LIMITED

Notes to the Financial Statements for the Period from January 21, 2014 to March 31, 2014

NOTE NO. 4 - RESERVES AND SURPLUS (Amount in ₹)

Particulars	As at March 31, 2014
Surplus in the Statement of Profit and Loss	
Add: Profit / (Loss) for the period	(36,528)
Balance as at the end of the period	(36,528)
TOTAL	(36,528)

NOTE NO. 5 - SHORT TERM BORROWINGS (Amount in ₹)

Particulars	As at March 31, 2014
Loan and Advance from Related Parties	
(Power Finance Corporation Limited, Holding Company)	21,716
TOTAL	21,716

NOTE NO. 6 - OTHER CURRENT LIABILITIES (Amount in ₹)

Particulars	As at March 31, 2014
Interest Accrued but not due on borrowings	486
Other payables	
Expense Payable	37,427
TOTAL	37,893

NOTE NO. 7 - CAPITAL WORK IN PROGRESS (Amount in ₹)

Particulars	As at March 31, 2014
Transferred from Pre - Operating Expenses (Note-9)	23,081
TOTAL	23,081

NOTE NO. 8 - CASH AND CASH EQUIVALENTS (Amount in ₹)

Particulars	As at March 31, 2014
Balance with bank	
In current account	500,000
TOTAL	500,000

NOTE NO. 9 - PRE-OPERATING EXPENSES (Amount in ₹)

Particulars	For the period January 21, 2014 to March 31, 2014
Expenses	
Payment to the auditor :	
- As auditor	22,427
Filing fees	188
Interest	486
TOTAL	23,081

CHEYUR INFRA LIMITED
Notes to the Financial Statements for the Period From January 21, 2014 to March 31, 2014

10 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPVs. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

11 Pre Operating Expenses (Note-09) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.

12 Auditors Remuneration (including Service Tax)

S.No.	Particulars	As at March 31, 2014
1.	Audit Fees	22,427

13 The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (Holding Company) & PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis. Details of such key management personnel during the period ended March 31, 2014 are as follows:

S.No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri R. Nagarajan	Chairman	21.01.2014	Continuing
2	Shri A. K. Gupta	Director	21.01.2014	Continuing
3	Shri Yogesh Juneja	Director	21.01.2014	Continuing
4	Shri R.Rahman	Director	21.01.2014	Continuing

14 The disclosure as per AS18 – Related Party Disclosure :

Cheyur Infra Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Cheyur Infra Limited where the PFCL/PFCCL nominees exercise control.

Detail of maximum credit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹. 21,715/-

Details of Related parties and nature of relationship

(a) Name and nature of the relationship of the related parties :-

S.No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Sarguja Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Ghogaralli Integrated Power Company Limited	Fellow Subsidiary
9.	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	Deoghar Mega Power Limited	Fellow Subsidiary
14.	Tatya Andhra Mega Power Limited	Fellow Subsidiary
15.	Odisha Infrapower Limited	Fellow Subsidiary
16.	DGEN Transmission Company Limited	Enterprises under common control
17.	Palran Transmission Company Limited	Enterprises under common control till 13.11.2013
18.	Darbanga Motihari Transmission Company Limited	Enterprises under common control till 10.12.2013
19.	Purulia Kharagpur Transmission Company Limited	Enterprises under common control till 09.12.2013
20.	RAPP Transmission Company Limited	Enterprises under common control till 12.03.2014
21.	Tanda Transmission Company Limited	Enterprises under common control
22.	Balabharati-GN Transmission Company limited	Enterprises under common control

CHEYUR INFRA LIMITED
Notes to the Financial Statements for the Period From January 21, 2014 to March 31, 2014

The related Party Transactions are as follows :-

S.No.	Particulars	As at March 31, 2014
		PFC Ltd. (Holding Co.)
1	Interest Expense	466
2	Closing Balance	
a)	Loans & Advances	21716
b)	Interest account but not due on borrowings	466

15. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

16. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

17. In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

18. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows :-

S.No.	Particulars	Period ended March 31 2014
1	Nominal Value of share ₹	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax ₹	(36,528)
4	Earning per share ₹	(0.73)

19. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

20. The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

21. Figures have been rounded off to the nearest Rupee unless otherwise stated.

22. Previous year figures are not applicable since this being the first accounting year of the company, the accounts have been prepared for the period from January 21, 2014 to March 31, 2014.

For and on behalf of Board of Directors

(YOGESH JUNEJA)
Director

(A.K. GUPTA)
Director

(R.NAGARAJAN)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on behalf of
Matta & Associates
(Chartered Accountants)
(Firm Reg No. : 004259N)

AJAY KUMAR MATTA
(Partner)
M. No : 083483

Place: New Delhi
Date: 23.05.2014



ODISHA INFRAPOWER LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 1st Annual Report on the performance of the Company for the period from 23rd January, 2014 to 31st March, 2014 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 23rd January, 2014 as a wholly owned subsidiary of Power Finance Corporation Limited for holding the land and Coal Blocks of Ultra Mega Power Project in the State of Odisha.

As per the provisions of model RFP/PPA document, the licensed premises viz. power plant land, land for corridors and coal blocks premises will be developed, operated and maintained on a "as is where is" basis. The Company would be transferred to the procurer of power from the UMPP in the state of Odisha.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 23000/- for the incorporation of the Company which has been transferred to capital work in progress.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 23rd January, 2014 to 31st March, 2014.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by Power finance Corporation Limited and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ended 31st March, 2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. Sanjay Abhay & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

The Board of Directors of the Company presently comprise of:

1.	Shri A.K. Agarwal	Chairman
2.	Shri A.K. Gupta	Director
3.	Shri Rizwanur Rahman	Director
4.	Shri C.P. Ravindra	Director

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Shri C.P. Ravindra, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 14th July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the period from 23rd January, 2014 to 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the period from 23rd January, 2014 to 31st March, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 13th August, 2014

(A.K. Agarwal)
Chairman



ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ODISHA INFRAPOWER LIMITED, NEW DELHI, FOR THE PERIOD FROM 23 JANUARY 2014 TO 31 MARCH 2014

The preparation of financial statements of Odisha Infrapower Limited, New Delhi for the period from 23 January 2014 to 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Odisha Infrapower Limited, New Delhi for the period from 23 January 2014 to 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 14 July, 2014



INDEPENDENT AUDITOR'S REPORT

To

The Members

ODISHA INFRAPOWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Odisha Infrapower Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period from 23rd January, 2014 to 31st March, 2014 and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the Loss for the period from 23rd January, 2014 to 31st March, 2014; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the period from 23rd January, 2014 to 31st March, 2014.

Report on Other Legal and Regulatory Requirements

- 1) As required by 'the Companies (Auditor's Report) Order, 2003' ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2) As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013, dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For Sanjay Abhay & Associates
Firm Registration No.016060N
Chartered Accountants

CA Sachin Gupta

Partner

Membership No. 097381

Place: New Delhi

Date : 23.05.2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. The company has no fixed Assets other than Capital work in progress. Hence the provisions of clause 4 (i) of the Order are not applicable to the company.
2. The Company does not hold any inventory. Therefore, the provisions of clause 4 (ii) of the Order are not applicable to the company.
3. During the year the Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In our opinion, and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.

7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the period are more than fifty percent or more of the net worth and whether it has incurred cash losses in such period.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable to the Company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the year. Therefore the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short – term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the period except initial allotment to the holding company and through its nominees.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Sanjay Abhay & Associates**
Firm Registration No.016060N
Chartered Accountants

CA Sachin Gupta
Partner
Membership No. 097361

Place: New Delhi
Date : 23.05.2014



ODISHA INFRAPOWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	(Amount in ₹) As at March 31, 2014
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital	3	500,000
(b) Reserves & Surplus	4	(45,528)
		<u>454,472</u>
(2) Current Liabilities		
(a) Short-term borrowings	5	21,715
(b) Other current liabilities	6	46,893
		<u>68,608</u>
TOTAL		<u>523,080</u>
II. ASSETS		
(1) Non-current Assets		
(a) Fixed Assets		
(i) Capital work-in-progress	7	23,080
		<u>23,080</u>
(2) Current Assets		
(a) Cash and cash equivalents	8	500,000
		<u>500,000</u>
TOTAL		<u>523,080</u>
Corporate Information	1	
Significant accounting policies	2	
Pre Operating Expenses	9	
Other Notes to the Financial Statements	10 to 22	

For and on behalf of Board of Directors
(C.P. Ravindra) (A.K. Gupta) (A.K. Agarwal)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
FOR & ON BEHALF OF

Sanjay Abhay & Associates
(Chartered Accountants)
(Firm Reg No. : 016060N)

CA SACHIN GUPTA
(Partner)
M. No. : 097361

Place : New Delhi
Date : 23.05.2014

ODISHA INFRAPOWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM JANUARY 23, 2014 TO MARCH 31, 2014

Particulars	Note No.	(Amount in ₹) For the period January 23, 2014 to March 31, 2014
I. Revenue from Operations		-
II. Other Income		-
III. Total Revenue (I+II)		<u>-</u>
IV. Expenses		
Preliminary Expenses		45,528
Total Expenses		<u>45,528</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(45,528)
VI. Exceptional Items		-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		(45,528)
VIII. Extraordinary Items		-
IX. Profit/(Loss) Before Tax (VII-VIII)		(45,528)
X. Tax Expense		
(1) Current Tax		-
(2) Deferred Tax		-
XI. Profit/(Loss) for the period from continuing operations (IX-X)		(45,528)
XII. Profit/(Loss) from discontinuing operations		-
XIII. Tax Expense of discontinuing operations		-
XIV. Profit/(Loss) from discontinuing operations (after Tax) (XII-XIII)		-
XV. Profit/(Loss) for the period (XI+XIV)		(45,528)
XVI. Earnings per equity share:		
(1) Basic	18	(0.91)
(2) Diluted	18	(0.91)
Corporate Information	1	
Significant accounting policies	2	
Pre Operating Expenses	9	
Other Notes to the Financial Statements	10 to 22	

For and on behalf of Board of Directors
(C.P. Ravindra) (A.K. Gupta) (A.K. Agarwal)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
FOR & ON BEHALF OF

Sanjay Abhay & Associates
(Chartered Accountants)
(Firm Reg No. : 016060N)

CA SACHIN GUPTA
(Partner)
M. No. : 097361

Place : New Delhi
Date : 23.05.2014

ODISHA INFRAPOWER LIMITED

CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 23, 2014 TO
MARCH 31, 2014

Particulars	(Amount in ₹) For the period January 23, 2014 to March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES	
Loss before tax	(45,528)
Operating loss before working capital changes	(45,528)
Adjustment For Increase/Decrease In:	
Liabilities & Provisions	68,608
Net cash flow from operating activities	23,080
B. CASH FLOW FROM INVESTING ACTIVITIES	
Capital Work in Progress	(23,080)
Net cash used in investing activities	(23,080)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Issue of Share Capital	500,000
Net cash flow from financing activities	500,000
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	500,000
Add: Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	500,000
Balance with bank	500,000

For and on behalf of Board of Directors

(C.P. Ravindra) (A.K. Gupta) (A.K. Agarwal)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
FOR & ON BEHALF OF

Sanjay Abhay & Associates
(Chartered Accountants)
(Firm Reg No. : 016060N)

CA SACHIN GUPTA
(Partner)
M. No. : 097361

Place : New Delhi
Date : 23.05.2014

ODISHA INFRAPOWER LIMITED

Notes to the Financial Statements for the Period from January 23, 2014
to March 31, 2014

1 Corporate Information

The Company was incorporated on January 23, 2014 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (a Govt. of India Undertaking). The Board of Directors of PFC in its 315th meeting held on December 13, 2013 accorded the approval for registration of Special Purpose Vehicle for holding licensed premises of Ultra Mega Power Project in the State of Odisha. The Company has been incorporated to hold Coal Blocks License, Coal Blocks Land, Power Plant Land & Land for Corridors for the construction, operation and maintenance of electricity system and integrated fuel system and to act as a nodal agency for leave license of land, coal block etc.

2 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Capital Work In Progress

Expenditure incurred on Consultancy /Administration /Interest / Manpower Charges/ Legal & Professional etc. and other pre operating expenditures has been capitalized & treated as Capital Work In Progress.

d. Preliminary Expenses

Preliminary expenses has been charged to the Statement of Profit & Loss in the period in which such expenditure has been incurred.

e. Borrowing Costs

Borrowing cost is charged to the Statement of Profit & Loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

f. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in books when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

g. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

h. Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank and in hand.



NOTE NO. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)
	As at March 31, 2014
Authorised :	
50,000 Equity shares of ₹10/- each	500,000
Issued, subscribed and fully paid up:	
50,000 Equity shares of ₹ 10/- each fully paid-up	500,000
Total issued, subscribed and fully paid up share capital	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting period

Equity Shares	As at March 31, 2014	
	No. of Shares	Amount(₹)
Shares Issued during the period	50,000	500,000
Balance as at the end of the period	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹)
As at March 31, 2014

Power Finance Corporation Limited, the Holding Company *	
50,000 equity shares of ₹ 10 each fully paid	500,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2014	
	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	50,000	100%
Power Finance Corporation Limited, the Holding Company*	50,000	100%

* Equity shares are held by Power Finance Corporation Limited and through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)
	As at March 31, 2014
Surplus in the Statement of Profit and Loss	
Add: Profit/(Loss) for the period	(45,528)
Balance as at the end of the period	(45,528)
TOTAL	(45,528)

NOTE NO. 5 - SHORT TERM BORROWINGS

Particulars	(Amount in ₹)
	As at March 31, 2014
Loan and Advance from Related Parties	
(Power Finance Corporation Limited, Holding Company)	21,715
TOTAL	21,715

NOTE NO. 6 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)
	As at March 31, 2014
Interest Accrued but not due on borrowings	466
Other payables	
Expense Payable	48,427
TOTAL	48,893

NOTE NO. 7 - CAPITAL WORK IN PROGRESS

Particulars	(Amount in ₹)
	As at March 31, 2014
Transferred from Pre - operating Expenses (Note-9)	23,080
TOTAL	23,080

NOTE NO. 8 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)
	As at March 31, 2014
Balance with bank	
In current account	500,000
TOTAL	500,000

NOTE NO. 9 - PRE-OPERATING EXPENSES

Particulars	(Amount in ₹)
	For the period January 23, 2014 to March 31, 2014
Expenses	
Payment to the auditor:	
- As auditor	22,427
Filing fees	187
Interest	466
TOTAL	23,080

- 10 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPVs. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.
- 11 Pre Operating Expenses (Note-09) containing all expenses required to be capitalized has been prepared and the same has been included in Capital work-in-progress.
- 12 Auditors Remuneration (including Service Tax)

(Amount in ₹)

S.No.	Particulars	As at March 31, 2014
1	Audit Fees	22,427

- 13 The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (Holding Company) & PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd.) and deployed on Part Time basis.

The details of such Key Management Personnel during the period ended March 31, 2014 are as follows :

S.No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri A. K. Agarwal	Chairman	23.01.2014	Continuing
2	Shri C.P. Ravindra	Director	23.01.2014	Continuing
3	Shri A. K. Gupta	Director	23.01.2014	Continuing
4	Shri R.Rahman	Director	23.01.2014	Continuing

- 14 The disclosure as per AS18 – Related Party Disclosure :

Odisha Infrapower Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Odisha Infrapower Limited where the PFCL/PFCCL nominees exercise control.

Detail of maximum credit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd. ₹ 21,715/-

Details of Related parties and nature of relationship

- (a) Name and nature of the relationship of the related parties:-

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC Ltd.)	Holding Company
2	PFC Consulting Limited	Fellow Subsidiary
3	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4	Coastal Karnataka Power Limited	Fellow Subsidiary
5	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6	Orissa Integrated Power Limited	Fellow Subsidiary
7	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8	Ghogapalli Integrated Power Company Limited	Fellow Subsidiary
9	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10	PFC Green Energy Limited	Fellow Subsidiary
11	PFC Capital Advisory Services Limited	Fellow Subsidiary
12	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13	Deogarh Mega Power Limited	Fellow Subsidiary
14	Taliya Andhra Mega Power Limited	Fellow Subsidiary
15	Cheyur Infrapower Limited	Fellow Subsidiary
16	DGEN Transmission Company Limited	Enterprise under common control

17	Patran Transmission Company Limited	Enterprise under common control till 13.11.2013
18	Darbhanga Motihari Transmission Company Limited	Enterprise under common control till 10.12.2013
19	Punulia Kharagpur Transmission Company Limited	Enterprise under common control till 08.12.2013
20	RAPP Transmission Company Limited	Enterprise under common control till 12.03.2014
21	Tanda Transmission Company Limited	Enterprise under common control
22	Ballabgarh-GN Transmission Company Limited	Enterprise under common control

The related Party Transactions are as follows:-

(Amount in ₹)

S. No.	Particulars	As at March 31, 2014 PFC Ltd. (Holding Co.)
1	Interest Expense	466
2	Closing Balance	
	a) Loans & Advances	21715
	b) Interest accrued but not due on borrowings	466

- 15 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

- 16 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

- 17 In the opinion of the Board, on realization in the ordinary course of the company's business the Other non-current assets and Short-term loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

- 18 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956, Earning per share (Basic & Diluted) is worked out as follows:-

S.No.	Particulars	Period ended March 31, 2014
1	Nominal Value of share ₹	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax ₹	(45,528)
4	Earning per share ₹	(0.91)

- 19 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006

- 20 The Company is not in operation, however, the company has adopted period of 12 months for classification of the assets and liabilities as current and non-current.

- 21 Figures have been rounded off to the nearest Rupee unless otherwise stated.

- 22 Previous year figures are not applicable since this being the first accounting year of the company, the accounts have been prepared for the period from January 23, 2014 to March 31, 2014.

For and on behalf of Board of Directors

(C.P. Ravindra) (A.K. Gupta) (A.K. Agarwal)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
FOR & ON BEHALF OF

Sanjay Abhay & Associates
(Chartered Accountants)
(Firm Reg No. : 016060N)

CA SACHIN GUPTA
(Partner)
M. No. : 087361

Place : New Delhi
Date : 23.05.2014



DGEN TRANSMISSION COMPANY LIMITED
(Formerly DGEN & Uttarakhand Transmission Company Ltd.)
(A Wholly Owned Subsidiary of PFC Consulting Limited)

DIRECTORS' REPORT 2013-2014

To

The Members,

Your Directors have pleasure in presenting the 3rd Annual Report on the performance of the Company for the year ended on 31st March, 2014 along with Audited Statements of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 15th November, 2011 as a wholly owned subsidiary of PFC Consulting Limited for development of Transmission Project associated with DGEN TPS (1200MW) of Torrent Power Ltd and Interconnection between Srinagar (Uttarakhand) and Tehri.

The RfQ for the project was initiated on 18th November, 2011 and was completed on 16th May, 2012.

The Empowered Committee on Transmission in its 29th meeting held on 15th June, 2012 expressed that as a part of the subject Project is in Western Region and the other in Northern Region, it may be difficult to manage the whole package by a single developer and decided to split the Project and defer the scheme associated with "Interconnection between Srinagar (Uttarakhand) and Tehri". The Empowered Committee also decided that MoP would get this scheme re-notified as per above scope and BPC would re-issue the RfQ with the revised scope.

Ministry of Power notified the revised transmission scheme on 8th October, 2012. RfQ for the revised scope was re-initiated on 30th October, 2012 with last date of submission of Response to RfQ as 14th December, 2012.

CTU on 10th December, 2012 proposed that the scope in the bays may be implemented by the concerned Utilities i.e. Powergrid (in Vadodara & Navsari) and GETCO (in Bhestan). Further, CEA on 11th December, 2012 suggested postponing the last date of submission of Response to RfQ until finalization of scope by the Empowered Committee.

The Empowered Committee in its meeting held on 18th February, 2013 revised the scope of the transmission scheme deleting the scope in the bays in the substations and further decided that the Ministry of Power would re-notify the scheme.

The last date of submission of Response to RfQ was extended on several occasions with last extension up to 15th October, 2013. Ministry of Power vide Gazette Notification dated 3rd October, 2013 notified the revised transmission scheme.

Seven bidders submitted the Response to RfQ by 15th October, 2013. The Bid Evaluation Committee in its meetings held on 29th October, 2013 and 26th November, 2013 declared all the seven bidders as qualified for participating in the RfP stage. RfP documents were issued to the bidders qualified at RfQ stage on 28th November, 2013 with last date of submission of Bids as 13th March, 2014 which was extended up to 25th March, 2014 on the request of the bidders.

Two bidders (i.e. Power Grid Corporation of India Limited and Instalaciones Inabensa S.A., Spain) submitted the Bid. Based on the evaluation of the RfP Bids, the Bid Evaluation Committee in its meetings held on 28th March, 2014, 15th April, 2014, 25th April, 2014 and 13th May, 2014 declared Instalaciones Inabensa S.A., Spain with the lowest evaluated levelized transmission charges of ₹ 584.01 Million per annum as the successful bidder. Letter of Intent has been issued to Instalaciones Inabensa S.A., Spain on 19th May, 2014.

The process of transfer of the company to the successful bidder, Instalaciones Inabensa S.A., Spain is in progress.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the financial year commencing from 1st April, 2013 to 31st March, 2014 the Company has spent an amount of ₹ 97.01 Lakh in the development of the project which has

been transferred to capital work in progress. The total expenditure incurred till 31st March, 2014 is ₹ 350.27 Lakh.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared during the financial year 2013-14.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC Consulting Limited and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year 2013-14.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earnings and outgo.

AUDITOR'S REPORT

M/s. Luthra & Luthra, Chartered Accountants, were appointed as Statutory Auditors of the Company by the Comptroller & Auditor General of India.

Pursuant to the provisions of Section 217(3) of the Companies Act, 1956 the information to the observations of Statutory Auditors' is submitted as under:

Observations	Replies
As per the prescribed guidelines for tariff based competitive bidding for transmission services the Central Government of India has appointed PFC Consulting Ltd to act as the Bid Process Coordinator for the project proposed to be set up by the Company in the state of Gujarat for transmission system associated with DGEN TPS (1200 MW) of Torrent Power Ltd. The company has capitalised the expenses relating to manpower and other administrative overheads as incurred and allocated by PFCCCL on its behalf for identification of bidder and other related activities for the project as in the management's view the same relate to setting up of the project. However in our opinion the said view of management is in contravention to Para 9 & 10 of AS -10 as these costs are neither directly attributable to acquisition or construction of fixed assets nor can be said to be attributable to construction activity in general as the construction is yet to commence. Thus the same has resulted in overstatement of fixed assets and reserves and surplus by ₹ 97,01,820 and understatement of loss for the period by ₹ 97,01,820.	The accounting has been done in compliance of Para 9 & 10 of AS -10 considering that expenditure incurred is for an identified Project. Hence all the expenditures are in the nature of site survey and consultants fees. The manpower and administration charges are directly attributable to the project. In Management's view, there is no contravention of para 9 & 10 of AS-10 and no overstatement of fixed assets and reserves and surplus and understatement of loss during the period. The accounting treatment given by the Company was accepted by the C&AG for Financial Year 2013-14.

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

The Board of Directors of the Company presently comprises of:

1. Shri Yogesh Juneja	Chairman
2. Shri Subir Mulchandani	Director
3. Shri Rajesh Kumar Shahi	Director

In accordance with the provisions of Section 152(6) of the Companies Act 2013, Shri Yogesh Juneja, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 21st August, 2014 has given the comments on the accounts of the Company for the year ended 31st March, 2014. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

The comments of C&AG along with the Management Reply on the same is furnished below:

Sr. No.	CAG Comments	Management Reply
1	<p>Balance Sheet</p> <p>Assets</p> <p>Non-Current Assets</p> <p>Fixed Assets-Capital Work In Progress (Note 7) – Rs. 350.26 lakh</p> <p>The above does not include an amount of Rs. 30.00 lakh being the income from sale proceeds of Request for proposal (RFP) bid documents for calling bids to transfer the Company on tariff based competitive bidding process for development of Independent Transmission System as the same has been retained by the Bid Process Coordinator (BPC) i.e. PFC Consulting Limited (Holding Company).</p> <p>The Standard Bidding Documents (SBD), approved by the Ministry of Power, for selection of Transmission Service Providers through tariff based competitive bidding process to establish transmission system require that sale proceeds of RFP bid documents called by BPC should be paid by the bidders directly to the Company (SPV) which is to be transferred to successful bidder.</p> <p>Non compliance of above provisions of the approved SBD has resulted in overstatement of "Capital Work in Progress –</p>	<p>Sale proceeds of Request for Proposal (RfP) is to be retained by Bid Process Coordinator. In this case PFC Consulting Ltd (PFCCL) has been appointed as Bid Process Coordinator by Ministry of Power (MoP) for OGEN Transmission Company Ltd and the same had been notified in the Gazette published by Central Government. The Standard Bidding Documents approved by Ministry of Power only prescribed to collect RFP sale proceeds in favour of Special Purpose Vehicle. However Standard Bidding Documents does not mandate to pass on the sale proceeds to the selected bidders. Since PFCCL has developed the bidding documents for ITPs, it was provided in RFP document that the sale proceeds of the document is to be paid in favour of PFCCL.</p> <p>The issue was discussed in meeting of the Empowered Committee (EC) held on 15.06.2012, constituted in accordance with Guidelines for Encouraging Competition in Development of Transmission Projects issued by Ministry of Power (MoP). The Chairman of EC requested MoP to sort out the matter regarding retaining of sale proceeds of tender</p>

Expenditure during Pre Construction Period" and "Short Term Borrowings (Note no. 5)" under Current Liabilities by Rs. 30.00 lakh.

documents. Pending final decision of MoP, the company has followed the practice and the sale proceeds was collected and retained by PFCCL. Thus, there is no overstatement of "Capital Work in Progress – Expenditure during Pre Construction Period" and "Short Term Borrowings (Note no.5)" under Current Liabilities by Rs. 30.00 lakh.

The accounting has been done in compliance of Para 9 & 10 of AS-10 considering that expenditure incurred is for identified Project. Hence all the expenditures are in the nature of site survey and consultants fees. The manpower and administration charges are directly attributable to the project. Hence in Managements view, there is no contravention of Para 9 & 10 of AS-10 and no overstatement of fixed assets and reserves and surplus and understatement of loss during the period.

2 Independent Auditor's Report

A reference is invited to Comments of the Comptroller and Auditor General of India on the accounts of the Company for the previous periods from 15.11.2011 to 31.12.2012 and 01.01.2013 to 31.03.2013 on the qualification given by the Statutory Auditors.

Para 4 (a) of the Independent Auditor's Report states as under:

"As per the prescribed guidelines for tariff based competitive bidding for transmission services the Central Government of India has appointed PFC Consulting Ltd to act as the Bid Process Coordinator for the project proposed to be set up by the Company in the state of Gujarat for transmission system associated with OGEN TPS (1200 MW) of Torrent Power Ltd. The Company has capitalised the expenses relating to manpower and other administrative overheads as incurred and allocated by PFCCL on its behalf for identification of bidder and other related activities for the Project as in the management's view the same relate to setting up of the project (refer Note 11). However in our opinion the said view of the management is in

C&AG Comments are self explanatory and no Management Reply required.



contravention to Para 9 & 10 of AS -10 as these costs are neither directly attributable to acquisition or construction of fixed assets nor can be said to be attributable to construction activity in general as the construction is yet to commence. Thus the same has resulted in overstatement of fixed assets and reserves and surplus by Rs. 97,01,820 and understatement of loss for the period by Rs. 97,01,820/-."

The above qualification is not correct as these expenses were specifically attributable to the Transmission Project to be executed by the Company formed as Special Purpose Vehicle by PFC Consulting Limited. Therefore, the Company has correctly capitalized the above expenses as per Para 9.2 of AS 10. These expenses are recoverable by PFC Consulting Limited from the prospective bidder to whom this Company is to be transferred on selection of bidder. As such, these expenses cannot be treated as loss to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFCCL for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 22nd August, 2014

(Yogesh Juneja)
Chairman

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF DGEN TRANSMISSION COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of DGEN Transmission Company Limited, New Delhi for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 May 2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of DGEN Transmission Company Limited, New Delhi for the year ended 31 March 2014. The supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956, which have come to my attention and which in my view, are necessary for enabling a better understanding of the financial statements and the related Audit Report:

1. Balance Sheet

Assets

Non-Current Assets

Fixed Assets-Capital Work in Progress (Note 7) - ₹ 350.26 lakh

The above does not include an amount of ₹ 30.00 lakh being the income from sale proceeds of Request for proposal (RFP) bid documents for calling bids to transfer the Company on tariff based competitive bidding process for development of Independent Transmission System as the same has been retained by the Bid Process Coordinator (BPC) i.e. PFC Consulting Limited (Holding Company).

The Standard Bidding Documents (SBD), approved by the Ministry of Power, for selection of Transmission Service Providers through tariff based competitive bidding process to establish transmission system require that sale proceeds of RFP bid documents called by BPC should be paid by the bidders directly to the Company (SPV) which is to be transferred to successful bidder.

Non compliance of above provisions of the approved SBD has resulted in overstatement of "Capital Work in Progress – Expenditure during Pre Construction Period" and "Short Term Borrowings (Note no. 5)" under Current Liabilities by ₹ 30.00 lakh.

2. Independent Auditor's Report

A reference is invited to Comments of the Comptroller and Auditor General of India on the accounts of the Company for the previous periods from 15.11.2011 to 31.12.2012 and 01.01.2013 to 31.03.2013 on the qualification given by the Statutory Auditors.

Para 4 (a) of the Independent Auditor's Report states as under:

"As per the prescribed guidelines for tariff based competitive bidding for transmission services the Central Government of India has appointed PFC Consulting Ltd to act as the Bid Process Coordinator for the project proposed to be set up by the Company in the state of Gujarat for transmission system associated with DGEN TPS (1200 MW) of Torrent Power Ltd. The Company has capitalised the expenses relating to manpower and other administrative overheads as incurred and allocated by PFCCL on its behalf for identification of bidder and other related activities for the Project as in the management's view the same relate to setting up of the project (refer Note 11). However in our opinion the said view of the management is in contravention to Para 9 & 10 of AS -10 as these costs are neither directly attributable to acquisition or construction of fixed assets nor can be said to be attributable to construction activity in general as the construction is yet to commence. Thus the same has resulted in overstatement of fixed assets and reserves and surplus by ₹ 97,01,820 and understatement of loss for the period by ₹ 97,01,820/-."

The above qualification is not correct as these expenses were specifically attributable to the Transmission Project to be executed by the Company formed as Special Purpose Vehicle by PFC Consulting Limited. Therefore, the Company has correctly capitalized the above expenses as per Para 9.2 of AS 10. These expenses are recoverable by PFC Consulting Limited from the prospective bidder to whom this Company is to be transferred on selection of bidder. As such, these expenses cannot be treated as loss to the Company.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 21 August, 2014

INDEPENDENT AUDITOR'S REPORT

To
The Members

DGEN Transmission Company Ltd.

Report on Financial Statements

1) We have audited the accompanying financial statements of DGEN Transmission Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4) Opinion

We report that:

(a) As per the prescribed guidelines for tariff based competitive bidding for transmission services the Central Government of India has appointed PFC Consulting Ltd to act as the Bid Process Coordinator for the project proposed to be set up by the Company in the state of Gujarat for transmission system associated with DGEN TPS (1200 MW) of Torrent Power Ltd.,. The company has capitalised the expenses relating to manpower and other administrative overheads as incurred and allocated by PFCCCL on its behalf for identification of bidder and other related activities for the Project as in the management's view the same relate to setting up of the project (refer Note 11). However in our opinion the said view of the management is in contravention to Para 9 & 10 of AS -10 as these costs are neither directly attributable to acquisition or construction of fixed assets nor can be said to be attributable

to construction activity in general as the construction is yet to commence. Thus the same has resulted in overstatement of fixed assets and reserves and surplus by Rs. 97,01,820 and understatement of loss for the period by Rs. 97,01,820.

(b) In our opinion and to the best of our information and according to the explanations given to us, subject to (a) above the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit/loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 to the extent applicable "except with regard to capitalisation of expenses incurred towards manpower and other admn. expenses in contravention to AS -10 as mentioned in 4(a) above".
- e. The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R. 829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Luthra & Luthra
Chartered Accountants
Firm Registration No. 02081N

Akhilesh Gupta
Partner
M. No. 089909

Place: New Delhi
Date: 15.05.2014

Annexure

- (I) The company has no Fixed Assets hence clause (i) is not applicable to the company.
- (II) The company is not a manufacturing concern hence no inventory is held with the company therefore this clause is not applicable to the company.
- (III) The company has neither granted nor taken any loans during the year secured or unsecured to/from companies, firms or other parties covered in the Register required to be maintained u/s 301 of the Companies Act, 1956. Therefore the provisions of clause 4(iii) to (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchase of fixed assets and for the sale of services.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) According to the information given to us we are of the opinion that each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from the public.
- (vii) Internal audit is not applicable to the company.
- (viii) According to information and explanation received by us, the Central Government has not prescribed maintenance of cost records under section 201 (1) (d) of the Companies Act, 1956.
- (ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues viz. Income tax, etc. Provident fund, Employee's State Insurance, Sales Tax, Customs, wealth tax and Excise were not applicable during the period. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
(b) There are no statutory dues, which have not been deposited on account of any dispute.
- (x) The company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the year are more than fifty percent or more of the net worth and whether it has incurred cash loss in such period.

- (xi) As per information and explanation and records provided to us, the company has not taken any loan from the financial institution or bank.
- (xii) Based on our examination of the records and information and explanations given to us the company has not granted any loans / advances on the basis of security by way of pledge of share, debentures and other securities.
- (xiii) The Company is not chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clauses 4(xiii)(a) to (d) are not applicable to it.
- (xiv) The Company is not dealing in shares, securities, debentures and other investments hence provisions of clauses 4(xiv) are not applicable to it.
- (xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) Based on our examination of records and the information and explanations given to us, no term loan has been raised during the year.
- (xvii) Based on our examination of records and the information and explanations given to us, no short term loan has been raised during the year.
- (xviii) The Company has not made any preferential allotment of shares to the parties and companies covered under register maintained section 301 of The Companies Act, 1956. Accordingly the provisions of clause 4(xviii) are not applicable to it.
- (xix) The company has not issued any debentures during the year.
- (xx) During the year, the company has not raised money through the public issue.
- (xoi) Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us there has not been any fraud on or by the company, which has been noticed or reported during the year.

For Luthra & Luthra
Chartered Accountants
Firm Registration No. 02081N

Akhilesh Gupta
Partner
M. No. 089909

Place: New Delhi
Date: 15.05.2014



DGEN TRANSMISSION CO. LTD.
(Formerly known as DGEN & Uttarakhand Transmission Co. Ltd.)
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	3	500,000	500,000
(b) Reserves & surplus	4	(34,180)	(34,180)
		<u>465,840</u>	<u>465,840</u>
(2) Current Liabilities			
(a) Short-term borrowings	5	29,501,628	22,816,555
(b) Other current liabilities	6	5,071,597	2,047,998
		<u>34,573,223</u>	<u>24,864,553</u>
TOTAL		<u>35,039,063</u>	<u>25,330,393</u>
II. ASSETS			
(1) Non-current Assets			
(a) Fixed assets			
(i) Capital work-in-progress	7	35,026,784	25,324,964
		<u>35,026,784</u>	<u>25,324,964</u>
(2) Current Assets			
(a) Cash and cash equivalents	8	12,279	5,429
		<u>12,279</u>	<u>5,429</u>
Total		<u>35,039,063</u>	<u>25,330,393</u>
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure During Pre-Construction Period	9		
Other Notes to the Financial Statements	10 to 24		

For and on behalf of Board of Directors
(Rajesh Shah) (Subir Mulchandani) (Yogesh Juneja)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

For Luthra & Luthra
CHARTERED ACCOUNTANTS
(Firm Registration No: 002081N)

(Akhilesh Gupta)
Partner
M.No. 069909

Place : New Delhi
Date : 15.05.2014

DGEN TRANSMISSION CO. LTD.
(Formerly known as DGEN & Uttarakhand Transmission Co. Ltd.)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note No.	Year ended March 31, 2014	For the period January 1, 2013 to March 31, 2013
L. Revenue from Operations		-	-
II. Other Income		-	-
III. Total Revenue (I+II)		<u>-</u>	<u>-</u>
IV. Expenses			
Preliminary Expenses		-	-
Total Expenses		<u>-</u>	<u>-</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax		-	-
VI. Exceptional Items		-	-
VII. Profit/(Loss) before extraordinary items and tax		-	-
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) Before Tax (VII-VIII)		-	-
X. Tax Expense			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
XI. Profit/(Loss) for the year from continuing operations (IX-X)		-	-
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax Expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after Tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the year (XI+XIV)		-	-
XVI. Earnings per equity shares:			
(1) Basic	18	-	-
(2) Diluted	18	-	-
Corporate Information	1		
Significant Accounting Policies	2		
Expenditure During Pre-Construction Period	9		
Other Notes to the Financial Statements	10 to 24		

For and on behalf of Board of Directors

(Rajesh Shah) (Subir Mulchandani) (Yogesh Juneja)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

For Luthra & Luthra
CHARTERED ACCOUNTANTS
(Firm Registration No: 002081N)

(Akhilesh Gupta)
Partner
M.No. 069909

Place : New Delhi
Date : 15.05.2014

DGEN TRANSMISSION CO. LTD.
(Formerly known as DGEN & Uttarakhand Transmission Co. Ltd.)
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	for the period January 1, 2013 to March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	-	-
Operating profit/(loss) before working capital changes	-	-
Adjustment For Increase/(Decrease) in:		
Liabilities & Provisions	9,708,870	3,212,152
Net cash flow from operating activities	9,708,870	3,212,152
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital Work in Progress	(9,701,820)	(3,706,673)
Net cash used in investing activities	(9,701,820)	(3,706,673)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net cash used in Financing activities	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	6,850	(494,521)
Add: Cash and Cash Equivalents at the beginning of the year	5,429	499,950
Cash and cash equivalents at the end of the year	12,279	5,429
Balance with Bank	12,279	5,429

For and on behalf of Board of Directors
(Rajesh Shahi) (Subir Mulchandani) (Yogesh Juneja)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of
For Luthra & Luthra
CHARTERED ACCOUNTANTS
(Firm Registration No: 002081N)

(Akhilesh Gupta)
Partner
M.No. 089909

Place : New Delhi
Date : 15.05.2014

DGEN TRANSMISSION CO. LTD.
(Formerly known as DGEN & Uttarakhand Transmission Co. Ltd.)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1 Corporate Information

The Company was incorporated on 15/11/2011 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking). Certificate for Commencement of Business was issued on 09/02/2012. The Company has been incorporated to develop power system network and Study, Investigate, collect information and data, preparation of survey report, forest clearance, if required etc. for the purpose of transmission of electricity in the state of Gujarat (Project) and to conduct bidding process etc for selection of the transmission service provider. The company will be transferred to selected developer on selection of developer as per tariff based competitive bidding guidelines for Transmission Service issued by Ministry of Power, Government of India.

2 Summary of Significant Accounting Policies

a. Basis of Preparation

The financial statements have been prepared in accordance with historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (GAAP) and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

Fees for advisory and professional services for developing Independent Transmission Project payable to PFC Consulting Limited (Holding Company) will be accounted for in the year of transfer of the company to the successful bidder (as and when due).

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital Work In Progress

Expenditure incurred on Consultancy / Administration / Interest / Manpower Charges / Legal & Professional etc. has been capitalized & treated as Capital Work In Progress.

g. Expenditure Incurred by Holding Company

Expenditure incurred by the company for the Project is funded by the Holding Company (PFCL) and considered as current liabilities. Interest is charged by holding company (PFCL) as per rate applicable from time to time.

h. Preliminary Expenses

Preliminary expenses has been charged to the Statement of Profit & Loss in the year in which such expenditure has been incurred.

i. Investments

Investments are stated at cost.



J. Borrowing Costs

Borrowing cost is charged to the Statement of Profit & Loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in books when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

l. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

m. Taxes

Provision for Current taxes is made in accordance with the relevant provisions of the Income - Tax Act, 1961. Deferred tax are recognized subject to prudence on timing differences between accounting profits and tax profits using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a virtual reasonable certainty that the assets will be realisable in future.

n. Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investments with the original maturity of three months or less.

Description	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
PFC Consulting Limited, the Holding Company *		
50,000 (Previous year : 50,000) equity shares of ₹ 10 each fully paid	500,000	500,000
d. Details of shareholders holding more than 5% shares in the company		
	As at March 31, 2014	As at March 31, 2013
	No. of Shares	% Held
PFC Consulting Limited, the Holding Company *	50,000	100%
50,000 (Previous year 50,000) equity shares of ₹ 10 each fully paid	50,000	100%

* Equity shares are held by PFC Consulting Limited and through its nominees

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
<u>Surplus in the Statement of Profit and Loss</u>		
Balance as at the beginning of the year	(34,180)	(34,180)
Profit/(Loss) for the year	-	-
Balance as at the end of the year	(34,180)	(34,180)
TOTAL	(34,180)	(34,180)

NOTE No. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Authorised		
50,000 Equity shares of ₹10/- each (Previous year : 50,000 Equity shares of ₹ 10/- each)	500,000	500,000
Issued, subscribed and fully paid up:		
50,000 Equity shares of ₹ 10/- each fully paid up (Previous year : 50,000 Equity shares of ₹ 10/- each fully paid up)	500,000	500,000
Total issued, subscribed and fully paid up share capital	500,000	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting year

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance as at the beginning of the year	50,000	500,000	50,000	500,000
Add: Shares Issued during the year	-	-	-	-
Balance as at the end of the year	50,000	500,000	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below :

NOTE NO. 5 - SHORT TERM BORROWINGS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
<u>Loan and Advance from Related Parties</u>		
(PFC Consulting Limited, Holding Company)	29,501,626	22,816,555
TOTAL	29,501,626	22,816,555

NOTE NO. 6 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Interest Accrued but not due on borrowings	4,597,201	1,769,936
Others		
- Expenses Payable	35,393	68,820
- Statutory dues (Tax deducted as source)	439,003	209,242
TOTAL	5,071,597	2,047,998

NOTE NO. 7 - CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Opening Capital work-in-progress (IEDC)	25,324,964	21,618,291
Add: Transferred from Expenditure During Pre-Construction Period (Note-8)	9,701,820	3,706,673
TOTAL	35,026,784	25,324,964

NOTE NO. 8 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Balances with banks:		
In Current Account	12,279	5,429
TOTAL	12,279	5,429

NOTE NO. 9 - PRE-CONSTRUCTION EXPENSES

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	For the period January 1, 2013 to March 31, 2013
Expenses		
Advertisement	2,884,219	2,535,707
Interest	3,141,406	821,604
Manpower Charges	3,243,441	283,085
Office Maintenance	37,534	52,483
Other Administrative Expenses	55,433	47,036
Payment to Auditors *		
- As Auditors	39,326	39,326
Vehicle Hiring	32,157	27,482
Printing & Stationary	45,381	26,961
Canteen Expenses	38,711	24,362
Consultancy Charges	158,601	23,443
Books & Periodicals	511	8,260
Repair & Maintenance	6,716	4,320
Telephone	3,096	2,501
Legal & Professional Charges	10,553	83
Meeting Expenses	4,735	-
Total	9,701,820	3,706,873

* Auditors Remuneration:

Particulars	(Amount in ₹)			
	As at March 31, 2014		As at March 31, 2013	
	Fees	Service Tax	Fees	Service Tax
Statutory Audit Fee	35,000	4,326	35,000	4,326

10 The name of company has been changed from DGEN & Uttarakhand Transmission Co. Ltd. To DGEN Transmission Co. Ltd from August 31, 2012.

11 All the expenses incurred by the Company are towards the setting up of Independent Transmission Project in the state of Gujarat for Transmission system associated with DGEN TPS (1200 MW) of Torrent Power Ltd. Since the project is identified, all the expenditures required to be capitalized. Hence Pre Operative Expenses (Note-8) containing all expenses has been prepared and the same has been transferred to Capital work-in-progress (Pending allocation).

12 The related expenses are paid by the Holding Company (PFCCL) and charged to the Company. Original Supporting bills in respect of expenditure incurred by the holding company are retained by them of which copies are available with the Company. The holding company is complying statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to these expenses.

13 Employees working for the Company are from holding company i.e. PFC Consulting Ltd. (PFCCL). The expenses appearing in the Note-9 "Pre Construction Expenses" amounting ₹ 97,01,820/- (PY ₹ 37,06,873/-) for the year include manpower charges of PFCCL employees of ₹ 32,43,441/- (PY ₹ 2,93,085/-). The manpower cost of PFCCL employees (included in Administrative Expenses) are charged by PFCCL on the basis of cost to company based on actual time spent by the employees for the Company as per invoice raised by PFCCL. This includes man power charges of Sh. Yogesh Juneja ₹ Nil/- (PY ₹ 1,825/-), Sh. Rajesh Kumar Shahi ₹ 11,95,515/- (PY ₹ 1,17,000/-).

14 Consequent to the selection of Successful Bidder M/s Instalaciones Inabensa, S.A. as per Request for Proposal opened on 25/04/2014 as per Tariff based competitive bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/2006 (as amended from time to time) and as per bidding documents issued, the company will be transferred to M/s Instalaciones Inabensa, S.A (Successful Bidder) on receiving of approval from Ministry of Power, Government of India.

15 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil.

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the year is ₹ Nil.

16 Earnings Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956. Earning per share (Basic & Diluted) is worked out as follows :-

S. No.	Particulars	March 31, 2014	March 31, 2013
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50,000	50,000
3	Net Profit after tax ₹	-	-
4	Earning per share ₹	-	-

17 (i) The Key Management Personnel of the Company are employee of the Holding Company (PFCCL) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri Yogesh Juneja	Chairman	15.11.2011	Continuing
2	Shri Subir Mulchandani	Director	15.11.2011	Continuing
3	Shri Rajesh Kumar Shahi	Director	15.11.2011	Continuing

(ii) The disclosure as per AS 18 - Related Party Disclosure:

The DGEN Transmission Co Ltd is a wholly owned subsidiary of PFC Consulting Ltd. All key decisions are taken by the Board of DGEN Transmission Co Ltd where the PFCCL nominees exercise control.



Details of Related parties and nature of relationship

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC)	Ultimate Holding Company
2	PFC Consulting Limited (PFCCL)	Holding Company
3	Balabharathi - GN Transmission Company Limited	Fellow Subsidiary
4	Tanda Transmission Company Limited	Fellow Subsidiary
5	Odisha Infrapower Limited	Subsidiary of Ultimate Holding Company
6	Cheyur Infra Limited	Subsidiary of Ultimate Holding Company
7	Chhattisgarh Surguja Power Limited	Subsidiary of Ultimate Holding Company
8	Orissa Integrated Power Limited	Subsidiary of Ultimate Holding Company
9	Coastal Karnataka Power Limited	Subsidiary of Ultimate Holding Company
10	Coastal Maharashtra Mega Power Limited	Subsidiary of Ultimate Holding Company
11	Ghogerpalli Integrated Power Company Limited	Subsidiary of Ultimate Holding Company
12	Coastal Tamil Nadu Power Limited	Subsidiary of Ultimate Holding Company
13	Sakhigopal Integrated Power Company Limited	Subsidiary of Ultimate Holding Company
14	Tatya Andhra Mega Power Limited	Subsidiary of Ultimate Holding Company
15	Power Equity Capital Advisors Private Limited	Subsidiary of Ultimate Holding Company
16	PFC Green Energy Limited	Subsidiary of Ultimate Holding Company
17	Doeghar Mega power Limited	Subsidiary of Ultimate Holding Company
18	PFC Capital Advisory Services Limited	Subsidiary of Ultimate Holding Company
19	Patran Transmission Company Limited	Fellow Subsidiary till November 13, 2013
20	Purulia Kharagpur Transmission Company Limited	Fellow Subsidiary till December 09, 2013
21	Darbhanga Motihari Transmission Company Limited	Fellow Subsidiary till December 10, 2013
22	RAPP Transmission Company Limited	Fellow Subsidiary till March 12, 2014

Details of Related party transactions

(Amount in ₹)

S. No.	Particulars	31.03.2014	31.03.2013
		PFCCL	
1	Administrative Expenses (Manpower Charges)	3,243,441	293,085
2	Interest on Short Term Borrowings	3,141,406	621,804
3	Closing Balances: -		
(a)	Loans & advances (Short-Term Borrowings)	29,501,626	22,816,555
(b)	Interest accrued but not due	4,597,201	1,789,936

- 18 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability / Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.
- 19 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".
- 20 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) does not arise.
- 21 Most of the additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:
- (a) Expenditure in foreign currency – Nil (Previous year Nil)
- (b) Income in foreign exchange – Nil (Previous year Nil)
- 22 The expenditure on development of the project are incurred by PFC Consulting Limited (PFCCL) (Holding Co.). The company shall pay interest to PFCCL on the expenditure incurred by PFCCL. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Transmission) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time.
- 23 The Current Year figures are for the period from April 1, 2013 to March 31, 2014. As such Previous period figures are not comparable since the previous year consist of period from January 1, 2013 to March 31, 2013. Corresponding figures for the previous period have been regrouped / rearranged wherever necessary to conform to current year's classification.
- 24 Figures have been rounded off to the nearest Rupee unless otherwise stated.

For and on behalf of Board of Directors

(Rajesh Shahi)
Director

(Subir Mulchandani)
Director

(Yogesh Juneja)
Chairman

AS PER OUR REPORT OF EVEN DATE

For & on behalf of

For Luthra & Luthra
CHARTERED ACCOUNTANTS
(Firm Registration No: 002081N)

(Akhlesh Gupta)
Partner
M.No. 089908

Place : New Delhi
Date : 15.05.2014

TANDA TRANSMISSION COMPANY LIMITED
(A Wholly Owned Subsidiary of PFC Consulting Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 1st Annual Report on the performance of the Company for the period from 9th September, 2013 to 31st March, 2014 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 9th September, 2013 as a wholly owned subsidiary of PFC Consulting Limited for development of transmission system associated with ATS for Tanda Expansion TPS (2X860 MW). The transmission system comprises of the following:

- Tanda TPS-Sohawal 400 kV D/C Line (Line length – 80 km)
- Sohawal-Lucknow (New) (PG) 400 kV D/C Line (Line length – 120km)

The RfQ for the project was initiated on 11th September, 2013 with last date of submission as 25th October, 2013.

During the review meeting held on 26th September, 2013 in Ministry of Power, the Central Transmission Utility (CTU) informed that commissioning date for Tanda generation project is yet to be made available by NTPC and that NTPC has informed that the award of the project is still under process and commissioning of the generation project would be 44 months from the date of award of EPC contract. Accordingly, the RfQ submission date was extended upto 26th November, 2013.

CEA on 19th November, 2013 has intimated that as the land for the Tanda Expansion TPS (2X600 MW) is yet to be acquired by NTPC and also as the LoA for the project has not been placed, the bidding process for award of the transmission scheme be kept in abeyance till these issues are resolved by NTPC. On the advise of CEA, the bidding process has been kept in abeyance.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 56.16 Lakh in the development of the project which has been transferred to capital work in progress.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 9th September, 2013 to 31st March, 2014.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC Consulting Limited and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ended 31st March, 2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. Anil Shalini & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the

Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

The Board of Directors of the Company presently comprises of:

1.	Shri Prem Prakash Srivastava	Chairman
2.	Shri Virendra Kumar Jain	Director
3.	Shri Rajesh Kumar Shahi	Director

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013, Shri Virendra Kumar Jain, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

The Comptroller and Auditor General of India had conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of your Company for the period from 9th September, 2013 to 31st March, 2014.

C&AG of India vide their letter dated 13th August, 2014 has mentioned that on the basis of their audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the period from 9th September, 2013 to 31st March, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFCCL for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 20th August, 2014

(P.P. Srivastava)
Chairman



ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TANDA TRANSMISSION COMPANY LIMITED FOR THE PERIOD 9 SEPTEMBER 2013 TO 31 MARCH 2014

The preparation of financial statements of Tanda Transmission Company Limited for the period 9 September 2013 to 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Tanda Transmission Company Limited for the period 9 September 2013 to 31 March 2014. This supplementary audit has been carried out independently without access to the working paper of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 13 August, 2014

INDEPENDENT AUDITOR'S REPORT

To
The Members

TANDA TRANSMISSION COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Tanda Transmission Company Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period from 09th September, 2013 to 31st March, 2014 and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the Loss for the period from 09th September, 2013 to 31st March, 2014; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the period from 09th September, 2013 to 31st March, 2014.

Report on Other Legal and Regulatory Requirements

- 1) As required by 'the Companies (Auditor's Report) Order, 2003' ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2) As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R. 829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For Anil Shallni & Associates
Firm Registration No.009960C
Chartered Accountants

Anil Kumar Shukla
Partner

Place: New Delhi
Date : 15.05.2014

Membership No. 075418

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. The company has no fixed Assets other than Capital work in progress. Hence the provisions of clause 4 (i) of the Order are not applicable to the company.
2. The Company does not hold any inventory. Therefore, the provisions of clause 4(ii) of the Order are not applicable to the company.
3. During the period the Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the period that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.

7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the period are more than fifty percent or more of the net worth and whether it has incurred cash losses in such period.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the period. Therefore the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the period except initial allotment to the holding company and through its nominees.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by way of public issue during the period.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Anil Shallni & Associates
Firm Registration No. 009960C
Chartered Accountants

Anil Kumar Shukla
Partner
Membership No. 075418

Place: New Delhi
Date : 15.05.2014

TANDA TRANSMISSION COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	(Amount in ₹) As at March 31, 2014
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital	3	500,000
(b) Reserves & Surplus	4	(28,749)
		<u>471,251</u>
(2) Current Liabilities		
(a) Short-term borrowings	5	4,894,322
(b) Other current liabilities	6	285,427
		<u>5,159,749</u>
TOTAL		<u>5,631,000</u>
II. ASSETS		
(1) Non-current Assets		
(a) Fixed Assets		
(i) Capital work-in-progress	7	5,616,000
		<u>5,616,000</u>
(2) Current Assets		
(a) Cash and cash equivalents	8	15,000
		<u>15,000</u>
TOTAL		<u>5,631,000</u>
Corporate Information	1	
Significant accounting policies	2	
Pre Construction Expenses	9	
Other Notes to the Financial Statements	10 to 22	

For and on behalf of Board of Directors

(V. K. Jain) (R. K. Shahi) (P. P. Srivastava)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

Anil Shalini & Associates
(Chartered Accountants)
(Firm Reg No. : 009960C)

Anil Kumar Shukla
(Partner)
M. No. 075418

Place : New Delhi
Date : 15.05.2014

TANDA TRANSMISSION COMPANY LIMITED
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD SEPTEMBER 09, 2013
TO MARCH 31, 2014**

Particulars	Note No.	(Amount in ₹) For the period September 09, 2013 to March 31, 2014
I. Revenue from Operations		-
II. Other Income		-
III. Total Revenue (I+II)		<u>-</u>
IV. Expenses		
Preliminary Expenses		28,749
Total Expenses		<u>28,749</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(28,749)
VI. Exceptional items		-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		(28,749)
VIII. Extraordinary items		-
IX. Profit/(Loss) Before Tax (VII-VIII)		<u>(28,749)</u>
X. Tax Expense		
(1) Current Tax		-
(2) Deferred Tax		-
XI. Profit/(Loss) for the period from continuing operations (IX-X)		<u>(28,749)</u>
XII. Profit/(Loss) from discontinuing operations		-
XIII. Tax Expense of discontinuing operations		-
XIV. Profit/(Loss) from discontinuing operations (after Tax) (XII-XIII)		<u>-</u>
XV. Profit/(Loss) for the period (XI+XIV)		<u>(28,749)</u>
XVI. Earnings per equity shares:		
(1) Basic	15	(0.57)
(2) Diluted	15	(0.57)
Corporate Information	1	
Significant accounting policies	2	
Pre Construction Expenses	9	
Other Notes to the Financial Statements	10 to 22	

For and on behalf of Board of Directors

(V. K. Jain) (R. K. Shahi) (P. P. Srivastava)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

Anil Shalini & Associates
(Chartered Accountants)
(Firm Reg No. : 009960C)

Anil Kumar Shukla
(Partner)
M. No. 075418

Place : New Delhi
Date : 15.05.2014



TANDA TRANSMISSION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD FROM SEPTEMBER 09, 2013
TO MARCH 31, 2014

Particulars	(Amount in ₹) For the period September 09, 2013 to March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit/(Loss) before tax	(28,749)
Operating Profit/(Loss) before working capital changes	(28,749)
Adjustment For Increase/(Decrease) In:	
Liabilities & Provisions	5,159,749
Net cash flow from operating activities	5,131,000
B. CASH FLOW FROM INVESTING ACTIVITIES	
Capital Work in Progress	(5,616,000)
Net cash used in investing activities	(5,616,000)
C. CASH FLOW FROM FINANCIAL ACTIVITIES	
Issue of Share Capital	500,000
Net cash flow from financing activities	500,000
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	15,000
Add: Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	15,000
Balance with bank	15,000

For and on behalf of Board of Directors

(V. K. Jain) Director	(R. K. Shahi) Director	(P. P. Srivastava) Chairman
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AS PER OUR REPORT OF EVEN DATE
For & on behalf of

Anil Shalini & Associates
(Chartered Accountants)
(Firm Reg No. : 009960C)

Anil Kumar Shukla
(Partner)
M. No. 075418

Place : New Delhi
Date : 15.05.2014

TANDA TRANSMISSION COMPANY LIMITED
Notes to the Financial Statements for the Period from September 09, 2013
to March 31, 2014

1 Corporate Information

The Company was Incorporated on 09.09.2013 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking.). Certificate for Commencement of Business was issued on 22.11.2013. The Company has been incorporated to develop power system network and Study, Investigate, collect information and data, preparation of survey report, forest clearance, if required etc. for the purpose of transmission of electricity in the state of Uttar Pradesh (Project) and to conduct bidding process etc for selection of the transmission service provider. The company will be transferred to selected developer on selection of developer as per tariff based competitive bidding guidelines for Transmission Service issued by Ministry of Power, Government of India.

2 Summary of Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

Fees for advisory and professional services for developing Independent Transmission Project payable to PFC Consulting Limited (Holding Company) will be accounted for in the year of transfer of the company to the successful bidder (As and when due).

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital Work In Progress

Expenditure incurred on Consultancy / Administration / Interest / Manpower Charges / Legal & Professional etc and other pre construction expenses has been capitalized & treated as Capital Work In Progress.

g. Expenditure Incurred by Holding Company

Expenditure incurred by the company for the Project is funded by the Holding Company (PFCCL) / Procurers and is grouped under Unsecured Short Term Borrowings. Interest is charged on funds deployed by them.

h. Preliminary Expenses

Preliminary expenses has been charged to the Statement of Profit & Loss in the year in which such expenditure has been incurred.

i. Investments

Investments are stated at cost.

j. Borrowing Costs

Borrowing cost is charged to the Statement of Profit & Loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets

k. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in books when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

l. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

m. Taxes

Provision for Current taxes is made in accordance with the relevant provisions of the Income - Tax Act, 1961. Deferred tax are recognized subject to prudence on timing differences between accounting profits and tax profits using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a virtual reasonable certainty that the assets will be realisable in future.

n. Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank and in hand.

d. Details of shareholders holding more than 5% shares in the company

	As at March 31, 2014	
	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	50,000	100%
PFC Consulting Limited, the Holding Company*	50,000	100%

* Equity shares are held by PFC Consulting Limited and through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	(Amount in ₹)
	As at March 31, 2014
Surplus in the Statement of Profit and Loss Account	-
Profit/(Loss) for the period	(28,749)
Balance as at the end of the period	(28,749)
TOTAL	(28,749)

NOTE NO. 5 - SHORT TERM BORROWINGS

Particulars	(Amount in ₹)
	As at March 31, 2014
Loan and Advance from Related Parties (PFC Consulting Limited, holding company)	4,894,322
TOTAL	4,894,322

NOTE NO. 3 - SHARE CAPITAL

Particulars	(Amount in ₹)
	As at March 31, 2014
Authorised :	
50,000 Equity shares of ₹10/- each	500,000
Issued, subscribed and fully paid up:	
50,000 Equity shares of ₹ 10/- each fully paid-up	500,000
Total issued, subscribed and fully paid up share capital	500,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2014	
	No. of Shares	Amount (₹)
Balance at the beginning of the period	-	-
Add: Shares Issued during the period	50,000	500,000
Balance at the end of the period	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	Amount (₹)
	As at March 31, 2014
PFC Consulting Limited, the Holding Company *	
50,000 equity shares of ₹ 10 each fully paid	500,000

NOTE NO. 6 - OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)
	As at March 31, 2014
Interest Accrued but not due on borrowings	223,716
Other	
- Expense Payable	16,854
- Statutory dues (Tax deducted as source)	24,857
TOTAL	265,427

NOTE NO. 7 - CAPITAL WORK IN PROGRESS

Particulars	(Amount in ₹)
	As at March 31, 2014
Transferred from Pre - Construction Expenses (Note-9)	5,816,000
TOTAL	5,816,000

NOTE NO. 8 - CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)
	As at March 31, 2014
Balance with bank:	
In Current Account	15,000
TOTAL	15,000



NOTE NO. 9 - PRE- CONSTRUCTION EXPENSES

Particulars	(Amount in ₹) For the period September 09, 2013 to March 31, 2014
Expenses	
Manpower Charges	1,068,785
Payment to the auditor:	
- As auditor	18,864
Filing Fees	193
Advertisement Expenses	4,269,036
Telephone Expenses	204
Consultancy Charges	12,355
Interest Expense	248,573
TOTAL	5,616,000

- 10 All the expenses incurred by the Company are towards the setting up of Independent Transmission Project. Since the project is identified, all the expenditures required to be capitalized. Hence Pre Construction Expenses (Note-9) containing all expenses has been prepared and the same has been transferred to Capital work-in-progress (Pending allocation).
- 11 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL/PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPVs. Original Supporting bills in respect of such expenditure incurred by the PFCL/PFCCL are in the name of PFCL/PFCCL and retained by them of which copies are available with the Company. PFCL/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.
- 12 Employees working for the Company are from holding company i.e. PFC Consulting Ltd. (PFCL). The expenses appearing in the Note-9 "Pre Construction Expenses" amounting ₹ 58,16,000/- for the year include manpower charges of PFCL employees of ₹ 10,68,785/-. The manpower cost of PFCL employees (included in Administrative Expenses) are charged by PFCL on the basis of cost to company based on actual time spent by the employees for the Company as per invoice raised by PFCL. This includes man power charges of Shri P.P. Srivastava ₹ 46,966/-, Sh. V.K. Jain ₹ 30,157/-, Sh. Rajesh Kumar Shahi ₹ 52,652/-.
- 13 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil.
ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ Nil.
- 14 The expenditure on development of the project are incurred by PFC Consulting Limited (PFCL) (Holding Co.). The company shall pay interest to PFCL on the expenditure incurred by PFCL. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Transmission) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time.

15 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956, Earning per share (Basic & Diluted) is worked out as follows :-

S.No.	Particulars	As at March 31, 2014
1	Nominal Value of share ₹	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax ₹	(28,749)
4	Earning per share ₹	(0.57)

- 16 (i) The Key Management Personnel of the Company are employee of the Holding Company (PFCL) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows :-

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri P.P. Shrivastava	Director	09.09.2013	Continuing
2	Shri R. K. Shahi	Director	09.09.2013	Continuing
3	Shri V.K. Jain	Director	09.09.2013	Continuing

- 16 (ii) The disclosure as per AS 18 - Related Party Disclosure :

The Tanda Transmission Co Ltd is a wholly owned subsidiary of PFC Consulting Ltd. All key decisions are taken by the Board of Tanda Transmission Co Ltd where the PFCL nominees exercise control.

Details of Related parties and nature of relationship

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC)	Ultimate Holding Company
2	PFC Consulting Limited (PFCL)	Holding Company
3	Balabharati-GN Transmission Company Limited	Fellow Subsidiary
4	DGEN Transmission Company Limited	Fellow Subsidiary
5	Odisha Infra Power Limited	Subsidiary of Ultimate Holding Company
6	Chhattisgarh Surguja Power Limited	Subsidiary of Ultimate Holding Company
7	Orissa Integrated Power Limited	Subsidiary of Ultimate Holding Company
8	Coastal Karnataka Power Limited	Subsidiary of Ultimate Holding Company
9	Coastal Maharashtra Mega Power Limited	Subsidiary of Ultimate Holding Company
10	Ghogaipalli Integrated Power Company Limited	Subsidiary of Ultimate Holding Company
11	Coastal Tamil Nadu Power Limited	Subsidiary of Ultimate Holding Company
12	Sakhigopal Integrated Power Company Limited	Subsidiary of Ultimate Holding Company
13	Tatiya Andhra Mega Power Limited	Subsidiary of Ultimate Holding Company
14	Power Equity Capital Advisors Private Limited	Subsidiary of Ultimate Holding Company
15	PFC Green Energy Limited	Subsidiary of Ultimate Holding Company
16	PFC Capital Advisory Services Limited	Subsidiary of Ultimate Holding Company
17	Cheyur Infra Limited	Subsidiary of Ultimate Holding Company
18	Doeghar Mega power Limited	Subsidiary of Ultimate Holding Company
19	Patran Transmission Company Limited	Fellow Subsidiary till November 13, 2013
20	Purulia Kharagpur Transmission Company Limited	Fellow Subsidiary till December 09, 2013
21	Darbhanga Motihari Transmission Company Limited	Fellow Subsidiary till December 10, 2013
22	RAPP Transmission Company Limited	Fellow Subsidiary till March 12, 2014



- 17 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability / Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.
- 18 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".
- 19 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) does not arise.
- 20 Most of the additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under :
- (a) Expenditure in foreign currency – Nil
- (b) Income in foreign exchange – Nil
- 21 The current period figures are for the period from September 09, 2013 to March 31, 2014. As such previous year figures are not applicable.
- 22 Figures have been rounded off to the nearest Rupee unless otherwise stated.

For and on behalf of Board of Directors

(V. K. Jain)
Director

(R. K. Shahi)
Director

(P. P. Srivastava)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

Anil Shalini & Associates
(Chartered Accountants)
(Firm Reg No. : 009960C)

Anil Kumar Shukla
(Partner)
M. No. 075418

Place : New Delhi
Date : 15.05.2014

**BALLABHGARH-GN TRANSMISSION COMPANY LIMITED**

(A Wholly Owned Subsidiary of PFC Consulting Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 1st Annual Report on the performance of the Company for the period from 9th September, 2013 to 31st March, 2014 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 9th September, 2013 as a wholly owned subsidiary of PFC Consulting Limited for development of transmission system associated with Northern Region System Strengthening Scheme, NRSS-XXXIII. The transmission system comprises of the following:

- Ballabgharh-Greater Noida (New) 400 kV D/C line 5 km on multi-circuit towers from Ballabgharh S/S. (Line length 50 km + 5 M/c km)
- Establishment of 2x500 MVA, 400/220 kV GIS Substation at Greater Noida (New)

The Request for Qualification (RFQ) for the project was issued on 11th September, 2013 with last date of submission as 25th October, 2013.

CEA on 18th September, 2013 advised that the Bid Process of "Northern Region System Strengthening Scheme, NRSS-XXXIII" may be suspended as the PPA between Noida Power Company Ltd (NPCL) and Essar Power (Jharkhand), the generating company has gone into dispute and NPCL has served termination notice and the matter is under adjudication in the Uttar Pradesh Electricity Regulatory Commission (UPERC). Accordingly, the RFQ submission date was extended upto 26th November, 2013.

Subsequently, CEA on 19th November, 2013 had advised that bidding process shall be kept in abeyance till the dispute in PPA between Noida Power Company Ltd and Essar Power (Jharkhand) Ltd. is resolved by UPERC. On the advise of CEA, the bidding process has been kept in abeyance.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 50.70 Lakh in the development of the project which has been transferred to capital work in progress.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 9th September, 2013 to 31st March, 2014.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2014. During the year, the entire share capital of the Company is held by PFC Consulting Limited and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. PNG & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

The Board of Directors of the Company presently comprises of:

1. Shri Rizwanur Rahman	Chairman
2. Shri Virender Kumar Jain	Director
3. Shri Rajesh Kumar Shahi	Director

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013 Shri Rizwanur Rahman, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 2nd July, 2014 have decided not to review the report of the Statutory Auditors on the accounts of the Company for the period from 9th September, 2013 to 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the period from 9th September, 2013 to 31st March, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFCL for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

(R.Rahman)
Chairman

Place : New Delhi
Date : 20th August, 2014



ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BALLABHGARH GN TRANSMISSION COMPANY LIMITED, NEW DELHI, FOR THE PERIOD FROM 09 SEPTEMBER 2013 TO 31 MARCH 2014

The preparation of financial statements of Ballabgharh GN Transmission Company Limited, New Delhi for the period from 9 September 2013 to 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Ballabgharh GN Transmission Company Limited, New Delhi for the period from 9 September 2013 to 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Date : 02 July, 2014



INDEPENDENT AUDITOR'S REPORT

To
The Members

BALLABHGARH-GN TRANSMISSION COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Ballabgharh-GN Transmission Company Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period from 09th September, 2013 to 31st March, 2014 and a summary of the significant accounting policies and other explanatory information/notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud & error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the Loss for the period from 09th September, 2013 to 31st March, 2014; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the period from 09th September, 2013 to 31st March, 2014.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2) As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

For PNG & Co
Firm Registration No.021910N
Chartered Accountants

Anupam Agrawal
Partner

Membership No. 084740

Place: New Delhi
Date : 15.05.2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

1. The company has no fixed Assets other than Capital work in progress. Hence the provisions of clause 4 (i) of the Order are not applicable to the company.
2. The Company does not hold any inventory. Therefore, the provisions of clause 4 (ii) of the Order are not applicable to the company.
3. During the period the Company has neither granted nor taken loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases/sale of fixed assets & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the period that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits within the meaning of section 58A and 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. Internal Audit is not applicable to the company.
8. As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.

9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax, and other statutory dues with appropriate Authorities. According to information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 for the period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, which have not been deposited on account of any dispute.
10. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the period are more than fifty percent or more of the net worth and whether it has incurred cash losses in such period.
11. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the company.
12. As per information given and record maintained the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to information and explanations given to us, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
16. According to the records of Company, the Company has not taken any term loan during the period. Therefore the provisions of clause 4(xvi) of the Order are not applicable to the Company.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the period except initial allotment to the holding company and through its nominees.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by way of public issue during the period.
21. Based on the audit procedures performed for the purpose of reporting true and fair view of accounts and as per information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For PNG & Co
Firm Registration No. 021910N
Chartered Accountants

Anupam Agrawal
Partner
Membership No. 084740

Place: New Delhi
Date : 15.05.2014



BALLABHGARH-ON TRANSMISSION COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	(Amount in ₹) As at March 31, 2014
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital	3	500,000
(b) Reserves & Surplus	4	(28,749)
		<u>471,251</u>
(2) Current Liabilities		
(a) Short-term borrowings	5	4,353,796
(b) Other current liabilities	6	259,533
		<u>4,613,329</u>
TOTAL		<u>5,084,580</u>
II. ASSETS		
(1) Non-current Assets		
(a) Fixed Assets		
(i) Capital work-in-progress	7	5,069,580
		<u>5,069,580</u>
(2) Current Assets		
(a) Cash and cash equivalents	8	15,000
		<u>15,000</u>
TOTAL		<u>5,084,580</u>
Corporate Information	1	
Significant accounting policies	2	
Pre Construction Expenses	9	
Other Notes to the Financial Statements	10 to 22	

For and on behalf of Board of Directors

(V. K. Jain) (R. K. Shahi) (R. Rahman)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

For PNG & Co.
(Chartered Accountants)
(Firm Reg No. : 021910N)

Anupam Agrawal
(Partner)
M. No. 084740

Place : New Delhi
Date : 15.05.2014

BALLABHGARH-ON TRANSMISSION COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD SEPTEMBER 09, 2013
TO MARCH 31, 2014

Particulars	Note No.	(Amount in ₹) For the period September 09, 2013 to March 31, 2014
I. Revenue from Operations		-
II. Other Income		-
III. Total Revenue (I+II)		<u>-</u>
IV. Expenses		
Preliminary Expenses		28,749
Total Expenses		<u>28,749</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(28,749)
VI. Exceptional items		-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		(28,749)
VIII. Extraordinary items		-
IX. Profit/(Loss) Before Tax (VII-VIII)		(28,749)
X. Tax Expense		
(1) Current Tax		-
(2) Deferred Tax		-
XI. Profit/(Loss) for the period from continuing operations (IX-X)		(28,749)
XII. Profit/(Loss) from discontinuing operations		-
XIII. Tax Expense of discontinuing operations		-
XIV. Profit/(Loss) from discontinuing operations (after Tax) (XII-XIII)		-
XV. Profit/(Loss) for the period (XI+XIV)		(28,749)
XVI. Earnings per equity shares:		
(1) Basic	14	(0.57)
(2) Diluted	14	(0.57)
Corporate Information	1	
Significant accounting policies	2	
Pre Construction Expenses	9	
Other Notes to the Financial Statements	10 to 22	

For and on behalf of Board of Directors

(V. K. Jain) (R. K. Shahi) (R. Rahman)
Director Director Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

For PNG & Co.
(Chartered Accountants)
(Firm Reg No. : 021910N)

Anupam Agrawal
(Partner)
M. No. 084740

Place : New Delhi
Date : 15.05.2014

BALLABHGARH-GN TRANSMISSION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD FROM SEPTEMBER 09, 2013
TO MARCH 31, 2014

Particulars	(Amount in ₹) For the period September 09, 2013 to March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit/(Loss) before tax	(26,749)
Operating Profit/(Loss) before working capital changes	(26,749)
Adjustment For Increase/(Decrease) In:	
Liabilities & Provisions	4,613,329
Net cash flow from operating activities	4,584,580
B. CASH FLOW FROM INVESTING ACTIVITIES	
Capital Work in Progress	(5,069,580)
Net cash used in Investing activities	(5,069,580)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Issue of Share Capital	500,000
Net cash flow from financing activities	500,000
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	15,000
Add: Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	15,000
Cash in hand and balance with bank	15,000

For and on behalf of Board of Directors

(V. K. Jain)
Director

(R. K. Shahi)
Director

(R. Rahman)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

For PNG & Co.
(Chartered Accountants)
(Firm Reg No. : 021910N)

Anupam Agrawal
(Partner)
M. No. 084740

Place : New Delhi
Date : 15.05.2014

BALLABHGARH-GN TRANSMISSION COMPANY LIMITED
Notes to the Financial Statements for the Period from September 09, 2013
to March 31, 2014

1 Corporate Information

The Company was incorporated on 09/09/2013 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking). Certificate for Commencement of Business was issued on 22/11/2013. The Company has been incorporated to develop power system network and Study, Investigate, collect information and data, preparation of survey report, forest clearance, if required etc. for the purpose of transmission of electricity in the state of Haryana (Project) and to conduct bidding process etc for selection of the transmission service provider. The company will be transferred to selected developer on selection of developer as per tariff based competitive bidding guidelines for Transmission Service issued by Ministry of Power, Government of India.

2 Summary of Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

Fees for advisory and professional services for developing Independent Transmission Project payable to PFC Consulting Limited (Holding Company) will be accounted for in the year of transfer of the company to the successful bidder (as and when due).

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956. Items of Fixed Assets acquired during the year costing up to Rs. 5,000/- are fully depreciated.

f. Capital Work In Progress

Expenditure incurred on Consultancy / Administration / Interest / Manpower Charges / Legal & Professional etc and other pre construction expenses has been capitalized & treated as Capital Work In Progress.

g. Expenditure Incurred by Holding Company

Expenditure incurred by the company for the Project is funded by the Holding Company (PFCCL) and considered as current liabilities. Interest is charged by holding company (PFCCL) as per rate applicable from time to time.

h. Preliminary Expenses

Preliminary expenses has been charged to the Statement of Profit & Loss in the year in which such expenditure has been incurred.

i. Investments

Investments are stated at cost.



j. Borrowing Costs

Borrowing cost is charged to the Statement of Profit & Loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in books when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

l. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Revised Accounting Standard-3 on Cash Flow Statement.

m. Taxes

Provision for Current taxes is made in accordance with the relevant provisions of the Income - Tax Act, 1961. Deferred tax are recognized subject to prudence on timing differences between accounting profits and tax profits using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a virtual reasonable certainty that the assets will be realisable in future.

n. Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank and in hand.

d. Details of shareholders holding more than 5% shares in the company

	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	50,000	100%
PFC Consulting Limited, holding company	50,000	100%

* Equity shares are held by PFC Consulting Limited and through its nominees.

NOTE NO. 4 - RESERVES AND SURPLUS

Particulars	As at March 31, 2014
Surplus in the Statement of Profit and Loss Account	-
Profit/(Loss) for the period	(28,749)
Balance as at the end of the period	28,749
TOTAL	(28,749)

NOTE NO. 5 - SHORT TERM BORROWINGS

Particulars	As at March 31, 2014
Loan and Advance from Related Parties (PFC Consulting Limited, holding company)	4,353,796
TOTAL	4,353,796

NOTE NO. 3 - SHARE CAPITAL

Particulars	As at March 31, 2014
Authorised :	
50,000 Equity shares of ₹10/- each	500,000
Issued, subscribed and fully paid up:	
50,000 Equity shares of ₹ 10/- each fully paid-up	500,000
Total issued, subscribed and fully paid up share capital	500,000

a. Reconciliation of the shares outstanding as at the beginning and as at the end of the reporting period

Equity Shares	As at March 31, 2014
No. of Shares	Amount (₹)
Balance as at the beginning of the period	-
Add: Shares issued during the period	50,000
Balance as at the end of the period	50,000

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of 50,000 equity shares issued by the company, shares held by its Holding Company are as below:

	Amount (₹)
	As at March 31, 2014
PFC Consulting Limited, the Holding Company *	
50,000 equity shares of ₹ 10 each fully paid	500,000

NOTE NO. 6 - OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2014
Interest Accrued but not due on borrowings	218,411
Other	
- Expense Payable	16,854
- Statutory dues (Tax deducted as source)	24,268
TOTAL	259,533

NOTE NO. 7 - CAPITAL WORK IN PROGRESS

Particulars	As at March 31, 2014
Transferred from Pre - Construction Expenses (Note-9)	5,069,580
TOTAL	5,069,580

NOTE NO. 8 - CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2014
Balance with bank:	
In Current Account	15,000
TOTAL	15,000

NOTE NO. 9 - PRE-CONSTRUCTION EXPENSES

Particulars	(Amount in ₹) For the period September 09, 2013 to March 31, 2014
Expenses	
Manpower Charges	419,139
Payment to the auditor:	
- As auditor	16,854
Filing Fees	193
Advertisement Expenses	4,289,026
Telephone Expenses	201
Consultancy Charges	116,355
Printing & Stationery	5,133
Interest Expense	242,679
TOTAL	5,069,580

10 All the expenses incurred by the Company are towards the setting up of Independent Transmission Project. Since the project is identified, all the expenditures required to be capitalized. Hence Pre Construction Expenses (Note-9) containing all expenses has been prepared and the same has been transferred to Capital work-in-progress (Pending allocation).

11 The expenses appearing as other Administrative Expenses are mainly allocated by PFCL / PFCCL to SPVs. Direct expenditures related to SPV are allocated on 100% basis and common expenditure are allocated based on sharing of services between various SPVs. Original Supporting bills in respect of such expenditure incurred by the PFCL / PFCCL are in the name of PFCL / PFCCL and retained by them of which copies are available with the Company. PFCL / PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source and Service tax etc. as applicable to these expenses.

12 Employees working for the Company are from holding company i.e. PFC Consulting Ltd. (PFCCL). The expenses appearing in the Note-9 'Pre Construction Expenses' amounting ₹ 50,69,580/- for the year include manpower charges of PFCCL employees of ₹ 4,19,139/-. The manpower cost of PFCCL employees (included in Administrative Expenses) are charged by PFCCL on the basis of cost to company based on actual time spent by the employees for the Company as per Invoice raised by PFCCL. This includes man power charges of Sh. V.K. Jain ₹ 3,708/-, Sh. Rajesh Kumar Shahi ₹ 24,719/-.

13 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil.

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ Nil.

14 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act, 1956, Earning per share (Basic & Diluted) is worked out as follows :-

S.No.	Particulars	As at March 31, 2014
1	Nominal Value of share ₹	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax ₹	(28,749)
4	Earning per share ₹	(0.57)

15 i) The Key Management Personnel of the Company are employee of the Holding Company (PFCCL) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:-

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri R. Rahman	Chairman	09/09/2013	Continuing
2	Shri R. K. Shahi	Director	09/09/2013	Continuing
3	Shri V.K. Jain	Director	09/09/2013	Continuing

(ii) The disclosure as per AS 18 - Related Party Disclosure :

The Ballabgarh-GN Transmission Co Ltd. is a wholly owned subsidiary of PFC Consulting Ltd. All key decisions are taken by the Board of Ballabgarh-GN Transmission Co Ltd. where the PFCCL nominees exercise control.

Details of Related parties and nature of relationship

S. No.	Name of the Related Party	Nature of Relationship
1	Power Finance Corporation Limited (PFC)	Ultimate Holding Company
2	PFC Consulting Limited (PFCCL)	Holding Company
3	Tanda Transmission Company Limited	Fellow Subsidiary
4	DGEN Transmission Company Limited	Fellow Subsidiary
5	Odisha Infra Power Limited	Subsidiary of Ultimate Holding Company
6	Chhattisgarh Surguja Power Limited	Subsidiary of Ultimate Holding Company
7	Orissa Integrated Power Limited	Subsidiary of Ultimate Holding Company
8	Coastal Karnataka Power Limited	Subsidiary of Ultimate Holding Company
9	Coastal Maharashtra Mega Power Limited	Subsidiary of Ultimate Holding Company
10	Ghogarpalli Integrated Power Company Limited	Subsidiary of Ultimate Holding Company
11	Coastal Tamil Nadu Power Limited	Subsidiary of Ultimate Holding Company
12	Sakhigopal Integrated Power Company Limited	Subsidiary of Ultimate Holding Company
13	Tatiya Andhra Mega Power Limited	Subsidiary of Ultimate Holding Company
14	Power Equity Capital Advisors Private Limited	Subsidiary of Ultimate Holding Company
15	PFC Green Energy Limited	Subsidiary of Ultimate Holding Company
16	PFC Capital Advisory Services Limited	Subsidiary of Ultimate Holding Company
17	Cheyur Infra Limited	Subsidiary of Ultimate Holding Company
18	Doeghar Mega power Limited	Subsidiary of Ultimate Holding Company
19	Patran Transmission Company Limited	Fellow Subsidiary till November 13, 2013
20	Punulia Kharagpur Transmission Company Limited	Fellow Subsidiary till December 09, 2013
21	Darbhanga Motihari Transmission Company Limited	Fellow Subsidiary till December 10, 2013
22	RAPP Transmission Company Limited	Fellow Subsidiary till March 12, 2014



- 16 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.
- 17 The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".
- 18 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) does not arise.
- 19 Most of the additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:
- (a) Expenditure in foreign currency—Nil
 - (b) Income in foreign exchange—Nil
- 20 The expenditure on development of the project are incurred by PFC Consulting Limited (PFCL) (Holding Co.). The company shall pay interest to PFCL on the expenditure incurred by PFCL. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC Ltd. for the Project Loan/Schemes (Transmission) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time.

- 21 The current period figures are for the period from September 09, 2013 to March 31, 2014. As such previous year figures are not applicable.
- 22 Figures have been rounded off to the nearest Rupee unless otherwise stated.

For and on behalf of Board of Directors

(V. K. Jain)
Director

(R. K. Shah)
Director

(R. Rahman)
Chairman

AS PER OUR REPORT OF EVEN DATE
For & on behalf of

For PNG & Co.
(Chartered Accountants)
(Firm Reg No. : 021910N)

Anupam Agrawal
(Partner)
M. No. 084740

Place : New Delhi
Date : 15.05.2014

PFC GREEN ENERGY LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
DIRECTORS' REPORT 2013-2014

To,

The Members,

PFC Green Energy Limited

Your Directors have pleasure in presenting the third Annual Report on the performance of your Company for the financial year ended March 31, 2014 along with Audited Statements of Accounts and Auditors' Report thereon.

1. COMMENCEMENT OF BUSINESS BY THE COMPANY

Your Company received the Certificate of Registration (CoR) to function as a Non-Banking Financial Company on October 1, 2012 from the Reserve Bank of India (RBI). With the receipt of CoR, your company commenced its business operations during the fourth quarter of the financial year 2012-13. Although FY 2013-14 was the first full year of operation for your company, it made significant progress in financing the Renewable Energy Sector.

2. FINANCIAL HIGHLIGHTS

(a) PROFITABILITY

(₹ in crores)

S.No.	Particulars	FY2013-14	FY2012-13
1	Total Income	22.71	0.57
2	Total Expenditure	3.20	0.82
3	Profit / (Loss) Before Tax	19.51	(0.25)
4	Tax Expense		
	— Current Tax	6.27	-
	— Deferred Tax	(0.02)	0.15
5	Profit / (Loss) After Tax	13.26	(0.40)
Appropriations of Profit after Tax:			
1	Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	2.65	-
2	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	0.29	-
3	Balance carried to Balance Sheet	10.32	(0.40)

(b) LENDING OPERATIONS

(₹ in crores)

Particulars	2013-14	2012-13
Sanction of Loans	304.47	8.00
State Sector	172.58	-
Private Sector	131.89	8.00
Disbursement of Loans	25.46	-
Private	25.46	-

3. FINANCIAL PERFORMANCE

3.1 REVENUE

The total income achieved by your Company during the FY 2013-14 was ₹ 22.71 crores against the total income of ₹ 0.57 crores achieved during last fiscal. Operating income for the current year increased to ₹ 22.69 crores against ₹ 0.55 crores during last fiscal.

3.2 EXPENSES

The total expenditure for the FY 2013-14 amounted to ₹ 3.20 crores as against expenditure of ₹ 0.82 crores during last fiscal.

3.3 PROFIT

During the FY 2013-14, your Company earned net profit of ₹ 13.26 crores against the net loss of ₹ 0.40 crores during FY 2012-13.

3.4 SHARE CAPITAL

During the FY 2013-14, the Company increased its Paid Up Share Capital from ₹109.99 crores (as on March 31, 2013) to ₹ 300 crores (as on March 31, 2014) consisting of Equity shares and Fully Convertible Preference Shares (FCPS). As on March 31, 2014 your Company has an Authorized Share Capital of ₹ 1200 crores (comprising of 100 crores Equity Shares of ₹ 10/- each and 20 crores Fully Convertible Preference Shares of ₹ 10/- each) and Paid Up Share Capital of ₹ 300 crores (comprising of 10 crores Equity Shares of ₹ 10/- each and 20 crores Fully Convertible Preference Shares of ₹ 10/- each). The break-up of authorized and paid up capital as on 31st March, 2014 is as under:

Nature	Authorized Share Capital			Paid-Up Share Capital		
	No. of Shares (In crore)	FV (In ₹)	Total (₹ in crore)	No. of Shares (In crore)	FV (In ₹)	Total (₹ in crore)
Equity	100	10	1000	10	10	100
FCPS	20	10	200	20	10	200
Total	120	-	1200	30	-	300

3.5 DIVIDEND

Your Directors have decided not to declare any dividend for the FY 2013-14 and your Company shall pay dividend as and when it is able to generate sufficient profits from the main business activity of the Company.

4. FINANCIAL ASSISTANCE

During the FY 2013-14 your company sanctioned ₹ 304.47 crore for setting up of renewable energy projects. The detailed breakup of sanctioned loans is as under :-

S. No.	Client Name	Capacity (MW)	Location	Technology	Amount Sanctioned (₹ In Crores)
1	Solitaire Industrial Infrastructure Pvt. Ltd.	5.0	West Bengal	Solar PV	27.65
2	Pashupathinath Power Projects Pvt. Ltd.	3.0	Motakatta, Andhra Pradesh	Solar PV	13.02
3	Narasimhaswamy Solar Generations Pvt. Ltd.	5.0	Andhra Pradesh	Solar PV	21.72
4	NREDCAP	12.8	Anantpur, Andhra Pradesh	Wind	60.00
5	Sai Adithya Green Energy Pvt. Ltd.	1.0	Andhra Pradesh	Solar PV	4.50
6	Sikkim Power Development Corporation Ltd.	7.0	Chubba	Small Hydro	52.18
7	Carlil Energy Pvt. Ltd.	1.5	Punjab	Solar PV	9.00
8	Astaab Solar Pvt. Ltd.	5.0	Odisha	Solar PV	35.00
9	Prodigy Hydro Power Pvt. Ltd.	6.0	Baner-II, Himachal Pradesh	Small Hydro	21.00
10	Kerala State Electricity Board	6.0	Perunthenaruvi, Kerala	Small Hydro	38.45
11	Kerala State Electricity Board	3.0	Kakkayam, Kerala	Small Hydro	21.95
	Total	55.3	-	-	304.47

The financial assistance sanctioned by PFC GEL during the FY 2013-14 would help capacity creation of more than 55 MW. out of the total sanction of ₹ 304.47 crores, approximately 57% (₹ 172.58 crore) was sanctioned towards the state sector project and approximately 43% (₹ 131.89 crore) was sanctioned towards private sector projects. Your Company continues



to diversify its portfolio across the renewable energy technologies and has a healthy composition across wind, solar & small hydro sectors. The detailed breakup of the project sanctioned under various technologies is given below:

Technology	FY 2013-14			FY 2012-13			Cumulative sanction amount till FY 2013-14 (₹ in cr.)
	MW	Sanction amount (₹ in cr.)	% of the total sanction	MW	Sanction amount (₹ in cr.)	% of the total sanction	
Solar	20.5	110.89	36%	1	8.00	100%	118.89
Wind	12.8	60.00	20%	-	-	-	60.00
Small Hydro	22.0	133.58	44%	-	-	-	133.58
Total	55.3	304.47	-	-	8.00	-	312.47

The total disbursement during the FY 2013-14 was ₹ 25.48 crores. The first loan documentation was completed on May 10, 2013. The loan documentation for the projects sanctioned during the year is under process.

5. PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review as covered under the provisions of Section 58 A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

6. PERSONNEL

The Company is a wholly owned subsidiary of PFC and all the employees working in PFC GEL are the employees of PFC, posted in PFC GEL. The matters related to the terms and conditions of employment of such employees are being taken care by the holding Company.

7. HUMAN RESOURCE DEVELOPMENT

Your Company is committed to enhancing the skills of its employees along with continuously upgrading their competencies, so that the employees keep pace with the fast changing business environment.

8. AUDITORS

M/s. KSJ & Company, Chartered Accountants, New Delhi was appointed as Statutory Auditor of the Company for the FY 2013-14 by the Comptroller & Auditor General of the India.

The Statutory Auditor has audited the accounts of the Company for the FY 2013-14 and has given his report without any qualification.

9. COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG)

The Comptroller and Auditor General of India had conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of your Company for the FY 2013-14.

The Comptroller and Auditor General of India vide their letter dated July 05, 2014 has mentioned that on the basis of their audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956. A copy of the aforesaid letter issued by C & AG in this regard is enclosed as Annexure I.

10. NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

Auditor's Report pertaining to Non-Banking Financial companies has been taken from the Statutory Auditors of your company, as per the "Non-Banking" Financial companies Auditors' Report (Reserve Bank) Directions, 2008". A copy of the certificate is enclosed as Annexure II.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As the company's operations do not involve any manufacturing or processing activities, there are no significant particulars, relating to conservation of energy, technology absorption, under the

Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988.

The particulars as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption has been furnished in Annexure III.

Further during the period under review, there has been no foreign exchange earnings and outgo.

12. PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

13. DIRECTORS

Presently the Board of Directors of the Company comprises of the following:

Shri M.K. Goel	:	Chairman
Shri R. Nagarajan	:	Director
Shri A.K. Agarwal	:	Director

Your Board of Directors met eight times during the FY 2013-14.

Consequent to Shri M.K. Goel, Director (Commercial), PFC, also on the Board of PFC GEL assuming additional charge of CMD, PFC vice Shri Satnam Singh w.e.f. September 13, 2013 Shri Satnam Singh ceased to be the Director and Chairman of PFC GEL and Shri M.K. Goel was appointed as Chairman, PFC GEL w.e.f. September 13, 2013. The Board places on record its warm appreciation of the valuable contribution made by the outgoing Director as member of the Board.

In accordance with the provisions of Section(s) 152(6)(a) & (d) of the Companies Act, 2013 Shri A.K. Agarwal, Director shall retire by rotation at the ensuing Annual General Meeting of the company and being eligible offers himself for re-appointment.

14. AUDIT COMMITTEE

The Audit Committee of your company was constituted in the FY 2012-13 in accordance with Section 292 A of the Companies Act, 1956. The Committee consists of the following members, and met for five times during the year 2013-14.

Shri M.K. Goel	:	Chairman
Shri R. Nagarajan	:	Member
Shri A.K. Agarwal	:	Member

There has been no recommendation of the Audit Committee in the FY 2013-14, which has not been accepted by the Board.

15. OFFICIAL LANGUAGE

The use of Hindi in Company's official work was emphasized.

16. SUBSIDIARY COMPANIES

The Company does not have any subsidiary company. Therefore there is no requirement to comply with Section 212 of the Companies Act, 1956.

17. CREDIT RATING

The Company has been assigned the highest credit rating of SMERA AAA (IR) by SMERA Rating Private Limited on June 02, 2014, the letter being valid for sixty days, which may be revalidated upon request.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

- In the preparation of Annual Accounts for the financial year 2013-14 the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2013-14 and the profit of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors had prepared the annual accounts on a going concern basis.

19. GRIEVANCE REDRESSAL

Your company has a Grievance Redressal system for dealing with the grievances of the customers. A designated Nodal Officer is responsible to ensure quick redressal of grievances within the permissible time frame.

20. MEMORANDUM OF UNDERSTANDING WITH POWER FINANCE CORPORATION LIMITED, THE HOLDING COMPANY

Your Company has signed a Memorandum of Understanding (MoU) for the FY 2014-15 on April 25, 2014 with PFC. As per the MoU, the sanction and disbursement targets are of ₹ 500 crores and ₹ 210 crores respectively. All the targets in the MoU have been fixed after discussion with MoU Task Force constituted under the auspices of Department of Public Enterprises.

21. MEMORANDUM OF UNDERSTANDING WITH INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD. (IREDA)

Your Company has also taken steps to increase its business in the renewable energy sector. In this regard it has signed a MoU on May 21, 2014 with IREDA (Indian Renewable Energy Development Agency Ltd.) to jointly finance renewable energy projects.

22. KEY MANAGERIAL PERSONNELS :

Presently the key managerial personnel of the company comprises of the following:

- | | | |
|-----------------------|---|-------------------------|
| 1. Sh. A. Chakravarti | : | Chief Executive Officer |
| 2. Sh. R.K. Chandiok | : | Chief Financial Officer |
| 3. Smt. Rachna Singh | : | Company Secretary |

23. LAUNCH OF WEBSITE

A website of PFC GEL, 'www.pfcgel.com', was launched on June 17, 2013 to provide a platform for external interface and to reach out to present and prospective clients.

The Board of Directors acknowledge and place on record their appreciation for the guidance, co-operation and encouragement extended to the company by Government of India, Ministry of Power, Reserve Bank of India, Department of Public Enterprises, and other concerned Government departments/ agencies at the Central and State level etc.

Your Directors also convey its gratitude to the holding company i.e. Power Finance Corporation Limited as well as the Bankers for the active and continued support to the company. The Board also conveys its gratitude to the clients and customers for their trust and support.

The Company is also thankful to the Comptroller & Auditor General of India and the Statutory Auditors for their constructive suggestions and co-operation.

For and on behalf of the Board of Directors,

Sd/-

(M.K. Goel)
Chairman

Place: New Delhi
Date: 08.08.2014

ANNEXURE I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PFC GREEN ENERGY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of PFC Green Energy Limited, New Delhi, for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statement under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountant of India. This is stated to have been done by them vide their Audit Report dated 15 May, 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act 1956 of the financial statements of PFC Green Energy Limited, New Delhi, for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III,
New Delhi

Place: New Delhi

Dated : 05.07.2014



ANNEXURE II

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

To,

The Board of Directors
PFC Green Energy Limited,
Urjanidhi, 1, Barakhamba Lane,
Connaught Place
New Delhi-110001.

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Company, we report that:

1. The Company is engaged in the business of non-banking financial institution, having valid Certificate of Registration from Reserve Bank of India issued on 1-10-2012 vide certificate no. N-14.03258.
2. The Board of Directors in its meeting held on 17th August, 2011 has passed the resolution that the company shall not accept any Public Deposit without the prior approval of RBI.
3. The company has not accepted any public deposits during the year 2013-14.
4. For the Financial year ending 31st March 2014, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
5. The capital adequacy ratio as disclosed in the return submitted to the Bank in forms NBS-7, has been correctly arrived at and such ratio is in compliance with the minimum CRAR prescribed by the RBI;
6. The company has furnished to RBI the annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS-7) within the stipulated period.

FOR KSJ & Co.
(Chartered Accountants)
FRN: 016024N

Sd/-
(SACHIN JAIN)
Partner
M.No. 095984

Place: New Delhi

Date: 15.05.2014

ANNEXURE III

Disclosure of particulars u/s 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as under:

A. CONSERVATION OF ENERGY:

(a)	energy conservation measures taken;	The Company will take necessary measures as may be required from time to time for conservation of energy.
(b)	additional investments and proposals, if any, being implemented for reduction of consumption of energy;	No specific investment has been made in this regard.
(c)	Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	Not Applicable
(d)	total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the rules in respect of industries specified in the Schedule thereto.	Not Applicable

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B of the Annexure to the Rules

FORM B: Form for disclosure of particulars with respect to absorption Research and development (R & D)

1.	Specific areas in which R&D carried out by the company.	During the year the Company has not carried any specific R & D
2.	Benefits derived as a result of the above R&D	Not Applicable
3.	Future plan of action	Not Applicable
4.	Expenditure on R&D :	
	(a) Capital	Nil
	(b) Recurring	Nil
	(c) Total	Nil
	(d) Total R&D expenditure as a percentage of total turnover	Not Applicable

Technology absorption, adaptation and Innovation.

1.	Efforts, in brief, made towards technology absorption adaptation and innovation.	No specific efforts have been taken in this regard.
2.	Benefits derived as a result of the above efforts, e.g., Product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	Not Applicable
	(a) Technology imported.	
	(b) Year of import.	
	(c) Has technology been fully absorbed?	
	(d) If not fully absorbed, areas where this has not Taken place, reasons there for and future plans of action.	

C FOREIGN EXCHANGE EARNINGS AND OUTGO : Details of foreign exchange earnings and outgo appear as item no. 11 of part 'C' i.e. other notes on accounts

Independent Auditor's Report to the Members of PFC Green Energy Limited

Report on Financial Statements

We have audited the accompanying financial statements of PFC Green Energy Limited ("the Company") which comprise the balance sheet as at 31st March, 2014, the statement of Profit & Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
- e) The requirement of section 274(1) (g) of the Companies Act, 1956 relating to disqualification of directors are not applicable to the company being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R. 829(E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For KSJ & Co.

Chartered Accountants
FRN-016024N

Sd/-
SACHIN JAIN
Partner
M. No. 095984

Place: New Delhi
Date: 15.05.2014

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of PFC Green Energy Limited on the accounts of the company for the year ended 31st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) Physical verification of the fixed assets was conducted by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification as compared with the book records.
- c) In our opinion and according to the information and explanation given to us, the Company has not disposed off the substantial part of its fixed assets, which will affect its status as going concern.
2. The main objective of the company is to provide finance to Renewable Energy Projects and does not involve carrying of any inventories; hence clause (ii) of paragraph 4 of the Order is not applicable to the Company.
3. The Company has not taken any loan from director/party covered in the register maintain under section 301 of the Companies Act, 1956 and accordingly 4(iii) (b), (c) and (d) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.
5. Based on the audit procedure applied by us and the information and explanation provided by the management, we are of the opinion that



there were no transactions during the period that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

6. According to the information and explanations given to us, the Company has not accepted any deposits from public within the purview of section 58A and section 58AA of the Companies Act, 1956 and the rules framed there-under.
7. The Company has an internal audit system commensurate with its size and nature of business.
8. In our opinion and according to information and explanations given to us that the order of Central Govt. issued under section 209 (1) (d) of Companies Act, 1956 (1 of 1956), is not applicable to the Company.
9. According to the records of the Company, the Companies is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Wealth Tax etc. and any other statutory dues to the extent applicable to it.
10. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. The Company has generally maintained adequate documents and records in respect of loans granted by it to various State Electricity Boards, State Governments, and Independent Power Producers.
13. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments, accordingly, the

provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from bank or financial institutions.
16. According to the information and explanation given to us, the company has not taken loan from any financial institution or bank or debenture holder; hence clause (xvi) of paragraph 4 of the order is not applicable to the company.
17. On the basis of our examination of the books of accounts and the information and explanation given to us no funds raised on short-term basis have been used for long term investment.
18. According to the information and explanations given to us, the Company has issued 10% Fully Convertible Preference Shares amounting to Rs. 116 crores to its holding company on different dates during the current financial year and the terms under which such allotment has been done are not prejudicial to the interest of the company.
19. According to the information and explanations given to us, during the year of audit report, the Company has not issued debentures.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For KSJ & Co.
Chartered Accountants
FRN-016024N
Sd/-
SACHIN JAIN
Partner
M. No. 095984

Place: New Delhi
Date: 15.05.2014

PFC GREEN ENERGY LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
BALANCE SHEET AS AT 31st MARCH, 2014

(Amount in ₹)			
Description	Note Part A	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	3,000,000,000	1,099,900,000
Reserves and surplus	2	112,431,326	(20,213,902)
Non-current liabilities			
Long term provisions	3	801,675	-
Current liabilities			
Short term borrowings	4	2,412,700	-
Other current liabilities	5	9,373,201	2,070,134
Short term provisions	6	19,900	-
TOTAL		3,124,838,802	1,081,756,232
ASSETS			
Non-current assets			
Fixed assets			
- Tangible Assets			
- Gross Block		774,813	
- Accumulated Depreciation	(252,298)	522,515	289,546
Deferred tax assets (net)		5,996,660	5,784,590
Long-term loans and advances	8	242,939,522	1,402,482
Current assets			
Cash and Bank Balances	9	2,791,332,667	1,070,504,048
Short-term loans and advances	10	8,672,992	706,243
Other current assets	11	75,372,446	3,067,323
TOTAL		3,124,838,802	1,081,756,232
SIGNIFICANT ACCOUNTING POLICIES			
OTHER NOTES ON ACCOUNTS			
Notes from Part A to Part C form integral part of accounts			

For and on Behalf of Board of Directors

Sd/- (RACHNA SINGH) Company Secretary
Sd/- (A. CHAKRAVARTI) CEO
Sd/- (R. NAGARAJAN) Director
Sd/- (M. K. GOEL) Chairman

As per our report attached
For KSJ & Co.
Chartered Accountants
FRN: 016024N

Sd/- SACHIN JAIN
Partner
Membership No. 095984

Place: New Delhi
Date: 15.05.2014

PFC GREEN ENERGY LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)			
Description	Note Part A	Year ended 31.03.2014	Year ended 31.03.2013
Revenue from Operation	12	226,862,720	5,488,992
Other income	13	226,191	195,879
I Total Revenue		227,088,911	5,684,871
Expenses:			
Interest, Finance and Other Charges	14	341,248	202
Employee benefits expense	15	21,940,485	7,279,196
Provision for contingencies		821,575	-
Depreciation and Amortization expense	7	136,852	109,488
Other expenses	16	8,934,732	782,607
II Total Expenses		31,974,892	8,161,473
III Profit before exceptional and extraordinary items and tax (I - II)		195,114,019	(2,468,602)
IV Exceptional items		-	-
V Profit before extraordinary items and tax (III - IV)		195,114,019	(2,468,602)
VI Extraordinary items		-	-
VII Profit before tax (V - VI)		195,114,019	(2,468,602)
VIII Tax expense:			
(1) Current tax		62,882,861	-
(2) Deferred tax liability (+) / Assets (-)		(214,070)	1,508,018
IX Profit (Loss) for the period from continuing operations (VII-VIII)		132,645,228	(3,976,620)
X Profit (Loss) for the period (IX)		132,645,228	(3,976,620)
Earnings per equity share:			
(1) Basic		-	(0.71)
(2) Diluted		-	(0.71)
SIGNIFICANT ACCOUNTING POLICIES			
OTHER NOTES ON ACCOUNTS			
Notes from Part A to Part C form integral part of Accounts			

For and on Behalf of Board of Directors

Sd/- (RACHNA SINGH) Company Secretary
Sd/- (A. CHAKRAVARTI) CEO
Sd/- (R. NAGARAJAN) Director
Sd/- (M. K. GOEL) Chairman

As per our report attached
For KSJ & Co.
Chartered Accountants
FRN: 016024N

Sd/- SACHIN JAIN
Partner
Membership No. 095984

Place: New Delhi
Date: 15.05.2014



NOTE : Part A
1) SHARE CAPITAL

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Authorised		
20,00,00,000 (previous year 20,00,00,000) preference shares of ₹10 each	2,000,000,000	2,000,000,000
100,00,00,000 (previous year 100,00,00,000) equity shares of ₹10 each	10,000,000,000	10,000,000,000
Issued		
20,00,00,000 (previous year 8,40,00,000) 10% Fully Convertible Cumulative Preference Shares of ₹10 each each fully paid up	2,000,000,000	840,000,000
10,00,00,000 (Previous Year 2,59,90,000) Equity Shares of ₹10 each fully paid up	1,000,000,000	259,900,000
Subscribed & fully paid up		
20,00,00,000 (previous year 8,40,00,000) 10% Fully Convertible Cumulative Preference Shares of ₹10 each fully paid up	2,000,000,000	840,000,000
10,00,00,000 (Previous Year 2,59,90,000) Equity Shares of ₹10 each fully paid up	1,000,000,000	259,900,000
Total	3,000,000,000	1,099,900,000

1 (a) Terms / rights attached to shares:

Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote. The voting right of each shareholder shall be in proportion to his share in the paid-up in equity share capital of the Company.

Preference Shares

The Company has issued 20,00,00,000, 10% Fully Convertible Cumulative Preference Shares ("FCPS") of face value Rs. 10/- each, with the following terms & conditions:

- The dividend will be paid as and when profit is available for distribution.
- The prescribed coupon rate is 10%.
- The dividend payout on FCPS will be on cumulative basis.
- The conversion date and price will be as per mutually agreed terms.
- Dividend shall be calculated from the date of such allotment of Preference Shares.
- Conversion rights for converting the FCPS, may be exercised in the succeeding year, to the year in which the Company makes sufficient profits to declare and pay the dividend accumulated on the Preference Shares.

1 (b) Shareholding more than 5 % shares specifying the number of shares held:

Name of Holders	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Power Finance Corporation Limited		
- % of Share Holding	100%	100%
- No. of Shares Held (10% Fully Convertible Cumulative Preference Shares)	200,000,000	84,000,000
- Amount in ₹	2,000,000,000	840,000,000
- No. of Shares Held (Equity shares)	100,000,000	25,990,000
- Amount in ₹	1,000,000,000	259,900,000

1 (c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Description	As at 31.03.2014		As at 31.03.2013	
	No.	₹	No.	₹
Equity Shares				
- At the beginning of the period	25,990,000	259,900,000	4,990,000	49,900,000
- Issued during the period	74,010,000	740,100,000	21,000,000	210,000,000
- Outstanding at the end of the period	100,000,000	1,000,000,000	25,990,000	259,900,000
Preference Shares				
- At the beginning of the period	84,000,000	840,000,000	-	-
- Issued during the period	116,000,000	1,160,000,000	84,000,000	840,000,000
- Outstanding at the end of the period	200,000,000	2,000,000,000	84,000,000	840,000,000

2) RESERVES & SURPLUS

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
a) Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934		
Opening balance	-	-
(+) Transfer from Profit and Loss Appropriation	28,529,046	-
Closing Balance	28,529,046	-
b) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening balance	-	-
(+) Transfer from Profit and Loss Appropriation	2,954,543	-
Closing Balance	2,954,543	-
c) Surplus		
Opening balance	(20,213,902)	(16,237,282)
(+) Surplus retained from the Profit and Loss Appropriation for the year	103,161,639	(3,976,620)
Closing Balance	82,947,737	(20,213,902)
Closing Balance	112,431,326	(20,213,902)
Profit and Loss Appropriation		
Profit after tax for the year	132,645,228	(3,976,620)
Less: Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	28,529,046	-
Less: Transfer to Special Reserve u/s 36(1)(viii) of I T Act, 1961	2,954,543	-
Total	103,161,639	(3,976,620)

3) LONG TERM PROVISION

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Contingent Provision against Standard Assets	601,675	-
Total	601,675	-

4) SHORT TERM BORROWINGS

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Secured		
Loan against FD	2,412,700	-
Total	2,412,700	-

Notes : In terms of the RBI circular (Ref. No. DNBS(PD) CC No.279 / 03.02.001 / 2012-13 dated July 2, 2012) no borrowings remained overdue as at 31.03.2014 (previous year ₹ Nil).

5) OTHER CURRENT LIABILITIES

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Interest Accrued but not due on Loans	2,549	-
Security / Other Deposit	368,870	-
TDS Payable	536,873	58,462
Payable to Holding Company (PFC)	4,049,682	-
Expenses Payable	372,046	140,223
Payable to employees (PRP & Others)	2,849,951	1,871,449
Others Payable	1,195,430	-
Total	9,373,201	2,070,134

6) SHORT TERM PROVISION

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Contingent Provision against Standard Assets	19,900	-
Total	19,900	-

7) FIXED ASSETS

Description	(Amount in ₹)									
	Gross Block				Accumulated Depreciation			Net Block		
	As at 01.04.2013	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2014	As at 01.04.2013	Depreciation charge for the year	On disposals	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
EDP Equipment	299,833	285,490	-	585,323	111,149	111,574	-	222,723	362,600	188,684
Office Equipment	109,784	97,490	17,764	189,490	8,902	25,278	4,805	29,575	159,915	100,862
Total	409,617	382,980	17,764	774,813	120,051	136,852	4,805	252,298	522,515	289,546
Previous Year	242,597	187,000	-	409,597	10,583	109,468	-	120,051	289,546	232,014

8) LONG-TERM LOANS AND ADVANCES

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Secured, considered good		
Rupee Term Loans (RTLs) to Independent Power Producers	240,670,000	-
Unsecured, considered good		
- Advances to Employees	840,075	418,294
- Advances for Website Development	-	682,438
- Amount recoverable from Income Tax Dept. (Income Tax Refund)	300,223	3,526
- Advance Income Tax and Tax Deducted at Source (net of provision)	1,129,224	300,223
Total	242,939,522	1,402,482

9) CASH & BANK BALANCE

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
A) Cash & Cash Equivalents		
a. Balances with banks		
- Current Accounts	2,667	31,048
- Fixed Deposits (which have original maturity of 3 months or less)	12,500,000	1,070,473,000
B) Other Balances		
- Fixed Deposits (which have original maturity of more than 3 months but less than 12 months)	2,778,830,000	-
Total	2,791,332,667	1,070,504,048

10) SHORT-TERM LOANS AND ADVANCES

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Secured, considered good		
Rupee Term Loans (RTLs) to Independent Power Producers (current maturity)	7,960,000	-
Unsecured, considered good		
- Security Deposits	169,060	93,500
- Loans & Advances to related parties	-	342,299
- Advances to Employees (current maturity)	543,932	272,444
Total	8,672,992	708,243

11) OTHER CURRENT ASSETS

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Interest accrued but not due on Loan Assets	5,516,114	-
Interest accrued but not due on deposits & investments	89,638,806	3,055,603
Central Credit	217,728	11,720
Total	95,372,648	3,067,323

12) INCOME FROM OPERATION

Description	(Amount in ₹)	
	Year ended 31.03.2014	Year ended 31.03.2013
Interest on Loans	17,229,146	-
Upfront Fees on Loans	10,296,250	500,000
Management Agency & Guarantee Fees	3,405,024	-
Income from surplus funds	195,932,300	4,986,992
Total	226,862,720	5,486,992

13) OTHER INCOME

Description	(Amount in ₹)	
	Year ended 31.03.2014	Year ended 31.03.2013
Excess Liabilities written back	225,997	194,958
Interest on Income Tax Refund	194	-
Misc. Income	-	921
Total	226,191	195,879

14) INTEREST, FINANCE AND OTHER CHARGES

Description	(Amount in ₹)	
	Year ended 31.03.2014	Year ended 31.03.2013
Interest on Loan	339,019	-
Bank Charges	2,229	202
Total	341,248	202

15) EMPLOYEE BENEFITS EXPENSES

Description	(Amount in ₹)	
	Year ended 31.03.2014	Year ended 31.03.2013
Salaries and Wages	15,048,960	5,400,273
Contributions to provident & other funds	1,751,844	571,732
Rent for residential accommodation of employees	2,048,711	1,023,109
Staff Welfare	3,089,970	284,082
Total	21,940,485	7,279,196

16) OTHER EXPENSES

Description	(Amount in ₹)	
	Year ended 31.03.2014	Year ended 31.03.2013
Electricity & Water Charges	185,147	1,500
Insurance	7,144	-
Repair & Maintenance	945,441	19,520
Printing & Stationery	160,097	11,754
Travelling & Conveyance	1,639,154	244,768
Postage, Telegraph & Telephone Expenses	389,943	115,902
Professional & Consultancy Charges	3,062,243	20,916
Auditors' Remuneration	75,000	58,854
Service Tax	129,832	6,545
Rates & Taxes	176,552	-
Loss on sale of Assets	13,159	-
Miscellaneous Expenses		
- Books & Periodicals	7,080	-
- Business Promotion / Related Expenses	104,902	23,109
- Conference & Meeting Expenses	500	21,341
- Security Expenses	272,331	-
- Training Expenses	212,603	6,995
- EDP Expenses	897,619	-
- Brokerage Expenses	48,560	24,000
- Ground Rent	136,131	-
- Hindi Promotion Expenses	35,807	-
- Manpower Expenses (on contract basis)	435,487	209,403
Total	8,934,732	762,607

16 (A) AUDITOR'S REMUNERATION

Description	(Amount in ₹)	
	Year ended 31.03.2014	Year ended 31.03.2013
Statutory Audit Fee	65,000	41,854
Other Services	10,000	15,000
Total	75,000	56,854

Note – Part B

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1.1 The financial statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

1.2 The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and the estimates are recognized in the period in which the results are known and/or materialised.

2. RECOGNITION OF INCOME/EXPENDITURE

2.1 Income and expenses are accounted for on accrual basis, unless otherwise stated.

2.2 Recoveries in borrower accounts are appropriated as per the loan agreements.

2.3 The Company raises demand for principal installments due, as per loan agreements. The repayment is adjusted against earlier disbursement, irrespective of the rate of interest being charged on various disbursements.

2.4 Prior period expenses / income and prepaid expenses upto ₹ 5,000/- are charged to natural heads of account.

3. FIXED ASSETS/DEPRECIATION

3.1 Fixed Assets are shown at historical cost less accumulated depreciation, except for the assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value.

3.2 Depreciation on assets is provided on pro-rata basis on written down value method, in accordance with the rates prescribed in schedule XIV of the Companies Act, 1956.

3.3 Items of fixed assets acquired during the year costing upto ₹ 5,000/- are fully depreciated.

4. EXPENDITURE INCURRED BY HOLDING COMPANY

Expenditure incurred by the Holding Company on behalf of the Company is recognized on accrual basis and the same is classified as Other Current Liability payable to / Loans & Advances recoverable from the Holding Company.

5. PROVISIONS AND CONTINGENCIES

5.1 A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions as determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

5.2 Contingent liabilities are disclosed at present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts based on information available at Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

5.3 Contingent provision against standard assets represents a general provision at 0.25% of the outstanding standard assets in accordance with the RBI guidelines.

6. EMPLOYEE BENEFITS

The liabilities towards employee benefits in respect of gratuity, leave encashment, post retirement medical benefits, transfer travelling

allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained by the Holding Company as per actuarial valuation at the year-end. The company contributes to the various funds as maintained and managed by the Holding Company and as apportioned by them.

7. INCOMETAX

7.1 Provision for taxation includes provision for Income Tax and Deferred Tax. Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act, 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with Accounting Standard-22 on Accounting for Taxes on Income.

7.2 Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. Accordingly, the Company does not create any deferred tax liability on the said reserve.

8. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard - 3 on Cash Flow Statement.

Note - Part C

Other Notes on Accounts

1. "PFC Green Energy Limited" (PFC GEL) has been incorporated on March 30, 2011 as a wholly owned subsidiary of Power Finance Corporation Limited to extend finance and financial services to renewable and non-conventional sources of energy. The Company received the Certificate of Registration (CoR) to function as a Non-Banking Financial Company on October 1, 2012 from the Reserve Bank of India (RBI). With the receipt of CoR, the Company commenced its business operations during the financial year 2012-13.

2. All the employees of the Company are from the Holding Company i.e. Power Finance Corporation Limited. The liabilities towards Gratuity, Leave Encashment, transfer travelling allowance on retirement/death, Post Retirement Medical Benefits and Company's Contribution to Superannuation Fund etc. have been provided in the books as per the amount allocated by the Holding Company on the basis of Actuarial Valuation/calculations carried out by them.

Employee benefit expense include ₹ 21,62,854/- for the year (Previous Year ₹ 2,47,866/-) towards gratuity, leave encashment, post retirement medical benefits, superannuation and other benefits as apportioned by Power Finance Corporation Limited, the Holding Company in respect of employees posted in PFC Green Energy Limited, as tabulated hereunder:

S No.	Description	Amount (₹) 31.03.2014	Amount (₹) 31.03.2013
1	Gratuity	1,87,591	48,413
2	PRMS	3,09,289	9,245
3	Leave	14,55,823	1,18,708
4	Others (LSA, ERS and Baggage)	2,10,151	71,500
	Total	21,62,854	2,47,866

3. The following common expenses have been provided in the books of account as apportioned/allocated by Power Finance Corporation Limited, the Holding Company.

Description	Year Ended 31.03.2014 (₹)	Year Ended 31.03.2013 (₹)*
Travelling & Conveyance	622,186	-
Electricity & Water Charges	176,147	-
Ground Rent	136,131	-
Rates & Taxes (House Tax & Levies)	176,552	-
Insurance	7,144	-
Postage, Telegraph & Telephone Expenses	104,844	-
Hindi Promotion Expenses	35,432	-
Repair & Maintenance (including depreciation)	881,093	-
EDP Expenses	220,741	-
Printing & Stationer Expenses	123,379	-
Training Expenses	27,625	-
Books & Periodicals	7,080	-
Security Expense	272,331	-
Legal & Professional Charges	2,113	-
Total	2,792,778	-

* No expense allocated by PFC Ltd. during previous year 2012-13.

- The Company does not have more than one reportable segment in terms of Accounting Standard 17 on Segment Reporting.
- Wherever any expenditure is incurred or payment made by the Holding Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances as applicable are complied by the Holding Company, on behalf of the Company.
- The Company has no outstanding liability towards Micro, Small & Medium enterprises.
- Disclosure as per AS-18 on Related Party Disclosure:-

(a) Name and Nature of the relationship of the related parties:

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	Key Management Personnel	

S. No.	Name	Designation	Date of Appointment	Date of Resignation/ Retirement
(i)	Shri Satnam Singh	Chairman	30.03.2011	13.09.2013
(ii)	Shri M. K. Goel	Chairman	13.09.2013	Continuing
		Director	30.03.2011	13.09.2013
(iii)	Shri R. Nagarajan	Director	30.03.2011	Continuing
(iv)	Shri A. K. Agarwal	Director	03.08.2012	Continuing
(v)	Shri A. Chakravarti	CEO	14.08.2012	Continuing

(b) Details of Related Party Transactions:

S. No.	Name	Nature of Transaction	Volume of Transaction (01.04.2013 to 31.03.2014) (₹)	Out-standing Balance on 31.03.2014 (₹)	Volume of Transaction (01.04.2012 to 31.03.2013) (₹)	Out-standing Balance on 31.03.2013 (₹)
(i)	Power Finance Corporation Limited	Expenses paid by PFC on behalf of PFC GEL	82,34,421		6,37,200	
		Amount adjusted due to employee's movement between PFC & PFCGEL	3,32,440		7,50,934	
		Share Capital received from PFC to PFC GEL	1,90,01,00,000	40,49,682	105,00,00,000	3,42,299
		Excess Liabilities Written back	Nil		2,28,565	
(ii)	Shri A. Chakravarti	Salaries and allowances	6,93,581		Nil	
		Contribution to provident fund and other welfare fund	2,13,504	4,533	Nil	Nil
		Other perquisites /payments	1,22,298		Nil	

8. Operating Lease :

The Company's operating leases consists:-

Premises for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 20,48,711/- (previous year ₹10,23,109/-) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 15- Employee Benefit Expenses.

9. The net deferred tax asset of ₹59,98,660/- (as on 31.03.2013 ₹57,84,590/-) have been computed as per Accounting Standard - 22 on Accounting for Taxes on Income.

The breakup of deferred tax asset is given below:-

S. No.	Description	Amount (₹) 31.03.2014	Amount (₹) 31.03.2013
A Deferred Tax Assets			
	Preliminary Expenses	45,95,794	55,70,659
	Employees related provisions	14,51,388	2,45,921
	Total (A)	60,47,182	58,16,580
B Deferred Tax Liability			
	Depreciation on fixed assets	48,522	31,990
	Total (B)	48,522	31,990
	Net Deferred Tax Assets / (Liability) (A-B)	59,98,660	57,84,590

10. In compliance with Accounting Standard -20 on Earnings per Share, the calculation of Earnings per share (basic & diluted) is as under :-

S. No.	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
A	Net Profit/(Loss) after tax attributable to equity shareholders (₹)*	-	(39,76,620)
B	Net Profit / (Loss) after tax for diluted EPS (₹)	13,26,45,228	(39,76,620)
C	Weighted average number of equity shares used in computing basic EPS	6,58,12,904	56,22,877
D	Weighted average number of equity shares used in computing diluted EPS	22,22,90,712	81,54,384
E	Earnings Per Share (basic) (₹)	-	(0.71)
F	Earnings Per Share (diluted) (₹)	-	(0.71)
G	Face Value per Share (₹)	10	10

* due to arrears of dividend on 10% Cumulative Fully Convertible Preference Shares of ₹ 15.90 crores as on 31.3.2014.

11. No foreign currency transaction occurred during the period.

12. Details of provision as required in Accounting Standard - 29, (Figures in brackets () represents to be as on 31.03.2013), are as under :

Provision for	Opening Balance (as on 01.04.2013) (A)	Addition during the period (B)	Paid / adjusted during the period (C)	Closing Balance (as on 31.03.2014) D=(A+B-C)
Contingency against Standard Assets	- (Nil)	6,31,575 (Nil)	10,000 (Nil)	6,21,575 (Nil)
Bonus/Incentives/Base	18,34,912	51,77,401	42,13,363	27,98,950
Line Compensation	(2,41,005)	(17,39,052)	(1,45,145)	(18,34,912)
Income Tax	- (Nil)	6,26,82,861 (Nil)	- (Nil)	6,26,82,861 (Nil)

13. Arrears of Dividend on 10% Cumulative Fully Convertible Preference Shares as on 31.03.2014 amounts to ₹ 15.90 crores and the same has neither been declared nor distributed during the year.

14. Capital Commitments - ₹ NIL (Previous period - ₹ NIL).

15. In accordance with the RBI guidelines, a contingent provision against standard assets at the rate of 0.25% of the outstanding standard assets i.e. ₹ 6,21,575/- (previous year Nil) has been provided in the accounts

16. Disclosures required pursuant to Reserve Bank of India notification DNBS (PD) CC No.279 / 03.02.001 / 2012-13 dated July 2, 2012.

I. Capital Adequacy Ratio

	Amount (₹)
As on 31.03.2014	
i) Capital Funds - a. Tier I	3,106,432,666
b. Tier II	821,575
ii) Risk Weighted Assets	326,078,028
iii) CRAR	952.86%
iv) CRAR - Tier I Capital	952.67%
v) CRAR - Tier II Capital	0.19%

II. Exposure to real estate sector, both direct and indirect

The Company does not have any direct or indirect exposure to the real estate sector as at March 31, 2014.

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at March 31, 2014.

(Amount in ₹)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	2,412,700								
Market Borrowings									
Assets									
Receivables under financing activity	1,990,000	-	-	1,990,000	3,980,000	39,253,333	39,253,333	182,183,333	248,630,000
Investments									

17. The company has not restructured any advance since its inception and hence no disclosure is required in respect of restructured advances in terms of RBI Notification No. DNBS (PD).No. 272 / CGM (NSV)-2014, dated January 23, 2014.
18. Figures have been rounded off to the nearest rupees unless otherwise stated.
19. Previous year's figures have been re-grouped / re-arranged wherever considered necessary to confirm to this year classification.
20. As on 31.03.2014, there is no contingent liability.
21. Notes from Part A to Part C form an integral part of Balance Sheet and Statement of Profit & Loss.

For and on Behalf of Board of Directors

Sd/-
(RACHNA SINGH)
Company Secretary

Sd/-
(A. CHAKRAVARTI)
CEO

Sd/-
(R. NAGARAJAN)
Director

Sd/-
(M. K. GOEL)
Chairman

As per our report attached
For KSJ & Co.
Chartered Accountants
FRN: 016024N

Sd/-
SACHIN JAIN
Partner
Membership No. 095984

Place: New Delhi
Date: 15.05.2014

Annexure to be enclosed with Balance Sheet (As prescribed by RBI)

(Particulars as required in terms of paragraph 13 of non-banking financial Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007

Amount (₹)		
Particulars		
Liabilities side :		
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding
(a)	Debitures : Secured	-
	: Unsecured	-
	(other than falling within the meaning of public deposits)	-
(b)	Deferred Credits	-
(c)	Term Loans	-
(d)	Inter-corporate loans and borrowing	-
(e)	Commercial Paper	-
(f)	Other Loans (short term bank loan)	2,412,700

Assets side :		Amount outstanding
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
	(a) Secured	248,630,000
	(b) Unsecured	2,982,514
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Finance lease	-
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
(4)	Break-up of Investments :	
	Current Investments :	
	1 Quoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Assets side :		Amount (₹)
		Amount outstanding
2	Unquoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
	Long Term investments :	
1	Quoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	Unquoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
	Total	251,612,514

Amount (₹)			
(5) Borrower group-wise classification of assets financed as in (2) and (3) above			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	248,630,000	2,982,514	251,612,514
Total	248,630,000	2,982,514	251,612,514

Amount (₹)		
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
Category	Market Value / Break up or fair value or NAV	Book value (net of provisions)
1 Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	-
Total	-	-

Amount (₹)	
(7) Other Information	Amount
(i) Gross Non - Performing Assets	
(a) Related Parties	-
(b) Other than related parties	-
(ii) Net Non - Performing Assets	
(a) Related Parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debts	-

For and on Behalf of Board of Directors

Sd/- (RACHNA SINGH) Company Secretary
Sd/- (A. CHAKRAVARTI) CEO
Sd/- (R. NAGARAJAN) Director
Sd/- (M. K. GOEL) Chairman

As per our report attached
For KSJ & Co.
Chartered Accountants
FRN: 016024N

Sd/-
SACHIN JAIN
Partner
Membership No. 095984

Place: New Delhi
Date: 15.05.2014

PFC GREEN ENERGY LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
(Amount in ₹)		
Cash Flow from Operating Activities :-		
Net Profit/Loss before Tax and Extraordinary Items	195,114,019	(2,488,802)
ADD: Adjustments for		
Depreciation	138,852	109,468
Loss on Sale of Assets	13,159	-
Provision for Contingencies	821,575	-
Interest Income on Fixed Deposits	-	(4,986,892)
Operating profit before working Capital Changes:	195,885,605	(7,348,126)
Increase / Decrease:		
Loans Disbursed (net)	(248,630,000)	-
Liabilities & Provisions	9,715,767	1,142,347
Other Current Assets	(2,851,139,872)	22,712,037
Advances (Long Term)	258,658	(3,088,795,447)
Cash Inflow/Outflow from operations before Tax	(2,893,909,842)	15,409,525
Income Tax Refund	3,528	-
Income Tax Paid	(83,612,085)	(300,223)
A) Net Cash flow from Operating Activities	(2,957,718,401)	15,108,302
Cash Flow From Investing Activities :		
Interest received on Fixed Deposits	-	2,593,681
Purchase of Fixed Assets	(382,980)	(187,000)
B) Net Cash flow from Investing Activities	(382,980)	2,426,681
Cash Flow From Financial Activities :		
Issue of Equity Shares	740,100,000	210,000,000
Issue of Preference Shares	1,160,000,000	840,000,000
C) Net Cash flow from Financial Activities	1,900,100,000	1,050,000,000
D) Net Change In Cash & Cash Equivalents	(A+B+C) (1,058,001,381)	(A+B+C) 1,067,535,983
E) Cash & Cash Equivalents at the beginning of period	1,070,504,048	2,968,055
F) Cash & Cash Equivalents at the end of the period	(D+E) 12,502,667	(D+E) 1,070,504,048
* Details of Cash & Cash Equivalents at the end of the period:		
Balance with Banks	2,667	31,048
FDs (which have original maturity of 3 months or less)	12,500,000	1,070,473,000
	12,502,667	1,070,504,048

For and on Behalf of Board of Directors

Sd/- (RACHNA SINGH) Company Secretary
Sd/- (A. CHAKRAVARTI) CEO
Sd/- (R. NAGARAJAN) Director
Sd/- (M. K. GOEL) Chairman

As per our report attached
For KSJ & Co.
Chartered Accountants
FRN: 016024N

Sd/-
SACHIN JAIN
Partner
Membership No. 095984

Place: New Delhi
Date: 15.05.2014



PFC CAPITAL ADVISORY SERVICES LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT

Dear Shareholders,
Your Directors take great pleasure in presenting the 3rd Annual Report on the business and operations of your Company together with audited statements of accounts and auditors' report thereon for the year ended March 31, 2014.

FINANCIAL RESULTS

Particulars	FY 2013-14	FY 2012-13
Total Income	629.47	178.33
Total Expenditure	180.67	51.09
Profit Before Tax	448.80	127.25
Provision for Tax		
- Current Tax	147.96	44.81
- Deferred Tax	(2.37)	(3.06)
Profit After Tax	303.21	85.50
Profit brought forward from previous years	90.46	4.97
Accumulated Profit carried to Balance Sheet	393.67	90.48

REVIEW OF OPERATIONS

- Total income from operations for the current year increased to ₹ 629.47 lakhs from ₹ 178.33 lakhs in the previous year.
- Profit before tax for the current year increased to ₹ 448.80 lakhs from ₹ 127.25 lakhs in the previous year.
- Profit after tax for the current year increased to ₹ 303.21 lakhs from ₹ 85.50 lakhs in the previous year.
- Earnings per share (EPS) for the current year increased to ₹ 303.21 from ₹ 85.50 in the previous year.

OPERATIONAL HIGHLIGHTS

During the FY 2013-14, your company initiated/carried out syndication activities for the following major projects:

- RKMPL's Phase-I 1x360 MW, coal based Thermal Power Plant in Janjgir- Champa District, Chhattisgarh
- Cost over-run for RKMPL's Phase-II 3x360 MW, coal based Thermal Power Plant in Janjgir- Champa District, Chhattisgarh
- GVK Rattle Hydro Electric Project Private Ltd.'s 850, MW Hydro Electric Power Project on Chenab River located in Kishtwar district Jammu and Kashmir
- Cost over-run for Indiabulls Power Ltd.'s for Phase-I, 5x270 MW Coal Based Thermal Power Project in Amravati District of Maharashtra
- Renew Wind Energy (Welturi) Pvt. Ltd.'s for 25.2 MW Wind Power Project in Beed District, Maharashtra
- Cost over-run for Indiabulls Realtech Ltd.'s for Phase-I 5x270 MW Coal Based Thermal Power Project in Nasik District of Maharashtra

During the period under review, Company has down sold about ₹1060 crore of debt to Banks & FIs.

The Company is also networking with domestic Lenders and it organized the Power Lenders Club Meet in March 2014. PFCCAS continues to come out with a monthly Newsletter which is circulated amongst various Lenders on significant developments in the Power Sector.

BUSINESS

Your company is presently involved in debt syndication services and is also carrying out down selling of project loans underwritten by PFC. The Company is handling syndication proposals across various domains in power sector i.e. Thermal, Hydro, wind and solar.

Further, the company has initiated steps to diversify its portfolio of services. The company has filed application for grant of Certificate of Registration as Debenture Trustee from SEBI and the same is under process.

DIVIDEND

To conserve the resources for the business of the Company, your Directors have decided not to declare any dividend for the financial year 2013-14 and to carry forward the profits to the Reserves and Surplus of the Company.

SHARE CAPITAL

During the period under review, there were no changes in the capital structure of the Company. As of March 31, 2014, the authorised share capital of the Company was ₹1,00,00,000 (Rupees One Crore only) divided into 10,00,000 (Ten lakh) equity shares of ₹10 (Rupees Ten) each and the issued, subscribed and paid up share capital was ₹ 10,00,000 (Rupees Ten lakh) divided into 1,00,000 (One lakh) equity shares of ₹ 10 (Rupees Ten) each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year ended March 31, 2014, as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PERSONNEL

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and the matters related to Personnel Development are being taken care of by the holding company.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) vide letter dated August 26, 2013 had appointed M/s A N K & Associates, Chartered Accountants as Statutory Auditor of the Company for the financial year 2013-14. M/s A N K & Associates had conducted statutory audit of the books of accounts for the financial year 2013-14 and there is no adverse comment, observation or qualification in the Auditors' Report on the accounts of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as your Company does not own any manufacturing activity. During the year under review, there is no foreign exchange earnings & outgo.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC. However, presently all payments related to the employees working for the Company are being made directly by the Company.

As no employee in the Company is receiving remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011, no statement containing details of employees is required to be attached.

DIRECTORS

During the period under review, the following changes took place in the office of directors of the Company.

Shri A.K. Agarwal was appointed as Additional Director of the Company.

Shri Satnam Singh ceased to be a Director of the Company w.e.f. 13.09.2013. The Directors place on record sincere appreciation for the services rendered and contribution made by him towards the growth and development of the Company.

In accordance with the provisions of Companies Act, 1956, Shri R. Nagarajan shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

OFFICIAL LANGUAGE

The use of Hindi in Company's official work was emphasized.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company. Therefore, there is no requirement to comply with Section 212 of the Companies Act, 1956.

COMPTROLLER AND AUDITOR GENERAL REVIEW

The Comptroller and Auditor General of India had conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of your Company for the year ended March 31, 2014.

The Comptroller and Auditor General of India vide their letter dated July 04, 2014 has mentioned that on the basis of their audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A copy of the aforesaid letter issued by C&AG in this regard is enclosed as Annexure-I to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of Annual Accounts for the financial year 2013-14, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profits of the Company for the period under review;

- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts for the FY ended March 31, 2014 on a going concern basis.

OTHER INFORMATION

Information required to be furnished as per the Guidelines on Corporate Governance for CPSEs is annexed to this report as follows:

Particulars	Annexure
Management Discussion and Analysis Report	II
Report on Corporate Governance	III

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central Government, State Governments and their respective agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to Power Finance Corporation, the holding company, Ministry of Power, Govt. of India, DPE, C&AG, Statutory Auditors, Bankers and Clients for their unstinted co-operation and guidance, without whose active support the achievement of the Company during the period under review would not have been possible.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : August 08, 2014

Sd/-
(M.K. Goel)
Chairman

Annexure -I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PFC CAPITAL ADVISORY SERVICES LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of PFC Capital Advisory Services Limited, New Delhi for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of PFC Capital Advisory Services Limited, New Delhi, for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/
(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - III,
New Delhi

Place : New Delhi
Dated : 04 July, 2014

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of the Company is pleased to present its Report on Industry scenario including Company's performance during the year 2013-14.

I. Economy

FY 2013-14 was another challenging year for the Indian economy with gross domestic product (GDP) growing at less than 5%. While agriculture & allied sector showed signs of turnaround, manufacturing remained sluggish. Current Account Deficit (CAD) declined to 1.7% of GDP during FY 2013-14 compared to 4.7% of GDP during FY 2012-13 supported by a decline in gold imports, non-oil imports with weakening of domestic demand. However, there was some pick-up in exports. The Economic Survey 2013-14 has estimated the GDP to grow in the range of 5.4-5.9% in FY 2014-15.

II. Industry Structure and Development

During FY 2013-14, the country added 17825 MW of power generation capacity. The capacity addition has come from a wide spectrum of sources and technologies, ranging from super critical UMPPs to small size renewables. At the end of March 2014, the aggregate generation capacity was 243,028 MW.

In the electricity transmission segment, the southern grid was connected to rest of the grid in the country when the 765 kV Raichur-Sholapur single circuit transmission line was commissioned facilitating bulk transfer of power across regional boundaries.

III. Outlook

Keeping in view the emphasis laid by the central government on growth in the infrastructure and manufacturing sector, the demand for electricity is expected to be higher in the coming years. Going by the trend witnessed in the power generation capacity addition, the private sector is expected to play a significant role in the 12th plan period.

Timely availability of fuel supply particularly coal and gas, to power generating stations would be of paramount importance to achieve optimal utilisation of the generation capacity created and also for channelling higher investment in the power sector. In order to facilitate such timely availability, necessary policy changes required for the power sector would have to be implemented in time by the new government.

IV. Segment-wise or product-wise performance

The company is presently engaged in syndication and downselling of loans in the power sector and does not have more than one reportable segment.

V. Risks and concerns

The company actively identifies evolving risks keeping in view its nature of operations and takes timely action to address and manage risks. The company is in the process of developing a structured framework namely Risk Management Policy, which would further improve the risk identification and mitigation process of the company. The framework is being designed in a manner to provide for risk identification, recording, monitoring, reporting, reviewing, mitigation, etc.

VI. Internal control system and its adequacy

The Company is having an internal control system including suitable monitoring procedures commensurate with its size of operations. The system ensures timely and fairly reporting of various transactions of the company. Internal audit covers entire operations of the company including financial and other records which are required for preparing financial statements. Further, the findings of the different audits are also periodically reviewed by the Audit Committee of the Board.

VII. Overview of the Company Performance

The Company is engaged in debt syndication services and is carrying out down-selling of project loans underwritten by PFC. The Company is handling syndication proposals across various domains in power sector i.e. Thermal, Hydro and Renewables.

Highlights of FY 2013-14

(₹ in lakhs)

	FY 2013-14	FY 2012-13
Revenue from Operation	596.89	171.67
Other Income	32.57	6.66
Total Income	629.46	178.33
Expenses	180.67	51.09
Tax Expense	145.59	41.75
Profit after tax	303.21	85.50

Total income of the company increased to ₹629.46 lakh during FY 2013-14 showing an increase of ₹ 451.13 lakh over the previous year. Similarly profit after tax increased to ₹ 303.21 lakh registering an increase of ₹ 217.71 lakh over the previous year. Net worth of the company increased to ₹ 403.67 lakh as on 31st March 2014.



VIII. Foreign Exchange Earnings and Outgo

During the FY 2013-14, there is no foreign exchange earnings & outgo.

IX. Human Resources

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and are posted to PFCCAS. The company considers its employees as most valuable resources and lays great emphasis on their continuous development including their skill enhancement. As part of the overall human resource development plan of the Holding company, the company has an annual training plan system to assess the training needs of its employees.

X. 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.

Annexure-III

Report on Corporate Governance

The company believes in adopting the highest standards in corporate governance. The company has adopted systems wherein delegation of power at different levels has been clearly identified. Procedures have been put in place for timely and accurate reporting of different activities of the Company. Special emphasis is laid on conducting the business in a transparent and ethical manner.

I. Board of Directors

a) Composition

As on March 31, 2014 the Company's Board comprised of three (3) Directors which included Chairman. All the members of the Board are non-executive Directors. During the year 2013-14, Shri A. K. Agarwal was appointed as Additional Director of the Company. Further, Shri Satnam Singh ceased to be a Director of the Company w.e.f. 13.08.2013.

The composition of Board of Directors as on March 31, 2014 was as follows:

Non-Executive Directors		
(i)	Shri M. K. Goel	Chairman
(ii)	Shri. R. Nagarajan	Director
(iii)	Shri A. K. Agarwal	Director

b) Number of meetings

During the year under review, the Board met 5 times on the following dates:

(i) May 18, 2013 (ii) September 19, 2013 (iii) October 28, 2013 (iv) December 31, 2013 (v) January 23, 2014

c) Annual General Meeting

The Last Annual General Meeting of the Company was held on September 12, 2013.

Directors' attendance at the Board Meetings during the year 2013-14 and also at the last Annual General Meeting, number of directorships in other companies are as follows:

Name and Designation	Board Meetings		No. of other Directorships as on March 31, 2014*	Attendance at the last AGM held on September 12, 2013
	Held during the tenure	Attended		
Shri M. K. Goel Chairman	5	5	5	Present
Shri R. Nagarajan Director	5	5	7	Present
Shri A. K. Agarwal Director	4	4	10	N.A.
Shri Satnam Singh (Chairman upto 13.09.2013)	1	1	N.A.	Present

N.A. indicates that concerned person was not a Director on PFCCAS's Board on the relevant date.

* Does not include Directorship in Private Companies, Section 25 Companies and Foreign Companies.

None of the Directors of the Company are in any way related to each other.

d) Information placed before the Board

Detailed Agenda Notes with necessary information were circulated in advance to the Board.

The following information is generally supplied to the Board, if any:

- Annual operating plans, budgets and any updates therein.
- Information on appointment of senior officers just below the Board level.
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company.
- Other materially important information.

a) Compliance with applicable laws

The company has a system in place for monitoring of various statutory and procedural compliances. Further, a compliance certificate on statutory dues and statutory compliances is being taken from CEO of the company on quarterly basis.

Code of Conduct

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors and Members of Senior Management of the Company. It is in alignment with Company's vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

Based on the affirmation received from Board Members and Senior Management Personnel, declaration regarding compliance of Code of Conduct made by the Chairman is given below:

Declaration as required under DPE's Guidelines on Corporate Governance

"All the members of the Board and Senior Management Personnel have affirmed compliance of the Code of Business Conduct & Ethics for Board Members and Senior Management for the financial year ended on March 31, 2014."

Sd/-
M. K. Goel
Chairman

II. Committee of Board of Directors

Audit Committee

Presently, it is not a statutory requirement for the company to have a separate Audit Committee but your Board of Directors decided to have a separate Audit Committee to ensure that better corporate governance practices are imbibed in the company.

a) Composition

As on March 31, 2014, the Audit Committee comprised of the following members:

Non-Executive Directors		
(i)	Shri. R. Nagarajan	Chairman
(ii)	Shri. A. K. Agarwal	Director

b) Terms of References

The terms of reference of the Audit Committee includes the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To invite such of the executives, as it considers appropriate to be present at the meetings of the committee.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- Review the quarterly, half-yearly and annual financial statements before submission to the Board & discuss (if required) with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors.
- Recommending audit fees including fees for tax audit, half yearly audit etc., to the Board.
- Reviewing the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- Reviewing adequacy of the internal control systems.
- Discussion with internal auditors any significant findings (if any) and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion, if required with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions.
- Management letters / letters of internal control weaknesses Issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.

c) Meetings

During the FY 2013-14 two (2) meetings of the Audit Committee were held on October 28, 2013 and January 23, 2014.

The detail of the meetings attended by members during the year 2013-14 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri. R. Nagarajan	Chairman	2	2
Shri. A. K. Agarwal	Director	2	2

Representative of the statutory auditor(s) are invited to the Audit Committee Meetings for interacting with the members of the committee.

The Company Secretary of the Company acts as the Secretary to the Committee.

The Chairman of the Audit Committee possesses accounting and financial management expertise and all other members of the committee are financially literate.

III. Subsidiary Companies

The company does not have any subsidiary company.

IV. General Body Meetings

PFCCAS was incorporated on July 18, 2011. Accordingly, details of last two (2) Annual General Meetings of the company are as under:

AGM	Date	Day	Time	Location	Special Resolution
1.	17.09.2012	Monday	11:45 a.m.	Registered office of the company	Appointment of Directors.
2.	12.09.2013	Thursday	03.30 p.m.	Registered office of the company	No special business

V. Disclosures

- The Company has not entered into any transaction of material nature with its promoters, the directors or the management or their relatives, that may have any potential conflict with the interest of the Company. Further, the details of related party transactions are presented in the notes of Annual Accounts in the Annual Report.
- No item of expenditure was debited in books of accounts which was not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.
- In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and Companies (Accounting Standards) Rules, 2006 to the extent applicable.

Independent Auditor's Report to the Members of PFC Capital Advisory Services Limited

Report on Financial Statements

We have Audited the accompanying financial statements of PFC Capital Advisory Services Limited ("the Company") which comprise the balance sheet as at 31st March 2014, the statement of Profit & Loss Account and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- As required by section 227(3) of the Act, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- The requirement of section 274(1)(g) of the Companies Act, 1956 relating to disqualification of directors are not applicable to the company being a wholly owned subsidiary company of a Government Company, in terms of Notification No. G.S.R. 829(E) dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.
- Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For ANK & ASSOCIATES
FRN:003652N
Chartered Accountants
Neeraj Kumar
Mem.No. 082901
Partner

Place: NEW DELHI

Dated : 15.05.2014

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of PFC CAPITAL ADVISORY SERVICES LIMITED ("the Company") for the year ended 31st March 2014. We report that:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - During the year the Company has carried out physical verification of Assets. No discrepancy was noticed on such physical verification as compared with fixed asset register.
 - During the year the Company has not disposed off any part of its fixed assets so as to affect the going concern.
- The company does not have any stock of raw materials, stores, spare parts, finished goods and therefore clause ii (a), (b), (c) (of the Order) are not applicable.
- As explained to us, the company has neither taken or granted any loans secured or unsecured from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956, accordingly clause 4(iii) (a), (b), (c), (d), (e), (f) & (g) are not applicable to the company.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business.
- In our opinion and according to the information and

explanations given to us, there is no transaction in pursuance to contract or arrangements entered in the register maintained under section 301.

6. The company has not accepted any deposit from the public as referred to in section 58-A & 58 AA of The Companies Act, 1956.
7. According to the information and explanations given to us, the company, the company does have paid up capital and reserve of Rs. 50.00 Lacs as at the commencement of the financial year concerned or have average annual turnover exceeding Rs. Five Crores for a period of three consecutive financial years immediately preceding the financial period concerned, the company has an internal audit system commensurate with its size and nature of its business.
8. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Act in our case, hence clause 4(viii) is not applicable to the company.
9. (a) According to the information and explanations given to us, the company has been depositing regularly through holding Company ie. PFC Ltd., the Provident Fund, the Pension Fund with appropriate authorities during the period and there are no undisputed statutory dues outstanding as at 31st March 2014 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax/ Wealth Tax/ Service Tax which has not been deposited on account of any dispute.
10. The Company has no accumulated losses as on 31st March, 2014 and the Company has not incurred any cash losses during the current financial year as also in the immediate preceding year.
11. According to the information and explanations given to us, the company has not taken any loan from any financial institution or bank or debenture holder, hence clause 4(xi) is not applicable to the company.
12. According to the information and explanations given to us, the company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence clause 4(xii) is not applicable to the company.
13. According to the information and explanations given to us, the company is not a Chit Fund, Nidhi /Mutual Benefit Fund/ Society, hence clause 4(xiii) is not applicable to the company.
14. According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments, hence clause 4(xiv) is not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, hence clause 4(xv) is not applicable to the company.
16. According to the information and explanations given to us, the company has not taken/ applied for any term loan, hence clause 4(xvi) is not applicable to the company.
17. According to the information and explanations given to us, the company has not raised funds on short term basis, hence clause 4(xvii) is not applicable to the company.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in register maintained under section 201 of the Act, hence clause 4(xviii) is not applicable to the company.
19. According to the information and explanations given to us, the

company has not issued any debentures, hence clause 4(xix) is not applicable to the company.

20. According to the information and explanations given to us, the company has not raised any money through public issue during the year under report, hence clause 4(xi) is not applicable to the company.

21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period under report.

For ANK & ASSOCIATES
FRN:003652N
Chartered Accountants

Neeraj Kumar
Mem.No. 082901
Partner

Place: NEW DELHI

Date : 15.05.2014



PFC CAPITAL ADVISORY SERVICES LIMITED
Balance Sheet as at 31st March, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	1,000,000	1,000,000
(b) Reserves and surplus	2	39,367,196	9,046,465
(c) Money received against share warrants		-	-
(2) Share Application money pending allotment		-	-
(3) Non - Current Liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other long term liabilities		-	-
(d) Long-term provisions		-	-
(4) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	3	3,870,748	1,180,214
(d) Short-term provisions	4	16,844,304	5,578,833
TOTAL		61,082,248	16,785,312
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible Assets	5		
Less: Accumulated Depreciation		262,647	156,140
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (net)		597,066	360,463
(d) Long-term Loans and Advances	8	473,294	64,723
(E) Other Non-current Assets		-	-
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	7	41,878,887	11,085,873
(e) Short-term loans and advances	8	15,315,744	4,676,981
(f) Other current assets	9	2,554,610	441,132
TOTAL		61,082,248	16,785,312

Significant Accounting Policies - Note 16 and Notes on Accounts - Note 17
The Notes referred to above form an integral part of the Accounts

For and on Behalf of Board of Directors

Sachin Arora
Company Secretary

Nalini Vanjani
CEO

R.Nagarajan
Director

M.K. Goel
Chairman

Signed in terms of our report of even date
For ANK & Associates
(CHARTERED ACCOUNTANTS)
Firm Regn No. 003652N

Neeraj Kumar
(Partner)
Membership No. 082901

Place: New Delhi
Date: 15.05.2014

PFC Capital Advisory Services Limited
Statement of Profit & Loss Account for the year ended 31st March, 2014

(Amount in ₹)

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
I. Income from Operations	10	59,889,500	17,166,800
II. Other Income	11	3,257,359	668,366
III. Total Revenue (I + II)		62,948,859	17,833,166
IV. Expenses:			
Employee Benefits Expense	12	13,479,435	4,847,779
Finance Cost	13	3,529	117
Depreciation and Amortization Expense	5	90,733	45,850
Other Expenses	14	4,472,094	384,025
Prior Period Expenses	15	21,060	30,763
Total Expenses		18,088,851	5,108,534
V. Profit before exceptional and extraordinary items and tax (III-IV)		44,860,008	12,724,632
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		44,860,008	12,724,632
VIII. Extraordinary items		-	-
IX. Profit before tax (VII- VIII)		44,860,008	12,724,632
X. Tax Expense:			
(1) Current Tax for current yr.		15,008,828	4,486,189
(2) Current Tax for earlier yr.		(213,048)	(15,661)
(3) Deferred tax		(236,603)	(305,678)
XI. Profit (Loss) for the period from continuing operations (IX-X)		30,320,731	8,549,682
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax Expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		30,320,731	8,549,682
XVI. Earnings per Equity Share:			
(1) Basic		303.21	85.50
(2) Diluted		303.21	85.50

Significant Accounting Policies - Note 16 and Notes on Accounts - Note 17
The Notes referred to above form an integral part of the Accounts

For and on Behalf of Board of Directors

Sachin Arora
Company Secretary

Nalini Vanjani
CEO

R.Nagarajan
Director

M.K. Goel
Chairman

Signed in terms of our report of even date
For ANK & Associates
(CHARTERED ACCOUNTANTS)
Firm Regn No. 003652N

Neeraj Kumar
(Partner)

Membership No. 082901

Place: New Delhi
Date: 15.05.2014

NOTE 1

Share Capital

Share Capital	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Shareholder's Funds		
Authorised		
10,00,000 Equity Shares of ₹ 10 each	10,00,000	10,00,000
Issued, Subscribed & Paid up		
1,00,000 Equity Shares of ₹10 each fully paid	1,00,000	1,00,000
Total	1,00,000	1,00,000

Notes: - Information on shares in the company held by each shareholder holding more than 5% of paid - up equity share capital

Name of the shareholder	% of share holding held	No.s	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
PFC Limited (including nominees)	100	100,000	1,00,000	1,00,000
Total			1,00,000	1,00,000

NOTE 2

Reserves & Surplus

Reserves & Surplus	As at March 31, 2014 ₹	As at March 31, 2013 ₹
a. Surplus		
Opening balance	9,046,465	496,783
(+) Net Profit/(Net Loss) for the current period	30,320,731	8,549,682
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	39,367,196	9,046,465

NOTE 5

Fixed Assets

	Description	Gross Block				Depreciation					Net Block	
		Opening Balance as at 01.04.2013	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at 31.03.2014	Opening Balance as at 01.04.2013	For the period 01.04.2013 to 31.03.2014	Prior Period Adjustments	Withdrawn/ Written back	Closing Balance as at 31.03.2014	As at 31.03.2014	As at 31.03.2013
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a	Tangible Assets											
	EDP Equipment	149,990	145,240	-	295,230	41,504	77,452	-	-	118,956	176,274	108,486
	Office equipment											
	Others (a) Smart Device - Rs. 40,000	52,000	52,000	-	104,000	4,346	13,281	-	-	17,627	86,373	47,654
	(b) Telephone Instrument - Rs. 6,000*2											
	Total	201,990	197,240	-	399,230	45,850	90,733	-	-	136,583	262,647	156,140
	Previous year	-	201,990	-	201,990	-	45,850	-	-	45,850	156,140	-

NOTE 3

Other Current Liabilities

Other Current Liabilities	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Audit Fees Payable	51,180	25,281
TDS Payable	126,434	51,884
Payable to Contractor & Others	44,169	24,838
Payable to PFC	3,580,780	958,953
Service Tax Payable	1,108	1,912
Provision for Expenses	67,077	97,546
Employee Payments	-	-
Total	3,870,748	1,160,214

NOTE 4

Short Term Provisions

Short Term Provisions	As at March 31, 2014 ₹	As at March 31, 2013 ₹
(a) Provision for employee benefits	-	611,069
Base Line Compensation	-	-
Incentive Payment	1,835,376	471,375
(b) Others (Specify nature)		
Provision for Income Tax	15,008,928	4,496,189
Total	16,844,304	5,578,633



NOTE 6

Long-term loans and advances

Long-term loans and advances

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
a. Amount recoverable from Income Tax department	351,140	64,723
b. Advances		
Secured, considered good		
Unsecured, considered good		
- Employees	122,154	
Total	473,294	64,723

NOTE 7

Cash & Cash Equivalents

Cash & Cash Equivalents

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Cash & Cash Equivalents		
a. Balances with banks		
- Current Accounts	15,867	11,873
- Fixed Deposits (Original Maturity upto 3 months)		100,000
b. Others (specify nature)		
- Fixed Deposits (Original Maturity above 3 months)	41,883,000	10,974,200
c. Cheques, drafts on hand	-	-
d. Cash on hand	-	-
e. Others (specify nature)	-	-
Total	41,878,867	11,085,873

NOTE 8

Short-term loans and advances

Short-term loans and advances

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
a. Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
b. Advances		
Secured, considered good	-	-
Unsecured, considered good	-	-
- Employees	233,637	42,700
- Advance Income Tax and Tax Deducted at Source (net)	15,082,107	4,634,281
Doubtful	-	-
Total	15,315,744	4,676,981

NOTE 9

Other Current Assets

Other Current Assets

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
(a) Interest Accrued on Fixed Deposit Receipts	2,133,280	431,870
(b) Cenvat Credit	139,494	3,228
(c) Cenvat Credit to be availed	263,836	8,034
(d) Deposit with Landlord	18,000	0
Total	2,554,610	441,132

NOTE 10

Revenue from Operation

Income from operations

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Syndication Fee	59,689,500	17,166,800
Total	59,689,500	17,166,800

NOTE 11

Other Income

Other Income

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Interest income on FDs	3,196,466	608,023
Excess Contribution written back	51,375	58,343
Interest on Income Tax Refund	4,627	-
Misc. Income	5,001	-
Total	3,257,359	666,366

NOTE 12

Employee Benefits Expense

Employee Benefits Expense

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
(a) Salaries and Wages	9,215,381	3,271,227
(b) Contributions to Provident & other funds	2,696,974	1,235,381
(c) Staff Welfare	792,500	122,434
(d) Rent for Residential Accommodation of Employees	774,580	18,737
Total	13,479,435	4,647,779

NOTE 13

Finance Costs

Finance Costs

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Interest, Finance & Other Charges	3,529	117
Total	3,529	117

NOTE 14

Other expenses

Other expenses

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Electricity & Water Charges	205,021	-
Insurance	8,498	-
Repairs & Maintenance	1,389,232	-
Stationery & Printing	154,445	13,311
Travelling & Conveyance	744,855	98,133
Postage, Telegraph & Telephone	279,091	52,702
Professional & Consultancy Charges	57,030	12,927
Miscellaneous Expenses	1,354,809	50,675
Auditors' Remuneration	65,000	36,910
Contractual Manpower	214,113	119,367
Total	4,472,094	384,025

NOTE 15

Prior Period Expenses

Prior Period Expenses

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Contractual Manpower	-	30,763
Auditors' Remuneration	10,000	-
Professional & Consultancy charges	11,060	-
Total	21,060	30,763

PFC CAPITAL ADVISORY SERVICES LIMITED
Notes Annexed to and forming part of accounts
For the Financial Year ended 31st March, 2014
Note – 16

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the generally accepted accounting principles and accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

2. FIXED ASSETS/INTANGIBLE ASSETS

(a) Fixed Assets are shown at historical cost less accumulated depreciation and impairment losses, if any. The assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value. The historical cost includes all cost attributable for bringing the assets to its working condition for its intended use.

(b) Intangible Assets are recorded at their cost of acquisition.

3. DEPRECIATION/AMORTIZATION

(a) Depreciation on Fixed Assets is provided on pro-rata basis on written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

(b) Depreciation on addition to/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date in which assets are available for use/disposal.

(c) Items of Fixed Assets acquired during the year costing upto ₹ 5,000/- are fully depreciated.

4. EXPENDITURE INCURRED BY HOLDING COMPANY

Expenditure incurred by the Holding Company on behalf of the company is recognized on accrual basis and same is classified as "Other Current Liability", payable to Holding Company.

5. REVENUE RECOGNITION

Income is accounted for on accrual basis, unless otherwise stated.

6. PRELIMINARY EXPENDITURE

Preliminary Expenses relating to the formation of the company has been written off in the year in which the same has been incurred.

7. TAXES ON INCOME

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax Assets/ Liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.

8. EARNINGS PER SHARE

Basic Earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

9. PROFIT AND LOSS ACCOUNT

(a) The liabilities towards employee benefits in respect of gratuity, leave encashment, post-retirement medical benefits, transfer travelling

allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained by the Holding Company as per actuarial valuation. The company provides for such employee benefits on the basis of apportionment by the Holding Company.

(b) Pre-paid expenses and prior period expenses / income of items of ₹ 5,000/- and below are charged to natural heads of accounts.

10. PROVISIONS AND CONTINGENCIES

(a) A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions as determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(b) Contingent liabilities are disclosed at present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts based on information available at Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current management estimate.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and cash on deposit with banks. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amount of cash to be cash equivalents.

12. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

Note – 17

Other Notes on Accounts

1. "PFC Capital Advisory Services Limited" (PFC CASL) was incorporated under Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC) on July 18, 2011. Company has received certificate for commencement of business from Registrar of Companies on September 2, 2011.

2. All the employees of the Company are from the Holding Company i.e. Power Finance Corporation Limited. The liabilities towards Gratuity, Leave Encashment, Post-Retirement Medical Benefits and Company Contribution to Superannuation Fund etc. have been provided in the books as per the amount allocated by the holding company on the basis of Actuarial Valuation/calculations carried out by them.

Employee Benefit Expense include ₹ 15,34,356/- for the year (Previous Year ₹ 8,94,885/-) towards gratuity, leave encashment, post retirement medical benefits, superannuation and other benefits as apportioned by Power Finance Corporation Limited, the Holding Company in respect of employees posted in PFC Capital Advisory Services Limited.

3. The Company does not have more than one reportable segment in terms of Accounting Standard No. 17 on Segment Reporting.

4. Auditors Remuneration:

Particulars	Amount (₹) 31.03.2014	Amount (₹) 31.03.2013
	Total Fees*	
Statutory Audit Fees	35,000	25,000
Half Yearly Audit Fees	15,000	15,000
Tax Audit Fees	15,000	10,000

*Amount is exclusive of service tax.



5. Wherever any expenditure is incurred or payment made by the Holding Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances as applicable are complied by the Holding Company, on behalf of the Company.

6. The disclosure as per AS-18 "Related Party Disclosure":-

(a) Name and Nature of the relationship of the related parties:

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2	Key Management Personnel The Key Management personnel of the Company are employees of the Holding Company (PFC) deployed on part time basis, except CEO who was on full time basis till 31.01.2014. No sitting fee has been paid to the directors. The details of such Key Management Personnel during the year are as follows:	

S. No.	Name	Designation	Date of Appointment	Date of Resignation/ Cessation
1	Shri Satnam Singh	Chairman	18.07.2011	13.09.2013
2	Shri M.K. Goel	Chairmen	13.09.2013	Continuing
		Director	02.01.2012	13.09.2013
3	Shri R. Nagarajan	Director	18.07.2011	Continuing
4	Shri A.K. Agarwal	Director	19.09.2013	Continuing
5	Smt. Nalini Varjani	CEO	17.12.2012	Continuing

(b) Details of Related Party Transactions:

S. No.	Name	Nature of Transaction	Volume of Transaction (FY 2013-14) (₹)	Outstanding Balance on 31.03.2014 (₹)	Volume of Transaction (FY 2012-13) (₹)	Outstanding Balance on 31.03.2013 (₹)
(i)	Power Finance Corporation Limited	Amounts payable for expenses allocated/paid on behalf of PFC CASL	36,19,857	35,80,780	12,43,642	9,58,953
		Excess Liabilities (Expenses) Written back	-		58,343	

7. The Company has no outstanding liability towards micro, small & medium enterprises.

8. The common expenses amounting to ₹ 35,45,612/- (apprx.) such as Ground Rent, Electricity & Water Charges, House Tax, PF Audit Fees, Repairs & Maintenance etc. provided in the books of account have been allocated by the Holding Company, Power Finance Corporation Limited.

9. The Deferred Tax Asset/Liabilities have been created in terms of the Accounting Standard No.22. As per AS-22, carrying amount of deferred tax assets is required to be reviewed at each balance sheet date and the carrying amount of a deferred tax asset can be written off to the extent that it is no longer reasonably certain or virtually certain.

The deferred tax asset amounting to ₹ 5,97,066/- has been shown in the financial statements prepared for the year ending 31.03.2014, which has been calculated as under :-

S. No.	Description	Amount (₹) 31.03.2014	Amount (₹) 31.03.2013
A	Deferred Tax Assets		
	Preliminary Expenses	6,798	10,197
	Employees related provisions	8,23,844	3,87,922
	Total (A)	8,30,642	3,98,119
B	Deferred Tax Liability		
	Depreciation	33,576	17,656
	Total (B)	33,576	17,656
	Net Deferred Tax Assets / (Liability) (A-B)	5,97,066	3,80,463

10. In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	Amount (₹) 31.03.2014	Amount (₹) 31.03.2013
1	Net Profit / (Loss) after tax used as Numerator (₹)	3,03,20,731	85,49,682
2	Weighted average number of equity shares used as denominator (basic & diluted)	1,00,000	1,00,000
3	Earnings Per Share (Basic & Diluted) (₹)	303.21	85.50
4	Face Value per Share (₹)	10	10

- No foreign currency transaction occurred during the period.
- Figures have been rounded off to the nearest rupees unless otherwise stated.
- Figures for the previous year have been regrouped / rearranged wherever considered necessary to confirm to this year classification.
- Capital Commitments – ₹ Nil (Previous Year – ₹ Nil)
- As on 31.03.2014, there is no contingent liability.
- Notes 1 to 17 form an integral part of Balance Sheet and Statement of Profit & Loss.

For and on Behalf of Board of Directors

Sachin Arora
Company Secretary

Nalini Varjani
CEO

R.Nagarajan
Director

M.K. Goel
Chairman

Signed in terms of our report of even date
For ANK & Associates
(CHARTERED ACCOUNTANTS)
Firm Regn No. 003652N

Neeraj Kumar
(Partner)
Membership No. 082901

Place: New Delhi
Date: 15.05.2014

PFC CAPITAL ADVISORY SERVICES LIMITED
Cash Flow Statement for the year ended 31st March, 2014

	Year ended 31st March, 2014	Year ended 31st March, 2013
(Amount in ₹)	(Amount in ₹)	(Amount in ₹)
Cash Flow from Operating Activities :-		
Net Profit before Tax and Extraordinary Items	44,880,008	12,724,632
ADD: Adjustments for Depreciation	90,733	45,850
Interest Income on Fixed Deposits	(3,196,456)	(608,023)
Operating profit before working Capital Changes:	41,774,285	12,162,459
Increase / (Decrease) :		
Current Liabilities	3,483,466	1,987,810
Current Assets	(2,304,415)	(483,803)
Advances (Long Term)	(122,154)	1,036,897
Cash flow before extraordinary items	42,811,182	13,666,466
Extraordinary items		
Cash inflow/(Outflow) from operations before Tax	42,811,182	13,666,466
Income Tax paid	(15,082,107)	(4,634,261)
Income Tax Refund	64,723	
A) Net Cash flow from Operating Activities	27,793,798	9,032,185
Cash Flow From Investing Activities :		
Interest Income on Fixed Deposits	3,196,456	608,023
Investment in Fixed Deposits	(30,888,800)	(10,974,200)
Purchase of Fixed Assets	(197,240)	(201,990)
B) Net Cash flow from Investing Activities	(27,869,584)	(10,568,167)
Cash Flow From Financing Activities :		
Issue of Equity Shares	-	-
C) Net Cash flow from Financing Activities	-	-
D) Net Change in Cash & Cash Equivalents	(A+B+C)	(1,535,982)
E) Cash & Cash Equivalents at the beginning of period	111,673	1,847,655
F) Cash & Cash Equivalents at the end of the period	(D+E)	111,673

For and on Behalf of Board of Directors

Sachin Arora
Company Secretary

Nalini Varjani
CEO

R. Nagarajan
Director

M.K. Goel
Chairman

Signed in terms of our report of even date
For ANK & Associates
(CHARTERED ACCOUNTANTS)
Firm Regn No. 003652N

Neeraj Kumar
(Partner)
Membership No. 082901

Place: New Delhi
Date: 18.05.2014



POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the Sixth Annual Report on the performance of your Company for the year ended 31st March, 2014 along with Audited Statements of Accounts and Auditor's Report thereon.

CONVERSION OF THE COMPANY INTO WHOLLY OWNED SUBSIDIARY OF POWER FINANCE CORPORATION LIMITED

Your Company was incorporated on 25th March, 2008 under the aegis of Power Finance Corporation Limited (PFC) where 30% stake was held by PFC and the balance 70% stake was held by 5 individuals. The BoD of PFC had approved a proposal for PFC to acquire 70% stake held by individuals in your Company where PFC already held 30% stake. Subsequently, as approved, the formalities of transfer were completed on 11.10.2011 and PECAP became a wholly owned subsidiary of PFC w.e.f 11.10.2011. Your Company has not transacted any business till date. Further, the Company is in the process of taking necessary approvals for dissolving the Company and getting the name of the Company Struck off from the records of Registrar of Companies under the provisions of Section 560 of the Companies Act, 1956.

FINANCIAL PERFORMANCE

During the year ended March 31, 2014, your Company has earned a net profit of Rs. 810/- (before tax) which is basically the interest income.

DIVIDEND

Your directors have decided not to recommend any dividend for the period under review. Further no amount is being proposed to be transferred to any reserves in the Balance sheet as at 31st March, 2014.

SHARE CAPITAL

The Company has been incorporated with an initial Paid up capital of ₹ 5,00,000/- (Rupees Five lakh only) consisting of 50,000 equity shares of ₹ 10/- each and authorised share capital of ₹ 10,00,000/- (Rupees Ten lakh only) consisting of 1,00,000 equity shares of ₹ 10/- each. Initially, 30% stake was held by PFC and the balance 70% stake was held by 5 individuals. The BoD of PFC had approved a proposal for PFC to acquire 70% stake held by individuals in PECAP where PFC already held 30% stake. Subsequently, as approved, the formalities of transfer were completed on 11.10.2011 and PECAP became a wholly owned subsidiary of PFC w.e.f 11.10.2011.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PERSONNEL

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and the matters related to Personnel department are being taken care by the holding Company.

AUDITORS

M/s. A. Salwan & Associates, Chartered Accountants, New Delhi was appointed as Statutory Auditor of the Company for the year ended March 31, 2014 by the Comptroller and Auditor General of India. There are no adverse comments, observations or reservations in the auditors report on the accounts of the company. The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

COMPTROLLER AND AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India vide letter dated May 20, 2014 has decided not to review the report of the Auditors on the accounts of the Company for the year ended March 31, 2014 and as such no comments to make under Section 619 (4) of the Companies Act, 1956. A copy of the certificate issued by C&AG in this regard is enclosed as annexure A to the report of the Statutory Auditor's.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company is yet to commence its business operations, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988.

Your Company has not undertaken any activity during the year under review. The particulars as required under the provisions of section 217(1) (e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption has been furnished in Annexure I.

Further during the year under review, the Company has neither earned nor used any foreign exchange.

PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS

At the beginning of the year, the Company had the following 3 Directors:

- | | |
|----------------------------|------------------------|
| 1. Sh. C. Gangopadhyay | Director (PFC Nominee) |
| 2. Sh. D. Ravi | Director (PFC Nominee) |
| 3. Sh. Arunava Chakravarti | Director (PFC Nominee) |

There was no change in the Directors of the Company during the year.

OFFICIAL LANGUAGE

The use of Hindi in Company's Official work was emphasized.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary. Therefore there is no requirement to comply with Section 212 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirm that-

- in preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the period April 1, 2013 to March 31, 2014 and of the profit or loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors acknowledge and place on record their appreciation for the guidance, co-operation and encouragement extended to the Company by Government of India, Ministry of Power, Reserve Bank of India, Department of Public Enterprises, and other concerned Government departments/agencies at the Central and State level etc.

Your Directors also convey its gratitude to the holding Company Power Finance Corporation Limited as well as the bankers for the active & continued support to the Company.

The Company is also thankful to the Comptroller & Auditor General of India and the Statutory Auditors for their constructive suggestions and co-operation.

For and on behalf of the Board of Directors,

(C. Gangopadhyay)
Director

(D. Ravi)
Director

DIN : 02271398

DIN : 00038452

Place: New Delhi
Date: 18 July, 2014

ANNEXURE – I

Disclosure of particulars u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as under:

A. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken ;	The Company will take necessary measures as may be required from time to time for conservation of energy.
(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy ;	No specific investment has been made in this regard.
(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods ;	Not Applicable
(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.	Not Applicable

B. TECHNOLOGY ABSORPTION :

e. Efforts made in technology absorption as per Form B of the Annexure to the Rules

FORM B : Form for disclosure of particulars with respect to absorption

Research and development (R & D)

1. Specific areas in which R & D carried out by the company.	During the year the Company has not carried any specific R&D
2. Benefits derived as a result of the above R&D	Not Applicable
3. Future plan of action	Not Applicable
4. Expenditure on R & D : (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover	NIL NIL NIL Not Applicable

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	No specific efforts have been taken in this regard.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : (a) Technology imported. (b) Year of import. (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO : There was no outgo or inflow of foreign exchange during the year.

INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF
POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- On the basis of written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) Of sub-section (1) of section 274 of the Companies Act, 1956.
- Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For A. SALWAN & ASSOCIATES
Chartered Accountants

FRN:004287N

ASHWANI SALWAN
Proprietor
M.No. 083424

Place: DELHI
Date : 30.04.2014

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- The Company does not have any fixed assets.
- The Company does not have any inventories during this year; hence this clause is not applicable.
- In our opinion and according to information and explanations given to us, the company has neither taken nor given any loans/advances to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 during the year.
- In our opinion and according to the information and explanation given to us, the company does not have fixed assets, inventories and has no commercial activity during the year, the provisions w.r.t. applicability of adequate internal control procedures are not applicable to the company.
- In respect of the transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956;
 - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that need to be entered into the register

maintained under section 301 of the Companies Act.

- Having regard to this, in our opinion and according to the information and explanations given to us, no transactions have been made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five lakhs in respect of any party during the year.
- 6. The Company has not accepted any deposits from the public to which the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 would apply.
- 7. The company does not have paid up capital and reserve of Rs. 50 lacs as the commencement of the financial year concerned or have an average annual turnover exceeding five crores rupees for a period of three consecutive financial years immediately preceding the financial period concerned, the provision of internal audit system are not applicable to the company.
- 8. The company does not have any business activity during the period, the provisions of clause 4(viii) of the Companies (Auditors Report) Order '2003 are not applicable to the company.
- 9. According to the books & records examined by us in accordance with the generally accepted auditing practices in India and also based on the representations received from the management, the company has been regular in depositing undisputed Statutory dues including Income Tax, Service Tax and other material statutory dues applicable to it.
- 10. According to the information & explanations given to us, and the records of the company, no undisputed amounts payable in respect of Sales Tax, Income Tax, Wealth Tax, service tax, excise duty were outstanding as at 31st March, 2014 for a period of more than six months from the date of becoming payable.
- 11. The company's does not have any accumulated losses at the end of financial year. The company did not incur any cash losses during the year ended 31st March 2014 and for the preceding year ended on 31st March 2013.
- 12. In our opinion and according to information and explanation given to us, the Company has not taken any loans from the banks or financial institutions. The company has not issued any debentures.
- 13. In our opinion and according to information and explanation given to us, the company has not granted any loans and advances on the basis of pledge of security by way of pledge of shares, debentures or other securities.
- 14. The company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable.
- 15. The company is not dealing and trading in shares, stock/debentures/securities.
- 16. In our opinion and according to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 17. In our opinion and according to the information and explanations given to us, no term loans were availed by the company.
- 18. In our opinion and according to information and explanation given to us, and overall examination of the Balance Sheet of the

Company, no funds are raised by the company on short term basis.

- 19. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year.
- 20. The company has not issued any debentures during the year.
- 21. The company has not raised money by way of public issue during the year.
- 22. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the management

for A. SALWAN & ASSOCIATES
Chartered Accountants
FRN:004287N

ASHWANI SALWAN
Proprietor
M.No. 083424

Place: DELHI
Date : 30.04.2014



POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED
(100% Subsidiary of Power Finance Corporation Ltd.)

(Amount in Rs.)

	Statement of Profit and Loss for the year ended	Notes	31st March 2014	31st March 2013
I.	Revenue from operations		–	–
II.	Other income	8	46,797.00	46,339.41
III.	Total revenue		46,797.00	46,339.41
IV.	Expenses:			
	Other expenses	9	45,987.00	33,970.00
	Total expenses		45,987.00	33,970.00
V.	Profit before tax (III-IV)		810.00	12,369.41
VI.	Tax expenses			
	(1) Current tax		250.00	3,823.00
	(2) Deferred tax		–	–
VII.	Profit after tax (V-VI)		560.00	8,546.41
VIII.	Earning per equity share of par value Rs.10/- each			
	Basic and diluted	10	0.01	0.17
	Significant accounting policies and notes on accounts	1 to 12		

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR A. SALWAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 004287N

FOR & ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor
M. No.083424

(C. GANGOPADHYAY)
DIRECTOR
DIn no.02271398

(D. RAVI)
DIRECTOR
DIn no.00038452

PLACE: NEW DELHI
DATED: 30.04.2014

(Amount in Rs.)

	Balance sheet as at	Notes	31st March 2014	31st March 2013
I.	EQUITY AND LIABILITIES			
(1)	Shareholder's funds			
	(a) Share capital	2	500,000.00	500,000.00
	(b) Reserve & surplus	3	17,168.00	16,608.00
(2)	Current Liabilities			
	(a) Trade payables	4	28,836.00	11,236.00
	(b) Short term provision	5	250.00	3,823.00
	Total Equity and Liabilities		546,254.00	531,667.00
II.	ASSETS			
(1)	Current assets			
	(a) Cash and cash equivalents	6	516,405.00	502,462.00
	(b) Other current assets	7	29,849.00	29,205.00
	Total Assets		546,254.00	531,667.00
	Significant accounting policies and notes on accounts	1 to 12		

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR A. SALWAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 004287N

FOR & ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor
M. No.083424

(C. GANGOPADHYAY)
DIRECTOR
DIn no.02271398

(D. RAVI)
DIRECTOR
DIn no.00038452

PLACE: NEW DELHI
DATED: 30.04.2014

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED
(100% Subsidiary of Power Finance Corporation Ltd.)

**(SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF
THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014.)**

1. SIGNIFICANT ACCOUNTING POLICIES

- The financial statements are prepared on accrual basis under the historical cost convention in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of Companies Act, 1956.
- The Company generally follows mercantile system of accounting and recognises significant items of Income and Expenditure on accrual basis. All expenses debited to statement of profit & loss is being accounted for an accrual basis.
- Interest on FDR is accounted on accrual basis.
- Contingent Liabilities if any are not provided for in the accounts and are shown separately in Notes of accounts.
- Deferred tax is recognised subject to consideration of produce and materiality on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carried forward losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

Note No. 2 Share capital

(Amount in Rs.)

Particulars	31st March 2014	31st March 2013
AUTHORISED SHARE CAPITAL : 100000 equity shares of Rs. 10/- each (previous year same)	1,000,000.00	1,000,000.00
ISSUED : 50000 equity shares of Rs.10/- each (previous year same)	500,000.00	500,000.00
SUBSCRIBED & PAID UP : 50000 equity share of Rs.10/- each fully paid up in cash (Previous year -same)	500,000.00	500,000.00
	500,000.00	500,000.00

-- The Issued Share capital of the company has only one class of shares referred to as equity shares having par value of Rs.10/- Each holder of equity shares is entitled to one vote per share.

-- Reconciliation of the number of shares outstanding and Amount of share capital as on 31st March, 2014 & 31st March, 2013 is as under:

EQUITY SHARES

Particulars	31st March 2014		31st March 2013	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
Number of shares at the beginning	50,000	500,000.00	50,000	500,000.00
Number of shares issued during the year	—	—	—	—
Number of shares at the end	50,000	500,000.00	50,000	500,000.00

-- Particulars of Shares in the company held by each shareholder holding more than 5% shares:

Name of shareholder	31st March 2014		31st March 2013	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity Shares				
1 Power Finance Corporation Ltd.	49,400	99	49,400	99

In the event of the Liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No. 3 Reserves and surplus (Amount in Rs.)

	Particulars	31st March 2014	31st March 2013
1	Profit & loss account		
	Opening Balance	16,608.00	8,060.59
	Add: Net Profit/(Loss) after tax transferred from Statement of Profit & Loss	560.00	8,546.41
	Add: Prior period adjustment	-	1.00
	Total	17,168.00	16,608.00

Note No. 4 Trade payables (Amount in Rs.)

	Particulars	31st March 2014	31st March 2013
1	Trade Payables	28,836.00	11,236.00
	Total	28,836.00	11,236.00

Note No. 5 Short term provision (Amount in Rs.)

	Particulars	31st March 2014	31st March 2013
1	Provision for income tax	250.00	3,823.00
	Total	250.00	3,823.00

Note No.6 Cash and cash equivalent (Amount in Rs.)

	Particulars	31st March 2014	31st March 2013
1	Cash in hand	-	-
2	Balance with scheduled banks in current account	22,405.00	10,462.00
3	Bank deposits with maturity upto 3 months	-	-
4	Bank deposits with maturity upto 12 months	494,000.00	492,000.00
	Total	516,405.00	502,462.00

Note No.7 Other current assets (Amount in Rs.)

	Particulars	31st March 2014	31st March 2013
1	Tax deducted at source	4,683.00	4,645.00
2	Interest receivable on bank deposits	24,344.00	24,560.00
3	Income Tax Refund Receivable	822.00	-
	Total	29,849.00	29,205.00

Note No. 8 Other Income (Amount in Rs.)

	Particulars	31st March 2014	31st March 2013
1	Interest on FDR	46,797.00	46,339.41
	Total	46,797.00	46,339.41

Note No. 9 Other expenses (Amount in Rs.)

	Particulars	31st March 2014	31st March 2013
1	Bank charges	297.00	134.00
2	Filing fees	600.00	600.00
3	Legal & professional charges	17,000.00	17,000.00
4	Auditors remuneration		
	~As audit fee	28,090.00	16,236.00
	Total	45,987.00	33,970.00

NOTES ON ACCOUNTS

10. Earning Per Share (EPS)

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of the equity shares outstanding during the year.

	As on 31.03.2014	As on 31.03.2013
Net Profit/(Loss) after Tax	560.00	8546.41
No. of Equity Shares	50000	50000
Basic Earning per Share	0.01	0.17

11. Related Party Disclosures.

Promoters/ Key Managerial Personal

	Name of Persons	Relationship
1.	C. Gangopadhyay	Director
2.	D. Ravi	Director
3.	Arunava Chakravati	Director

12. Previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with those of the current year.

AS PER REPORT ATTACHED OF EVEN DATE

FOR A. SALWAN & ASSOCIATES

CHARTERED ACCOUNTANTS

FRN 004287N

FOR & ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
(PROPRIETOR)
M.NO. 083424

(C. GANGOPADHYAY)
DIRECTOR

(D. RAVI)
DIRECTOR

PLACE: NEW DELHI
DATED: 30.04.2014



POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED
Cash Flow Statement for the period ended 31st March 2014

(Amount in Rs.)

Particulars	31st March 2014		31st March 2013	
Cash Flow from Operating Activities				
Net Profit before Tax and Extraordinary Items	810.00		12,369.41	
Adjustments for				
Preliminary expenses written off	-		-	
Operating profit before working Capital Changes:		810.00		12369.41
Increase / Decrease In Working Capital :				
Current Liabilities	14,027.00		(1,442.00)	
Current Assets	(2,644.00)	11,383.00	(8,242.41)	(9,684.41)
Cash flow before extraordinary items		12,193.00		2,685.00
Extraordinary items		-		1.00
Cash Inflow/Outflow from operations before Tax		<u>12,193.00</u>		<u>2,686.00</u>
Income Tax paid		250.00		3,823.00
A) Net Cash flow from Operating Activities		11,943.00		(1,137.00)
B) Net Cash flow from Investing Activities		-		-
C) Net Cash flow from Financial Activities		-		-
D) Net Change in Cash & Cash Equivalents	(A+B+C)	11,943.00		(1,137.00)
E) Cash & Cash Equivalents at the beginning of period		10,462.00		11,599.00
F) Cash & Cash Equivalents at the end of the period	(D+E)	22,405.00		10,462.00

FOR A. SALWAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 004287N

FOR & ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor
M. No.083424

(C. GANGOPADHYAY)
DIRECTOR
DIn no.02271398

(D. RAVI)
DIRECTOR
DIn no.00038452

PLACE: NEW DELHI
DATED: 30.04.2014



POWER FINANCE CORPORATION LIMITED

CIN: L65910DL1986GOI024862

Regd. Office: 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi -110001

Tel: +91 11 23456000, Fax: +91 11 23412545, Email id: investorsgrievance@pfcindia.com

Website: www.pfcindia.com

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE ENTRANCE

I/We hereby record my/our presence at the 28th Annual General Meeting of the Company being held on Friday, the September 26, 2014 at 10:00 AM at Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010.

Serial No: _____

Name and Registered Address of the

Sole/First named Member :

Name(s) of the Joint Member(s), if any :

Regd Folio No. / DP ID / Client ID No. :

Number of shares held :

Name of the Proxy / Representative :

Signature of the Member / Proxy /
Authorized Representative

NAME OF THE HOLDER	FOLIO/DPID/CLIENT ID NO.	NO. OF SHARES

FOR ATTENTION OF MEMBERS

Members may please note the electronic voting particulars as set out below for the purpose of e-voting in terms of section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014. Detailed instructions for e-voting are given in the Annual General Meeting notice.

ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD / PIN

Note: Please follow the e-voting instructions mentioned in the Notice.

**POWER FINANCE CORPORATION LIMITED**

C/N: L65910DL1986GOI024862

Regd. Office: 'Urjanidh', 1, Barakhamba Lane, Connaught Place, New Delhi -110001

Tel: +91 11 23456000, Fax: +91 11 23412545, Email Id: investorsgrievance@pfcindia.com

Website: www.pfcindia.com

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s):

Registered Address:

E-mail ID:

Folio No./DP ID and Client ID:

I/We, being the member(s) of Power Finance Corporation Limited holding shares of the company, hereby appoint:

1. Name: Email ID:
Address: Signature: , or failing him/her
2. Name: Email ID:
Address: Signature: , or failing him/her
3. Name: Email ID:
Address: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General meeting of the Company, to be held on Friday, the 26th September, 2014 at 10.00 a.m. at Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolution
Ordinary Business	
1.	To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2014, the Reports of the Board of Directors and Auditors thereon
2.	To confirm interim dividend and declare final dividend for the year 2013-14.
3.	To appoint a Director in place of Shri A. K. Agarwal (DIN:01987101), who retires by rotation and being eligible, offers himself for re-appointment
4.	To fix the remuneration of the Statutory Auditors
Special Business	
5.	Adopt the new Articles of Association of the Company
6.	Raise funds upto ₹55,000 crore through issue of bonds/Debentures/notes/debt securities on Private Placement basis

Signed this day of 20

Signature of shareholder

Signature of Proxy holder(s)

(Affix Revenue Stamp of appropriate value)

NOTE: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Annual General Meeting.



POWER FINANCE CORPORATION LTD.

(A Govt. of India Undertaking)

Regd. Office: "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi - 110 001

Ph.: 011-23456000, Fax : 011-23412545,

Website: <http://www.pfcindia.com>