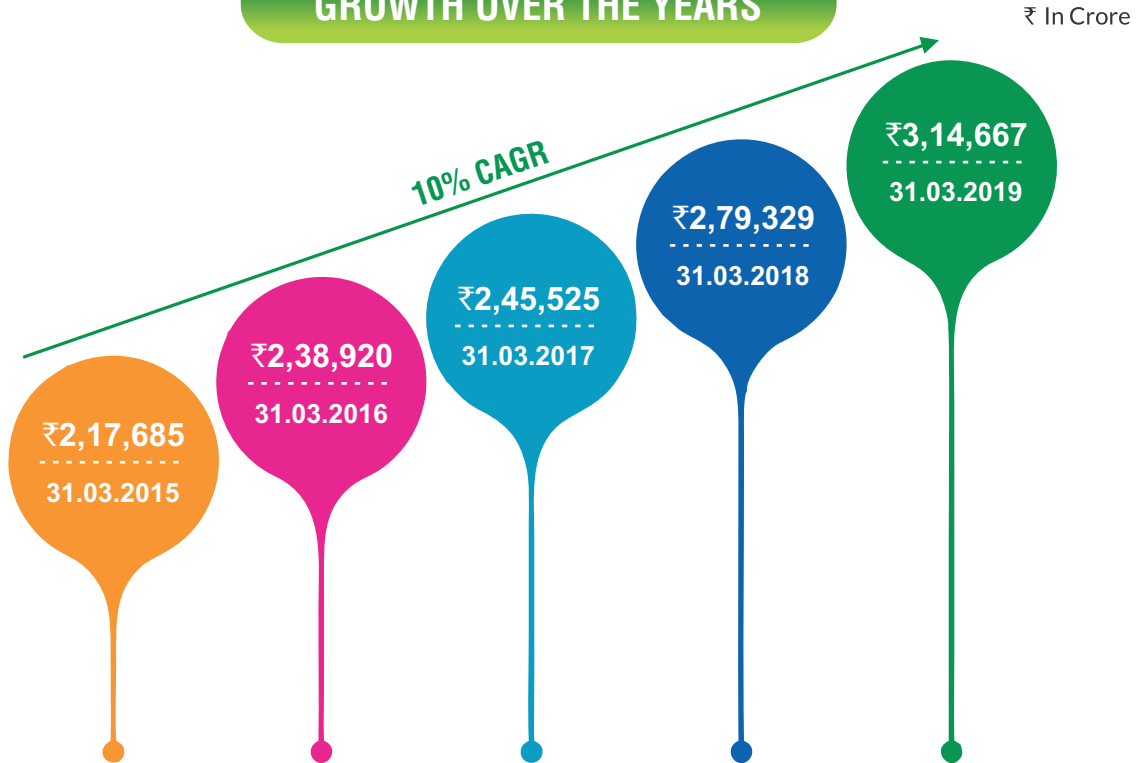
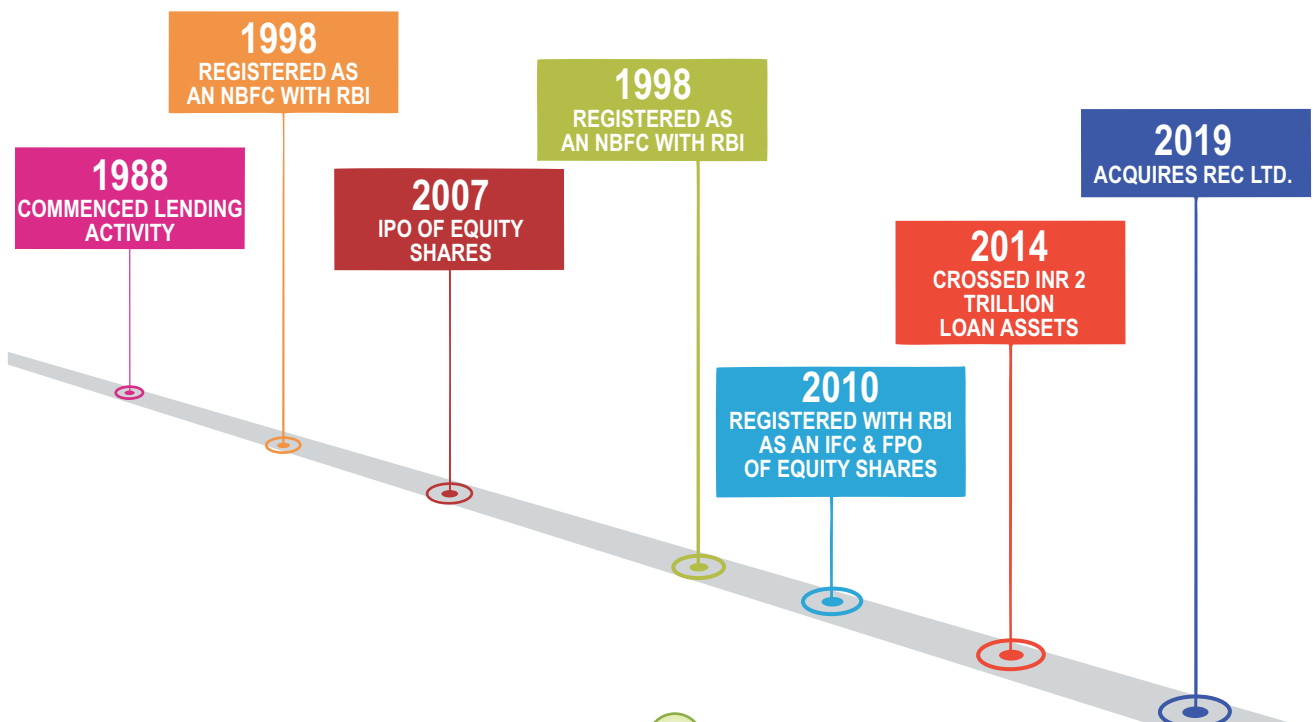


GROWTH OVER THE YEARS



₹3,14,667 Crore Loan Asset Book as on 31.03.2019

KEY MILESTONES



LETTER TO SHAREHOLDERS



“28th March 2019 was a Red Letter Day in the history of PFC, when your Company acquired Government of India's 52.63% equity stake in REC Limited (formerly Rural Electrification Corporation Limited), for a total consideration of ₹ 14,500 Crs. With this landmark deal, PFC is now a promoter and the holding company of REC Limited.”

Rajeev Sharma
Chairman & Managing Director

Ladies and Gentlemen,

It gives me great pleasure to welcome you all to the 33rd Annual General Meeting of your Company. Financial Year 2018-19 was an eventful and a landmark year in the history of PFC. 28th March 2019 was a Red Letter Day in the history of PFC, when your Company acquired Government of India's 52.63% equity stake in REC Limited (formerly Rural Electrification Corporation Limited), for a total consideration of ₹ 14,500 Crs. With this landmark deal, PFC is now a promoter and the holding company of REC Limited.

The acquisition is a significant move towards power sector consolidation and significant inorganic growth opportunity for PFC, which has resulted in creation of bigger entity on a consolidated basis, with combined annual revenues of more than ₹ 50,000 Crs, loan assets of ₹ 6 lakh Crs and profit of more than ₹ 12,500 Crs. The acquisition would enable increased efficiencies in lending processes and policies across both the institutions and would create public value by offering better loan products to the power sector. Further, the acquisition will help in diversification of assets of the group as well as better management of portfolio risk and would also help in resolution of stressed power sector assets of the group in a better and coordinated manner.

I am pleased to share that post the acquisition transaction, PFC's credit rating has been retained and your company has also kept the Capital Adequacy Ratio at comfortable levels to reassure shareholders, investors & credit rating agencies about the business growth going forward.

On the business front, the year also saw some significant landmarks for PFC on a standalone basis. We achieved our highest ever annual profit of about ₹ 7,000 Crs. Your company has recorded its highest ever disbursements for three years in a row and with this year's loan disbursements crossing ₹ 67,600 Crs mark. The loan assets also crossed the ₹ 3 lakh milestone and saw a robust growth of 13% during the year.

On the borrowing front, the share of foreign currency borrowings in the overall borrowing increased to 10% on the back of fresh foreign currency mobilization of USD 1.5 billion during the year. In June 2019, PFC raised USD 1 billion under its MTN programme with 5 years and 10 year tenors, which was the first dual and largest USD bonds transaction for Government owned Indian NBFC and also the first 5 year issuance by PFC. Going forward, we expect the foreign currency borrowings to contribute to our portfolio to a greater extent. As indicated earlier, 54EC Capital Gain Tax bonds are an important source of funds for PFC owing to its low cost. I am happy to share that the mobilization under the capital gains tax bonds has witnessed a 2.7 time jump from the previous financial year. Due to the various efforts made by your company on the borrowing front, the cost of funds has reduced significantly from 8.21% in FY 18 to 7.95% in FY19.



PFC conferred with "The Best Power Financing Company" of the year award by Shri R.K. Singh, Hon'ble Minister of State (IC) for Power, New & RE. Shri Rajeev Sharma, CMD, Shri C. Gangopadhyay, former Director (Projects) & Shri P.K. Singh, Director (Commercial) receiving the award on the occasion of CBIP Day



Shri Rajeev Sharma, CMD, PFC, handing over the Intra Bank Fund Transfer Advice to Shri Ajay Kumar Bhalla, Secretary, Government of India, being the purchase consideration for acquisition of 103.94 Crore shares of Govt. of India shares in REC in presence of senior officials of MOP & PFC.

A decisive majority for NDA 2.0 under the leadership of Prime Minister Shri Narendra Modi would only add to India's political and economic muscle in the comity of nations. The Government's commitment to an 'all inclusive economic and socially harmonious' order would further the cause of spreading prosperity and a spirited campaign against poverty in line with United Nation's millennium development goals. Taking the economic growth story to rural India would be natural extension of the country's journey thus far.

With a healthy GDP of around 7% in the last five years, India's economic profile has never been better globally. Liberal policies adopted by the central government have only lent an edge to India as an attractive investment destination amongst emerging markets. Stabilization and reduction in Goods and Services Tax (GST) rates across product categories seem to have enthused investors within and outside the country. Strong domestic consumption demand has provided a big fillip to industry, services, farm sector and exporters laying a firm foundation for long haul investments. Various government initiatives like 'Make In India' & 'Digital India' have given opportunities to foreign companies for setting up their facilities in India.

India's famed labour force is expected to touch 170 million by next year, turning the country into a powerhouse for human resources and key supplier of manpower internationally. Leveraging the demographic potential also seems to have begun in the right earnest with pan-India skills development campaign taken up by centre in partnership with state governments, corporate world and other stakeholders.

India is firmly on its way to catapult into the big league. It's all set to become the third largest economy in 10 - 15 years backed by strong democracy and partnerships. India's GDP is expected to reach USD5 trillion in next few years and achieve upper-middle income status on the back of digitization, globalization, favorable demographics and reforms.

The growth of Indian economy has been supplemented by the power sector despite facing several challenges. Now every village has access to quality and affordable electricity while power to every family has become a near reality. Energy deficit has been reduced to almost zero and India emerges as net exporter of electricity to Nepal, Bangladesh and Myanmar. More than 1,07,000 MW Generation Capacity has been added between April 2014 and March 2019. These developments coupled with a huge capacity creation in renewable and new energy resources have provided a great business opportunity to your Company. Under Saubhagya, a flagship scheme of Government of India, almost 100% household electrification has been achieved. More than ₹ 34,000 Crore interest cost has been saved by DISCOMs under UDAY within two years. Providing electricity to all, round the clock, 365 days a year has become the next big challenge that's being tackled head on.



Shri Rajeev Sharma, CMD, PFC handing over RTGS advice of USD 1 Million towards Corporate Membership of International Solar Alliance (ISA) to Shri R.K.Singh, Hon'ble Minister of State (IC) for Power, New & RE at the First General Assembly of ISA in the presence of Minister of State for Ecological and Inclusive Transition, France, H.E. Brune Poirson.

Various steps have been taken by Government of India to tackle the issue of stressed assets in Power Sector. Scheme for Harnessing and Allocating Koyala Transparently in India (SHAKTI) was launched to provide coal to the stressed power projects. SHAKTI covers projects which have PPAs but do not have Fuel Supply Agreements in place and also those which do not have Power Purchase Agreements (PPAs). The objective of this scheme is to eliminate the stress in generation utilities. Some of these stressed projects have already started to receive coal under the scheme. Also, a Pilot Scheme for mid-term PPA for stressed projects was launched by the Ministry of Power for which PFCCL, our subsidiary company is the Nodal Agency and PTC is the aggregator to purchase power for three years from commissioned projects with no PPA. Under the scheme, beneficiary states have signed PPAs for 1900 MW with eligible bidders at a



Shri Rajeev Sharma, CMD, PFC along with Shri Ajay Kumar Bhalla, Secretary, Government of India and other senior officers of Ministry of Power and PFC during signing of MOU for Financial Year 2019-20

tariff of ₹ 4.24 per unit. Now Phase II of the Pilot PPA scheme has been launched with PFCCL as the Nodal Agency and NHPC as the aggregator. Bids from 15 companies have been finalized with a tariff of ₹ 4.41 per unit. Ministry of Power has also issued significantly important guidelines with respect to timelines for approving the petitions for tariff increase due to change in law and also the directions mandating the power distribution licensees to open and maintain adequate Letter of Credit as a payment security mechanism under Power Purchase Agreements. These initiatives will help the projects to sell power on sustainable basis and resolve the stress going forward.

I am pleased to share that under these schemes some of the projects financed by PFC have received coal linkages and also mid-term PPAs, which will help in resolution of stress.

In order to encourage Renewable Generation, Ministry of Power extended the waiver of ISTS Transmission charges and losses for Solar & Wind based Projects upto March 2022. Further, in order to achieve the Renewable target of 1,75,000 MW of Renewable Capacity by 2022, MOP issued Long Term Growth trajectory Renewable Purchase Obligation (RPO) for Solar as well as Non-Solar till the year 2022.

India's rank improved to 24 in 2018 from 137 in 2014 on World Bank's Ease of doing business - "Getting Electricity" Ranking. Several measures have been initiated to reform and strengthen the power sector as a whole including power generation, transmission and distribution. These also include achievements in capacity addition and also important reforms being undertaken for increasing energy efficiency and increasing accountability and transparency by launching Mobile applications like PRAAPTI, Ash Track etc.

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 to meet stakeholders aspirations and societal expectations.

Your Company is a socially responsible corporate entity which is committed to improving the quality of life of the society at large by undertaking projects for Sustainable Development. PFC's focus on the CSR front has been on the projects for national as well as local importance. Some of the projects like skill development for economically and socially backward men and women, installation of solar street lights, provision for medical equipment etc. have a wide reaching impact on our society as a whole. Your company has disbursed ₹ 118 crore under the CSR activities in FY19.

I am extremely thankful to the shareholders, who have reposed faith in us. My sincere and heartfelt thanks go out to the Hon'ble Union Minister of State (I/c) for Power & New and Renewable Energy and officials of the Ministry of Power for their continued support and guidance. I am also truly grateful to Board of Directors, Investors and Valued Clients for their support.

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

Finally, I must thank all the employees without whose continuous and untiring efforts none of this would have been possible.



(Rajeev Sharma)
Chairman & Managing Director
DIN: 00973413



Smt. Gouri Chaudhury, Independent Director, Shri Sitaram Pareek, Independent Director, Dr. A.K. Verma, Joint Secretary, Ministry of Power, Shri Rajeev Sharma, CMD, Shri N.B. Gupta, Director (Finance) & Shri P.K. Singh, Director (Commercial) at the "Annual Investor Meet 2019" held in Mumbai

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Shri Rajeev Sharma, CMD, PFC was honoured with the prestigious India Energy Forum's (IEF) "Meritorious Energy Service Award" for being the distinguished Energy Professional contributing to the growth of the Indian Energy Sector at IIC, New Delhi. Present on this occasion were; Shri R.V. Shahi (Former Secy., MoP, Gol), Shri Anil Razdan, President, IEF, Shri P.S. Bami, Former CMD, NTPC Limited, Shri Amarjit Singh, Secretary General, IEF & Shri Y.R. Mehta, former Director GAIL India



POWER FINANCE CORPORATION LIMITED

CIN : L65910DL1986GOI024862

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

Tel: +91 11 23456000, Fax: +91 11 23412545, Email id: investorsgrievance@pfcindia.com

Website: www.pfcindia.com

NOTICE

Notice is hereby given that the Thirty Third Annual General Meeting of the members of Power Finance Corporation Limited will be held on **Tuesday, the August 27, 2019 at 11:00 A.M.** at Talkatora Indoor Stadium, Talkatora Garden, New Delhi 110004 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements including consolidated financial statements of the Company for the financial year ended March 31, 2019, the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Naveen Bhushan Gupta (DIN: 00530741), who retires by rotation and being eligible, offers himself for re-appointment.
3. To fix the remuneration of the Statutory Auditors.

SPECIAL BUSINESS

4. To appoint Shri Ravinder Singh Dhillon (DIN: 00278074), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Shri Ravinder Singh Dhillon (DIN: 00278074), who was appointed as Director (Projects), by the President of India through Ministry of Power vide letter no. 24-8/1/2018-PFC (MoP) dated June 12, 2019 and subsequently on the recommendation of the Nomination and Remuneration Committee, appointed as an Additional Director by the Board of Directors with effect from June 12, 2019 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Director(Projects) of the Company, on terms & conditions determined by the Govt. of India.”

5. To appoint Shri R.C. Mishra (DIN: 02469982), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder, Shri R.C. Mishra (DIN: 02469982), who was appointed as Independent Director, by the President of India through Ministry of Power vide letter no.20/6/2017-Coord. dated July 11, 2019 and subsequently on the recommendation of the Nomination and Remuneration Committee, appointed as an Additional Director by the Board of Directors with effect from July 11, 2019 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company, on terms & conditions determined by the Govt. of India.”

6. To raise funds upto ₹ 70,000 crore through issue of Bonds/Debentures/notes/debt securities on Private Placement basis in India and/or outside India and in this regard to consider and if thought fit, to pass, with or without modification(s), following resolutions as **Special Resolutions**:

“RESOLVED THAT pursuant to provisions of section 42 of Companies Act 2013, read with rule 14(2) of Companies (Prospectus and Allotment of Securities), Rule 2014 as amended and other applicable provisions, approval be and is hereby accorded for raising of funds by way of private placement of secured/unsecured, perpetual/redeemable, non-convertible, cumulative/non-cumulative, taxable/tax free, senior/subordinated bonds/Infrastructure Bonds/Zero Coupon Bonds/Inflation Indexed Bonds/debentures/notes/debt securities in India and/or outside India to the extent of ₹ 70,000 crore during the period of one year from the date of this Annual General Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee duly



constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to make offer(s) or invitation(s) to subscribe to private placement of secured/unsecured, perpetual/redeemable, non-convertible, cumulative/non-cumulative, taxable /tax free, senior/subordinated bonds/Infrastructure Bonds/Zero Coupon Bonds/Inflation Indexed Bonds/debentures/notes/debt securities ("Bonds") in India and/or outside India to the extent of ₹ 70,000 crore during the period of one year from the date of current AGM and to do all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to the face value, issue price, issue size, timing, amount, security, coupon/interest rate, yield, listing, allotment and other terms and conditions of issue Bonds as they may, in their absolute discretion deem necessary."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolutions."

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: 30.07.2019

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DIRECTORS' REPORT

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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 duly completed, stamped and signed 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 and can also be obtained free of charge from the registered office of the Company. 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 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 the meeting 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. Pursuant to Regulation 44(6) of SEBI Listing Regulations, your Company is pleased to provide the facility of live webcast of proceedings of AGM from 11.00 a.m. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the e-voting website of Karvy i.e. <https://evoting.karvy.com> using their secure login credentials. Members are encouraged to use this facility of live webcast.
6. In compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering Remote E- voting facility to all the Shareholders of the Company in respect of items to be transacted at this Meeting. The Company has engaged the services of Karvy Fintech Private Limited (Karvy) (erstwhile Karvy Computershare Private Limited) for facilitating remote e-voting for AGM. The user-id & password is mentioned at the bottom of the Attendance Slip sent/email forwarded. Procedure and Instructions for Remote e-voting are given hereunder. All members are requested to read those instructions carefully before casting their e-vote.

Further, the facility for voting through electronic voting system/ ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by Remote E-voting shall be able to exercise their right at the meeting.

The Company has appointed Shri Sachin Agarwal, Practicing Company Secretary (FCS No.: 5774, C.P No.: 5910) to act as the Scrutinizer, to scrutinize the remote e-voting process and electronic voting system/ ballot or polling paper voting process at the meeting in a fair and transparent manner.

Procedure and Instructions for remote e-voting

- I. Launch an internet browser and open <https://evoting.karvy.com>.
 - II. Initial Password is provided, as follows, at the bottom of the Attendance Slip/E-mail.
- (a) In case of Members receiving an e-mail from Karvy [applicable to members whose email IDs are registered with the Company / Depository Participant(s)]:

EVEN (E-Voting Event Number)	USER ID	PASSWORD
4811	For Members holding shares in Demat Form:- Event no. followed by: 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	Your Unique password is printed on the Attendance Slip sent/ email forwarded.

- (i) Enter the login credentials (i.e. User ID and password). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (ii) After entering the above details Click on - Login.
 - (iii) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
 - (iv) On successful login, the system will prompt you to select the E-Voting Event of Power Finance Corporation Limited.
 - (v) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date i.e. August 21, 2019 under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - (vi) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
 - (vii) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - (viii) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - (ix) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - (x) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ID: sachinag1981@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."
- (b) In case of Members receiving physical copy of the Notice of AGM and Attendance Slip (applicable to members whose email IDs are not registered with the Company/Depository Participant(s) or are requesting physical copy)**
- (i) Enter the login credential (please refer to the USER ID and initial password mentioned in the attendance slip of the AGM).
 - (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (x) above, to cast vote.
- III. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com> or contact Mr. B Srinivas, Manager (Unit: POWER FINANCE CORPORATION LIMITED) of Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at einward.ris@karvy.com and evoting@karvy.com or phone no. 040 - 6716 2222 or call Karvy's toll free No. 1-800-3454-001 for any further clarifications.
- IV. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 10.00 a.m. on August 24, 2019 and will end at 5.00 p.m. on August 26, 2019. The e-voting module shall be disabled by Karvy at 5.00 p.m. on the same day. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 21, 2019 may cast their votes electronically.

- V. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VI. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- VII. Members who have not voted through remote e-voting can cast their vote at the venue.
- VIII. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- IX. Members who have acquired shares after the dispatch of the Annual Report and on or before the cut-off date i.e. August 21, 2019, may obtain the User ID and Password for exercising their right to vote by electronic means as follows:
- a. If the e-mail or mobile number of the member is registered against Folio No./ DP ID Client ID:
- The member may send SMS: MYEPWD <space> Event number+Folio No. or DP ID Client ID to **9212993399**
- Example for NSDL : MYEPWD <SPACE> IN12345612345678
- Example for CDSL : MYEPWD <SPACE> 1402345612345678
- Example for Physical : MYEPWD <SPACE> XXX1234567890
- OR
- The member may go to the home page of <https://evoting.karvy.com>, and click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- b. Member may call Karvy's toll free number 1-800-3454-001
- c. Member may send an e-mail request to einward.ris@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.
- X. The Results on resolutions shall be declared after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.
- XI. 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>) and shall also be communicated to BSE Limited and National Stock Exchange of India Limited.
- XII. 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 communication(s).
7. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. The voting rights shall be as per the number of equity share held by the Member(s) as on cut-off date. Members are eligible to cast vote only if they are holding shares as on that date. Kindly note that a person who is not a member of the Company as on the Cut-off date should treat this Notice for Information Purposes Only.
8. 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.
9. As required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Shri Naveen Bhushan Gupta, Director retiring by rotation and seeking re-appointment under item no. 2, Shri Ravindra Singh Dhillon seeking appointment under Item no. 4 and of Shri R.C. Mishra seeking appointment under Item no. 5 of the notice in accordance with applicable provisions of the Companies Act, 2013 is forming part of the notice.
10. 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.
11. The Register of Members and Share Transfer Books of the Company will remain closed from August 22, 2019 to August 27, 2019 (both days inclusive).
 12. 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. 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.
 13. In support of the "Green Initiative" announced by the Government of India, electronic copies of this Notice inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form and the Annual Report are being sent by e-mail to those members whose e-mail addresses have been made available to the Company/Depository Participants unless the member has specifically requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of this Notice and Annual Report, will be sent to them in the permitted mode. Further, to support this green initiative of the Government in full measure, the 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, RTA of the Company.
 14. 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, 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.
 15. 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, RTA of the Company to enable them to print these details on the dividend warrants.
 16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. It has also made mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical form can submit their PAN to the Company/ Karvy, RTA of the Company.
 17. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or Karvy, RTA of the Company alongwith relevant Share Certificates.
 18. 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 Karvy, RTA of the Company.
 19. Pursuant to Section 139 of the Companies Act, 2013, the Auditors of a Government Company are to be appointed or reappointed by the Comptroller and Auditor General of India (C&AG) and in pursuant to Section 142 of the Companies Act, 2013, their remuneration has to be fixed by the Company in the Annual General Meeting or in such

manner as the Company in general meeting may determine. The Comptroller and Auditor General of India shall appoint the Statutory Auditors of the Company for the FY 2019-20 under section 139 of the Companies Act, 2013. The members may authorize the Board of Directors to fix an appropriate remuneration of Auditors for the FY 2019-20 as may be deemed fit by the Board.

20. 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, RTA 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.
21. Member who hold shares in physical form are requested to notify immediately any change in their addresses to Karvy, RTA of the Company and to their respective depository participants, in case shares are held in electronic mode.
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.
25. The Route Map to Talkatora Indoor Stadium is enclosed herewith.

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

Item No. 4

The following statement sets out the material facts relating to the special business mentioned in item No.4 of the accompanying Notice:

Shri Ravinder Singh Dhillon was appointed as Director (Projects) of the Company by the President of India through Ministry of Power vide communication no. 24-8/1/2018-PFC (MoP) dated June 12, 2019 till the date of his superannuation or until further orders, whichever is the earlier and subsequently on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director by the Board of Directors with effect from June 12, 2019 to hold office upto this Annual General Meeting. The terms and conditions regulating the appointment of Shri Ravinder Singh Dhillon would be as determined by the Government of India.

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

Shri Ravinder Singh Dhillon, is concerned and interested, in the resolution.

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

The Board recommends the resolution given at Sr. No. 4 of this notice for your approval as an Ordinary Resolution.

Item No. 5

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

Shri R.C. Mishra was appointed as Non Official Independent Director of the Company by the President of India through Ministry of Power vide communication no. 20/06/2017-Coord. dated July 11, 2019 for a period of three years w.e.f. the date of notification of his appointment or until further orders, whichever is the earlier and subsequently on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director by the Board of Directors with effect from July 11, 2019 to hold office upto this Annual General Meeting. The terms and conditions regulating the appointment of Shri R.C. Mishra would be as determined by the Government of India.

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



Shri R.C. Mishra, is concerned and interested, in the resolution.

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

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

Item No. 6

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

The Company is a notified public financial institution under the provisions 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 as amended mandate the Company to seek approval of shareholders by means of a Special Resolution for raising funds through private placement of debentures/bonds.

In terms of above applicable provisions, the shareholders had accorded approval in last AGM held on September 11, 2018 for raising of funds through private placement of bonds/debentures to the extent of ₹ 65,000 crore during the period of one year from the date of AGM (i.e. September 11, 2018 to September 10, 2019).

The Board of Directors in their Meeting held on July 30, 2019 has subject to the approval of shareholders, accorded approval for raising of funds by way of private placement of bonds/debentures/notes/debt securities in India and/or outside India to the extent of ₹ 70,000 crore during the period of one year from the date of current AGM.

The Board of Directors has also sought approval from the shareholders that the Board (including any committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be authorized for raising of funds by way of private placement of bonds/debentures/notes/debt securities in India and/ or outside India to the extent of ₹ 70,000 crore during the period of one year from the date of current AGM.

Further, the Board of Directors has also sought approval from the shareholders that the Board (including any committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be authorized to make offer(s) or invitation(s) to subscribe to private placement of secured/unsecured, redeemable, nonconvertible, taxable/tax free, senior/subordinated bonds/debentures/notes/debt securities ("Bonds") in India and/or outside India to the extent of ₹ 70,000 crore during the period of one year from the date of current AGM and to do all such acts, deeds and things as may be deemed necessary in respect of issue of bonds including but not limited to the face value, issue price, issue size, timing, amount, security, coupon/interest rate, yield, listing, allotment and other terms and conditions of issue bonds as they may, in their absolute discretion deem necessary.

The Board further recommends the Resolution given at Sr. No.6 of this notice 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.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT 33rd AGM UNDER ITEM NO. 2,4 and 5

Name	Shri R. S. Dhillon	Shri N. B. Gupta	Shri R.C. Mishra
Date of Birth and Age	13.05.1963/56	11.06.1960/59	24.11.1952/66
Qualification	B. E. (Electrical)- Thapar Institute of Engineering and Technology, Patiala M. Tech (Power Systems) Indian Institute of Technology (IIT), Delhi.	Member of the Institute of Chartered Accountants of India.	M.Sc. from University of Allahabad and M.B.A from University of Ljubljana, Slovenia. Retired IAS of 1978 batch.
Date of Appointment	12.06.2019	18.08.2017	11.07.2019
Terms and Conditions of Appointment	Appointed as Director (Projects) by President of India through Ministry of Power till the date of his superannuation or until further orders, whichever is the earlier.	Appointed as Director (Finance) by President of India through Ministry of Power till the date of his superannuation or until further orders, whichever is the earlier.	Appointed as Non Official Independent Director by the President of India through Ministry of Power for a period of three years or until further orders, whichever is the earlier.
Remuneration	As per standard terms of appointment issued by President of India through Ministry of Power.	As per standard terms of appointment issued by President of India through Ministry of Power.	Nil
Expertise in Functional Areas	He has more than 34 years of experience in various areas of power sector. An Electrical Engineer with post-graduation in Power Systems from IIT Delhi, he had worked with Bharat Heavy Electricals Ltd. and Central Electricity Authority prior to joining PFC. In PFC, he has worked in various capacities for over 25 years, handling Project Appraisal, Business Development, Stressed Assets Revival and Monitoring of projects. Before his appointment to the post of Director (Projects), he has been working as Executive Director in PFC.	He has more than 32 years of experience in power sector and has served in various capacities in organizations like NHPC, Power Grid Corporation of India Ltd. and Power Finance Corporation Limited. He carries with him rich experience in the fields of Fund Management, International Finance, Internal Audit, Accounts finalization, Lending Policies, Resource Mobilization etc. He joined PFC in September, 2005 and before his appointment to the post of Director (Finance), he has been working as Executive Director (Finance) in PFC.	Shri R.C. Mishra joined the Indian Administrative Service (IAS) in 1978. During his Long administrative career spanning around 4 decades, he held several important positions in various Public Enterprises/ Institutions, State Government of Manipur and the Government of India including Additional Secretary, Ministry of Urban Development, Govt. of India, Executive Director, Broadcasting Corporation of India (Prasar Bharati), Joint Secretary Ministry of Information and Broadcasting, Govt. of India, Secretary Finance, Govt. of Manipur, Secretary Power Govt. of Manipur etc. His last assignment before superannuation in November 2012 was as Chief Provident Fund Commissioner and CEO

Name	Shri R. S. Dhillon	Shri N. B. Gupta	Shri R.C. Mishra
			of Employees Provident Fund Organization. After retirement from IAS, he worked as Member and Acting Chairman, Appellate Authority for Industrial and Financial Reconstruction (AAIFR) under the Department of Financial Services, Ministry of Finance, Govt. of India.
Number of Meetings of the Board held during the year and number of Board Meetings attended	NA	13/13	NA
Relationship with any other Director, Manager and other KMP of the Company	Nil	Nil	Nil
Number of shares held in the company	27050	24584	Nil
Directorship in other companies	<ul style="list-style-type: none"> Jammu & Kashmir State Power Development Corporation Limited Power Equity Capital Advisors Private Limited 	<ul style="list-style-type: none"> PFC Consulting Limited Coastal Tamil Nadu Power Limited Cheyur Infra Limited Deoghar Mega Power Limited Bihar Mega Power Limited Chhattisgarh Surguja Power Limited Tatiya Andhra Mega Power Limited 	Nil
Chairman/ Membership of committees* across all public companies	Power Finance Corporation Limited <ul style="list-style-type: none"> Member, Audit Committee, Member, Stakeholders Relationship and Shareholder'/ Investor' Grievance Committee 	Power Finance Corporation Limited <ul style="list-style-type: none"> Member, Stakeholders Relationship and Shareholder'/Investor' Grievance Committee 	Nil

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

CORPORATE OVERVIEW

DIRECTORS' REPORT

FINANCIAL STATEMENTS



Shri Rajeev Sharma
Chairman and Managing Director
DIN: 00973413

DIRECTORS' PROFILE

Shri Rajeev Sharma, 59 years, is the Chairman and Managing Director (CMD) of PFC. As CMD, PFC he is spearheading the operations of PFC and also playing a critical role in implementation of key power sector initiatives of Govt. of India namely Integrated Power Development Scheme, 24X7 Power for All, Ultra Mega Power Projects, Independent Transmission Projects and Ujjwal Discom Assurance Yojana.

Shri Sharma holds B.Tech (Electrical) from G. B. Pant University and Masters' Degree in Engineering from IIT Roorkee and also Masters' Degree in Business Administration from FMS, Delhi University.

Shri Sharma has more than 34 years of varied power sector experience. He has more than 22 years' experience of power sector policy making, initiating & implementing reform measures and project implementation at premier organizations like Central Electricity Authority (CEA), Ministry of Power (MoP) and Power Grid. He is considered the architect of Government's flagship schemes like Deen Dayal Upadhyaya Gram Jyoti Yojana, Rajiv Gandhi Grameen Vidyutikaran Yojana and Restructured Accelerated Power Development and Reforms Programme (R-APDRP). Further, he has more than 14 years' experience of financing power sector and implementing key power sector reforms, which includes almost 10 years of Board level experience at leading Navratna Companies i.e. PFC and Rural Electrification Corp. Ltd. (REC).

Shri Rajeev Sharma has taken over the charge of 'Chairman and Managing Director' of PFC with effect from October 1, 2016. He has spearheaded the creation of one of India's largest financing institutions with loan book of ₹ 6 Lac Crs, after successful acquisition of Govt's 52.63% stake in REC for a consideration of ₹ 14,500 Crs. He was also instrumental in PFC getting approval from Ministry of Finance and Ministry of Power for raising funds through 54EC Capital Gain Tax bonds. Under his tenure, PFC has substantially diversified its borrowing portfolio by raising foreign currency loans/bonds.

Prior to joining PFC, Shri Sharma was the Chairman and Managing Director of REC. Under his dynamic leadership, Shri Sharma helped REC scale greater heights in financial and operational performance by doubling the revenue and profits in the last five years. He was Business Today's choice of 'Best CEO' of a PSU (Public Sector Undertaking).

In Ministry of Power, he was looking after the matters of major power CPSEs like POWERGRID, THDC, NHPC, SJVN, NEEPCO & BBMB. He was also instrumental in the issuance of guidelines for private sector participation in transmission sector and also the Hydroelectric Power initiative for 50,000 MW where shelf of 162 projects across 16 states were identified for conducting pre-feasibility studies. In CEA, he was involved with the design, engineering and consultancy of Nathpa Jhakri Hydro Electric Project (1500 MW). During his tenure as Deputy Secretary in MoP, important projects like 2000 MW Talcher- Kolar HVDC Bipole and Tala Transmission System (first public private partnership) of POWERGRID were approved by the Government. He has also looked after APDRP, RGGVY apart from central power sector undertakings THDC, NEEPCO, BBMB and SJVNL.

Shri Rajeev Sharma was holding 32574 equity shares in the company as on March 31, 2019.



Shri. Naveen Bhushan Gupta

Director (Finance)
DIN: 00530741

Shri Naveen Bhushan Gupta, 59 years, is a member of the Institute of Chartered Accountants of India.

He has more than 32 years of experience in power sector and has served in various capacities in organisations like NHPC, Power Grid Corporation of India Ltd. and Power Finance Corporation Limited. He carries with him rich experience in the fields of Fund Management, International Finance, Internal Audit, Accounts finalization, Lending Policies, Resource Mobilization etc. He joined PFC in September, 2005 and before his appointment to the post of Director (Finance), he has been working as Executive Director (Finance) in PFC.

Shri Naveen Bhushan Gupta was holding 24584 equity shares in the Company as on March 31, 2019.



Shri Praveen Kumar Singh

Director (Commercial)
DIN: 03548218

Shri Praveen Kumar Singh, 57 years, holds B.Tech. (Electrical) from IIT-BHU and M. Tech in Energy & Environment Management from IIT, Delhi. He has also completed "Global Energy MBA Program" from Bayer College of Business, University of Houston, USA. Prior to taking over as Director (Commercial), Shri Singh, has served as Executive Director (Projects) in PFC. He worked in various units of Projects Division in PFC for over 24 years. Earlier he had also worked for BHEL & CIL for over 9 years. He has been representing PFC in various committees of Govt. of India. Shri Singh is also Nominee Director of PFC on the Board of REC Limited since June 18, 2019. He also holds Directorships on Board of Coastal Karnataka Power Limited, Orissa Integrated Power Limited, Sakhigopal Integrated Power Company Limited, Jharkhand Infrapower Limited, Ghogarpalli Integrated Power Company Limited and PFC Consulting Limited. He also served as appellate authority for RTI purposes in PFC.

Shri Praveen Kumar Singh was holding 32194 equity shares in the Company as on March 31, 2019.



Shri Ravinder Singh Dhillon

Director (Projects)
DIN: 00278074

Shri Ravinder Singh Dhillon, 56 years, holds B.E. (Electrical) from Thapar Institute of Engg. & Tech., and M. Tech. in Power Systems from IIT Delhi. He took over the charge of Director (Projects), Power Finance Corporation Ltd. on June 12, 2019. He has more than 34 years of experience in various areas of power sector and was serving as Executive Director in PFC prior to this appointment. He has worked in various capacities for over 25 years in PFC, handling Project Appraisal, Business Development, Stressed Assets Revival and Monitoring of projects. Before joining PFC, Shri Dhillon worked with Bharat Heavy Electricals Ltd. and Central Electricity Authority for 9 years. He has been a Nominee Director of PFC on the boards of various private and state-sector power companies. He also served as Director (Public Grievances) in PFC.

Shri Ravinder Singh Dhillon, was holding 27050 equity shares in the Company as on March 31, 2019.



Dr. Arun Kumar Verma

Govt. Nominee Director

DIN: 02190047

Dr. Arun Kumar Verma, 60 years, is Government Nominee Director on the Board of PFC since October 13, 2015. He is an Indian Forest Service officer of 1986 Gujrat Cadre and is a Joint Secretary in Ministry of Power. He Holds a Master's degree in physics and is an Associate Member of Indira Gandhi National Forest Academy (AIGNFA) from FRI & C, Dehradun. He has done Ph.D in Tribal Development Policy. He has also done Post Graduate Programme in Public Policy & Management (PGPPM) from Indian Institute of Management, Bengaluru & Maxwell School of Citizenship and International Affairs, Syracuse University, USA.

He has over 32 years of administrative and management experience. He has served the Power Sector earlier as Managing Director, Uttar Gujrat Vij Company Limited. Before joining Ministry of Power, Government of India he was posted as Member Secretary of Gujarat Ecology Commission, Gandhinagar and Project Director of the World Bank Funded Integrated Coastal Zone Management from July 29, 2011 to November 14, 2014. He is also a Government Nominee Director on the Board of Rural Electrification Corporation Limited.

Dr. Arun Kumar Verma, was holding Nil equity shares in the Company as on March 31, 2019.



Shri Sitaram Pareek

Independent Director

DIN.: 00165036

Shri Sitaram Pareek, 67, B.Com, FCA, DISA. He is a member of the Institute of Chartered Accountants of India since 1975. He is the founder partner of M/s SARDA & PAREEK, Chartered Accountants, Mumbai, having over 43 years of experience in Ind-As compliance, Corporate Governance, Due Diligences & Statutory Audit of Companies including Listed & Unlisted, Government, Insurance & NBFC Companies, Non-Profit making organizations etc.

He has handled assignments related to compliances of Indian Taxation, International Taxation, Transfer Pricing, representation before Income Tax Authorities, Appellate Tribunal's (ITAT) & Settlement Commission. He was also a National President during the year 2014-18 and presently working as National Coordinator of one of the leading NGO working in field of Education, Health and Upliftment of the citizens of the Nation.

He is also on the Board of many Companies including Mumbai Metro One Private Ltd, a joint venture of MMRDA and Reliance ADA group, the first metro rail project in Mumbai. He was appointed on the Board of PFC in February, 2017. As on March 31, 2019, he is the Chairman of Audit Committee and CSR Committee of the Company.

CA Sitaram Pareek was holding Nil equity shares in the Company as on March 31, 2019.



Smt. Gouri Chaudhury

Independent Director

DIN: 07970522

Smt. Gouri Chaudhury, 77, is an Independent Director on the Board of PFC since November 3, 2017. She is M.A. in English and Sangeet Prabhakar (Sitar).

She is a Social Worker and had been a member of the Telephone Advisory Board (TAC) and Member of Film Censor Board.

Smt. Gouri Chaudhury was holding Nil equity shares in the Company as on March 31, 2019.



Shri R.C. Mishra

Independent Director

DIN: 02469982

Shri R.C. Mishra, 66 years, started his career as a Management Trainee in The Punjab National Bank in 1977. Subsequently he joined the Indian Administrative Service (IAS) in 1978. He holds Master degree in Science (M.Sc.) from University of Allahabad and Master degree in Business Administration (M.B.A) from University of Ljubljana, Slovenia. During his Long career spanning around 4 decades, he held several important positions in various Public Enterprises/Institutions, State Government of Manipur and the Government of India including Additional Secretary, Ministry of Urban Development, Govt. of India, Executive Director, Broadcasting Corporation of India (Prasar Bharati), Joint Secretary Ministry of Information and Broadcasting, Govt. of India, Secretary Finance, Govt. of Manipur, Secretary Power Govt. of Manipur, Secretary/Director Industries, Govt. of Manipur, Secretary Education, Government of Manipur, Secretary Tourism, Govt. of Manipur etc.

His last assignment before superannuation in November 2012 was as Chief Provident Fund Commissioner and CEO of Employees Provident Fund Organization – a national level public body – in the grade and pay of Secretary to the Govt. of India. After retirement from IAS, he worked as Member and Acting Chairman, Appellate Authority for Industrial and Financial Reconstruction (AAIFR) under the Department of Financial Services, Ministry of Finance, Govt. of India.

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

REPORT OF THE BOARD OF DIRECTORS' FY 2018-19

To
The Members,
Power Finance Corporation Limited

The Board of Directors of your Company are pleased to present their 33rd Annual Report on the performance of your company for the financial year ended March 31, 2019 along with Audited Financial Statements, Auditor's Report, Secretarial Auditor's Report & report by the Comptroller and Auditor General of India.

1.0 FINANCIAL AND OPERATIONAL HIGHLIGHTS

(a) PROFITABILITY

(₹ in crore)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Total Income	28851.29	25980.25	54156.83	48645.42
Profit Before Tax	9815.79	5845.11	17862.03	11779.44
Tax expenses	2862.87	1458.34	5221.76	2982.75
Profit After Tax	6952.92	4386.77	12640.27	8796.69
Owners of the Company	—	—	9920.86	6688.69
Non-Controlling Interests	—	—	2719.41	2108.00
Total Comprehensive Income	6745.95	4063.03	12372.52	8480.60
Owners of the Company	—	—	9681.81	6369.92
Non-Controlling Interests	—	—	2690.71	2110.68

(₹ in crore)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Opening balance of Surplus	3848.43	5184.72	6887.10	5467.43
Profit After Tax for the year	6952.92	4386.77	9920.86	6688.69
Re-Measurement of Defined Benefit Plans	(1.94)	7.50	(8.57)	5.32
Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1) (vii) (c) of Income Tax Act, 1961	(353.42)	(372.10)	(497.44)	(548.85)
Transfer to Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	(1577.91)	(1595.06)	(2274.58)	(2428.00)
Transfer to Special Reserve created u/s 45-IC (1) of Reserve Bank of India Act, 1934	(1390.58)	(6.37)	(1997.46)	(6.37)
Transfer to Debenture Redemption Reserve	(289.73)	(292.65)	(393.21)	(396.13)
Transfer to General Reserve	(1000.00)	(1000.00)	(1000.00)	(1263.17)
Transfer to Interest Differential Reserve-KFW Loan (net)	(2.10)	(1.49)	(2.10)	(1.49)
Dividend	0.00	(2059.26)	(1325.29)	(3103.90)
Dividend Distribution Tax	0.00	(404.41)	(299.35)	(633.07)
Transfer from Debenture Redemption Reserve on account of utilization	2.30	0.00	2.30	0.00
Transfer from OCI- Equity Instruments	14.56	0.78	14.56	0.78
Other Comprehensive Income/(Expense)	—	—	(0.11)	(0.04)
Reclassification of gain / loss on sale of equity instrument measured at OCI	—	—	2.85	—
Pooling of interest accounting for common control business combination	—	—	—	3105.90
Closing Balance of Surplus	6202.53	3848.43	9029.56	6887.10

(b) LENDING OPERATIONS (excluding R-APDRP/IPDS)

(₹ in crore)

Particulars	2018-19	2017-18
Sanction	95230	116233
Disbursement	67678	64414

(c) INTEGRATED POWER DEVELOPMENT SCHEME (IPDS) OPERATIONS (R-APDRP scheme subsumed)

(₹ in crore)

Particulars	2018-19	Cumulative (upto March'19)
Sanctioned project cost		
a. R-APDRP	(2196)	35327
b. IPDS	3387	32059
Disbursement		
a. R-APDRP	867	12017
b. IPDS	2713	7852

Note : Negative sanction in 2018-19 indicates reduction in cost
Additionally, funds worth ₹ 578 crore (cumulative) have been released under J&K PMDP.

2.0 FINANCIAL PERFORMANCE
2.1 ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

The Company adopted Ind AS from April 1, 2018 and the effective date of transition was April 1, 2017. Accordingly, the financial statements have been prepared in accordance with the recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. The transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act read with relevant rules thereunder and directions issued by the RBI (collectively referred to as "Previous GAAP"). The impact of transition has been accounted for in the opening reserves as at April 1, 2017. Results and financial figures for the corresponding period prepared under Previous GAAP stated in this Board Report and its attachments/annexures have been restated to Ind AS.

2.2 REVENUE

The total income achieved by your Company during the FY 2018-19 is ₹ 28,851.29 crore as compared to ₹ 25,980.25 crore in FY 2017-18. Out of it, Revenue from Operations for the year is ₹ 28,842.00 crore as compared to ₹ 25,975.85 crore in the previous year.

2.3 EXPENSES

The total expenditure for the FY 2018-19 amounted to ₹ 19,035.50 crore as against total expenditure of ₹ 20,135.14 crore in FY 2017-18. Out of it, Finance cost amounted to ₹ 18,981.76 crore in FY 2018-19 as compared to ₹ 16,955.89 crore in FY 2017-18. This constituted 99.72% of total expenses in FY 2018-19 as compared to 84.21% in FY 2017-18. During FY 2018-19, Employee Benefit expenses and other expenses, which includes administrative and office expenses were ₹ 288.26 crore (1.51 % of total expenses and 1.52% of finance cost) against ₹ 248.08 crore (1.23% of total expenses and 1.46 % of finance cost) in the previous year.

2.4 PROFIT

During the FY 2018-19, your Company earned a net profit of ₹ 6,952.92 crore as compared to ₹ 4,386.77 crore for the FY 2017-18.

2.5 TOTAL COMPREHENSIVE INCOME

During the FY 2018-19, your Company earned total comprehensive income of ₹ 6,745.95 crore as compared to ₹ 4,063.03 crore for the FY 2017-18.

2.6 SHARE CAPITAL

As on March 31, 2019, the paid-up share capital of your Company was ₹ 2,640.08 crore consisting of 2,64,00,81,408 equity shares of ₹ 10 each. During FY 2018-19 Government of India (GoI) transferred 1,93,72,120 and 16,19,54,570 equity shares held in the Company, in connection with New Fund Offer, to the Asset Management Company (AMC) of Bharat 22 ETF and CPSE ETF respectively. Consequently, the Government of India's shareholding came down from 65.92% to 59.05%. No dividend is recommended in FY 2018-19 as compared to FY 2017-18, wherein the dividend payout amounted to ₹ 2,059.26 crore.

3.0 OPERATIONAL PERFORMANCE

Your Company sanctioned loans of ₹ 95,230 crore during the FY 2018-19 to State, Central, Private and Joint Sector entities. An amount of ₹ 67,678 crore was disbursed during the same period. With this, as on March 31, 2019, the cumulative sanctions amount to ₹ 7,62,248 crore and cumulative disbursements amount to ₹ 5,87,446 crore.

In addition to above, projects worth ₹ 3,387 crore were sanctioned under IPDS during FY 2018-19. An amount of ₹ 2,713 crore was disbursed under IPDS and ₹ 867 crore under R-APDRP during the same period. With this, cumulative approved project cost amounts to ₹ 32,059 crore under IPDS and ₹ 35,327 crore under R-APDRP and cumulative disbursements of Gol funds to utilities amount to ₹ 7,852 crore under IPDS and ₹ 12,017 crore under R-APDRP.

Your Company did not conduct any auction of its loan assets during FY 2018-19.

3.1 LENDINGS (Excluding R-APDRP/IPDS)

3.1.1 Sector-wise

(₹ in crore)

Category	2018-19		Cumulative upto March, 2019	
	Sanctions	Disbursements	Sanctions	Disbursements
State Sector	71971	58734	549291	428898
Central Sector	1221	819	46069	43778
Joint Sector	5976	3608	47692	34783
Private Sector	16063	4516	119196	79988
Total	95230	67678	762248	587446

3.1.2 Discipline-wise

(₹ in crore)

Category	2018-19		Cumulative upto March, 2019	
	Sanctions	Disbursements	Sanctions	Disbursements
Thermal Generation	10239	16059	324073	261376
Hydro Generation (>25MW)	2271	134	48460	34887
Renewable Energy	8139	3900	29129	20094
Renovation, Modernization and Upgrading of Thermal & Hydro Power Stations	443	152	12839	11052
Transmission	10351	4222	71873	39499
Distribution	26156	12778	76037	36568
Short Term Loan	12211	12401	82613	80460
Others*	25420	18032	117224	103510
Total	95230	67678	762248	587446

* Others include Medium Term Loan, Transitional Finance, Fuel Sources Development, Funding of Regulatory Assets, Buyer Line of Credit, Associated Infrastructure, Equipment Manufacturing Loan, Computerization, Loan for Redemption of bonds, Project settlement, Purchase of power through PXI, Loan for Asset Acquisition, Loan Against Receivables, Bill Discounting, Studies, Pre Investment Fund, Technical Assistance Project, Decentralized Management etc.

3.2 Financial Assistance under IPDS/R-APDRP

(₹ in crore)

Scheme	2018-19		Cumulative upto March, 2019	
	Approved project cost	Disbursements* (Gol funds)	Approved project cost	Disbursements*
R-APDRP				
Part A (IT)	(219)	314	5156	4040
Part A (SCADA)	—	48	1251	639
Part B	(1977)	505	28920	7338
Sub - Total	(2196)	867	35327	12017
IPDS				
IPDS	3387	2713	32059	7852

* In addition to above, during FY 2018-19, ₹ 41 crore were released by MoP for nodal agency fee/enabling activities under IPDS, ₹ 59 crore under Part-C including re-imbursement of PFC's actual expenditure of R-APDRP. Cumulatively, MoP has released an amount of ₹ 166 crore for nodal agency fee/enabling activities under IPDS and ₹ 471 crore under Part-C of R-APDRP.

The MoU targets agreed with MoP under IPDS/ R-APDRP for FY 2018-19 and actual achievements during the year is tabulated below:

Sl. No.	MoU Parameter	FY2018-19		Cumulative	
		Target	Actual	Target	Actual
1	IPDS work completion (No. of Circles)	223	223+	223	223+
2	IPDS Ph-II implementation (No. of Towns)	350	365	350	365
3	Award of ERP work (No. of Utilities)	29	21*	29	21
4	Verification of Part-A IT completion by TPIEA-IT (No. of Towns) (Cum.)	605	357*	1400	1152
5	SCADA under Part-A completion (No. of Towns) (Cum.)	30	27*	55	52
6	Capacity Building (Mandays)	5,000	5,022	–	–

*Note : MoP has approved relaxation of shortfall in achievement of MoU targets due to external factors

4.0 REALISATION

Your Company gives utmost priority to the realisation of its dues towards principal, interest etc. under various financial assistance such as rupee term loans, working capital, lease financing, foreign currency loans, loans for equipment financing and guarantee fee. The Recovery Rate for the performing loan assets for the FY 2018-19 is 99.01%.

Provisioning on Stage-III Loan Assets has been decreased by an amount of ₹ 780 crore during the year. The Company has made a total provision of ₹ 15,021 crore (excluding LoC) towards Stage- III Loan Assets against Loan Assets in its Annual Accounts upto the year 2018-19. After making provision on Stage-III assets, the level of net Stage-III Assets has been recorded at ₹ 14,332 crore which is 4.55% to the Total Gross Loan Assets as on March 31, 2019.

In addition to above, your company has also made a provision of ₹ 857 crore and ₹ 303 crore on Stage-I Loan Assets and Stage-II Loan Assets respectively as on March 31, 2019, which would strengthen PFC's balance sheet by providing a adequate provisioning and inspire higher levels of confidence amongst investors, regulators and other stakeholders in your company.

5.0 BORROWINGS

5.1 DEPOSITS

Your Company is a non-deposit taking NBFC, and thus has not accepted any public deposits during the FY 2018-19. Further, no Perpetual Debt Instruments (PDI) were issued by your company during FY 2018-19.

5.2 BORROWINGS FROM DOMESTIC MARKET

The major borrowings from Domestic market during the FY 2018-19 are given as follows:- (₹ in crore)

S. No.	Source	Amount
1.	Commercial Paper (CP)	* 9,634.38
2.	Bonds –Private Placement (Taxable)	25,862.50
3.	Bonds –Private Placement (Sec 54 EC)	491.95
4.	Term Loans	41,979.00
	TOTAL	77,967.83

* Excluding CP raised and repaid during the year of ₹ 22,199.71 crore

5.3 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 ₹ 14,600 crore were available as on March 31, 2019 by various scheduled commercial banks to the company for short term funding which do not bear any commitment charges towards unutilized limits.

5.4 EXTERNAL BORROWINGS

The foreign currency denominated borrowings during FY 2018-19 are as follows: (₹ in crore)

S. No.	Source	Amount
1.	Bonds under MTN / GMTN programme	5,568
2.	Syndicated Loans	2,883
3.	FCNR (B) loans*	2,031
	TOTAL	10,482

* FCNR(B) Loans are not external borrowing in terms of ECB guidelines issued by RBI

Green Bonds

PFC's Green Bond Framework was established in October, 2017 as approved by Climate Bonds Initiative, London, UK. Your Company issued its first USD Green bond in December, 2017 and raised US \$400 million at a coupon of 3.75% and these bonds are listed on the London Stock Exchange's new International Securities Market (ISM) and Singapore Stock Exchange. The funds raised have been utilized to finance renewable energy projects as per the "Eligible Projects" under PFC's Green Bond Framework. As at March 31, 2019, outstanding loan balances of Solar & Wind energy projects funded by PFC are ₹ 7,484 crore and ₹ 6,961 crore respectively.

5.5 EXTERNALLY AIDED PROJECTS

No loans have been availed from Multilateral/ Bilateral agencies during FY2018-19. Outstanding balance from such agencies as at March 31, 2019 is as follows:

Particulars	Amount
KFW I	EUR 61,87,159
Credit National	EUR 64,67,904
ADB	USD 119,72,518

6.0 PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

6.1 CONSERVATION OF ENERGY/ TECHNOLOGY ABSORPTION

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

6.2 FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign exchange outgo aggregating ₹ 1424.29 crore was made on account of debt servicing, financial & other charges, travelling and training expenses.

The Foreign exchange earnings for the FY 2018-19 were nil.

7.0 CREDIT RATING

Domestic

Credit Ratings by Domestic credit rating agencies for domestic program of the Company as at March 31, 2019:

S. No.	Rating Agency	Long Term Rating	Short Term Rating
1.	CRISIL	CRISIL AAA	CRISIL A1+
2.	ICRA	ICRA AAA	ICRA A1+
3.	CARE	CARE AAA	CARE A1+

International

Long term foreign currency issuer rating assigned to the Company as at March 31, 2019:

S. No.	Rating Agency	Rating
1.	Fitch Ratings	BBB-
2.	Standard & Poor (S&P)	BBB-
3.	Moody's	Baa3

The rating as mentioned above stands same during the year.

8.0 RISK MANAGEMENT

8.1 ASSET LIABILITY MANAGEMENT

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

The asset liability management maturity pattern of items of assets and liabilities as on March 31, 2019 is set out below:

(₹ in crore)

Bucket as at March 31, 2019	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
Upto 30/31 Days	14133.64	4955.46	21785.18	0.00	696.50
Over 1 Month upto 2 Months	1833.07	1928.13	4915.00	0.00	0.00
Over 2 Months upto 3 Months	0.00	1264.76	7495.20	0.00	2080.35
Over 3 Months & upto 6 Months	0.00	9225.21	10292.05	0.00	0.00
Over 6 Months & upto 1 Year	0.00	16559.51	19088.10	0.00	3468.40
Over 1 Year & upto 3 Years	0.00	50663.28	76608.05	0.00	4971.67
Over 3 Years & upto 5 Years	0.00	49879.10	32730.60	0.00	9235.95
Over 5 Years	0.00	165146.63	87160.38	23.84	8373.99

8.2 FOREIGN CURRENCY RISK MANAGEMENT

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

As on March 31, 2019, the details of outstanding foreign currency liabilities are USD 3,612 mn, JPY 60,079 mn & EUR 13 mn; out of which USD 2,400 mn & JPY 9,670 mn are hedged. Further, 85% of the foreign currency portfolio with residual maturity up to 8 years has been hedged.

8.3 INTEGRATED ENTERPRISE WIDE RISK MANAGEMENT

Your Company being a Financial Institution in the business of lending to power sector is exposed to several risks in the course of its business. In this regard, the Company had put in place an Integrated Enterprise Wide Risk Management Policy (IRM policy). In order to implement the IRM Policy, your company had constituted a Risk Management Compliance Committee of Directors to monitor various risks arising in the operations.

Under the IRM policy, the Company has to identify the principal risks which may have an impact on its profitability/revenues. In this regard, the Company has identified 11 significant risk parameters which arise from the Companies business model and from its use of financial instruments. These risk parameters cover the major operational risks, financial risks, market risks, regulatory risks etc. faced by the Company and are regularly assessed as per the prescribed Risk Assessment Criteria. To facilitate this assessment, Your Company has put in place a mechanism to ensure that the identified risks are monitored carefully and managed efficiently.

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

9.1 UMPPs

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

As on March 31, 2019, 17 UMPPs have been identified by MoP for development which are located in the states namely Madhya Pradesh (1), Gujarat (2), Chhattisgarh (1), Karnataka (1), Maharashtra (1), Andhra Pradesh (2), Jharkhand (2), Tamil Nadu (2), Odisha (3), Bihar (1) and Uttar Pradesh (1).

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

PFC incorporated a total of 19 wholly owned Special Purpose Vehicles (SPVs) for the UMPPs. Out of these, 14 Operating SPVs were incorporated to undertake preliminary site investigation activities and obtain appropriate regulatory and other approvals for water, environment etc. necessary to conduct the bidding process for these projects. These Operating SPVs are meant to be eventually transferred to successful bidder(s) selected through a Tariff Based International Competitive Bidding Process in accordance with the guidelines notified by MoP under section 63 of Electricity Act, 2003. The successful bidders are then expected to develop and implement these projects. 5 additional infrastructure SPVs were incorporated for holding the land and coal blocks for Odisha UMPP, Cheyyur UMPP, Deoghar and Tilaiya UMPP in Jharkhand and Bihar UMPP. These infrastructure SPVs would be transferred to the respective procurers of power from these projects.

Out of the above 19, 4 UMPPs have been transferred to successful bidders.

9.2 ITPs

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

The objective of this initiative is to develop transmission capacities in India and to bring in the potential investors after developing such projects to a stage having 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.

30 Special Purpose Vehicles (SPVs), 2 by PFC and other 28 by PFC Consulting Limited have been established for ITPs. Out of these 30 SPVs, 19 SPVs were transferred to the successful bidders, 6 SPVs for which bidding process are under progress, 4 SPVs are in process of closure and 1 SPV Bokaro-Kodarma Maithon Transmission Company Limited was liquidated in December 2010.

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

In order to provide impetus to strengthening of power distribution sector in urban area, Ministry of Power, Government of India launched "Integrated Power Development Scheme" (IPDS) on December 3, 2014. Following components are covered under the scheme:

- i) Strengthening of sub-transmission and distribution networks in the urban areas;
- ii) Metering of distribution transformers/ feeders/ consumers in the urban areas.
- iii) IT enablement of distribution sector and strengthening of distribution network under R-APDRP for 12th and 13th Plans by carrying forward the approved outlay for R-APDRP to IPDS.
- iv) Schemes for Enterprise Resource Planning (ERP) and IT enablement of balance urban towns. Scope of IT enablement has been extended to all 4041 towns as per Census 2011.
- v) Smart metering solution for performing UDAY States and Solar panels on Govt. buildings with net-metering.
- vi) Gas Insulated switchgear (GIS) Sub-stations.
- vii) Real Time-Data Acquisition System (RT-DAS) projects for accurate measurement of power interruption parameters like SAIDI/SAIFI.

Erstwhile, R-APDRP Scheme has been subsumed in newly launched IPDS scheme.

The above excluding (iii), have an estimated outlay of ₹ 32,612 crore including a budgetary support of ₹ 25,354 crore from Government of India during the entire implementation period.

R-APDRP scheme cost of ₹ 44,011 crore including a budgetary support of ₹ 22,727 crore as already approved by CCEA will be carried forward to the new scheme of IPDS in addition to the outlay ₹ 32,612 crore as indicated above.

Progress of implementation

IPDS

Under IPDS, Out of NIT issued worth ₹ 28,940 crore, projects worth ₹ 27,486 crore has already been awarded in 531 out of 546 sanctioned circles and implementation has started in said circles. Further, your company also sanctioned ₹ 753 crore as counterpart loans and disbursed an amount of ₹ 1,650 crore under IPDS during the year.

R-APDRP

With the measures taken so far, 20 out of 21 Data Centers, 20 out of 21 Disaster Recovery Centres and 44 out of 46 Customer Care Centers (except Puducherry and Odisha) have been commissioned. Further, 1378 towns have been declared Go-Live and declaration of Go-Live in balance 27 towns of Odisha(12), Tamil Nadu(8), Puducherry(4) and Arunachal Pradesh(3) is under progress. In 1378 Go-live towns, all business process software modules are functional and energy audit reports are being derived from the IT system implemented under the scheme.

During the year, your company disbursed an amount of ₹ 143 crore and cumulatively ₹ 2,662 crore as counterpart loan under Part-B of R-APDRP. Implementation work of distribution system strengthening has been reported complete in 1195 towns out of 1227 towns.

Cumulatively, 57 out of 59 sanctioned SCADA Control Centers have been commissioned and 52 out of 59 SCADA towns were completed.

The reduction in AT&C loss is already visible in 1081 R-APDRP towns (as per Post Go-Live reports) as on March 31, 2019, because of establishment of IT system and Part-B completion in various towns coupled with administrative and other measures. Thus, your company shall be contributing towards improving financial health of Distribution Utilities.

Other developments:

- **Revamped IPDS web-portal** with provision of on-line submission of IPDS DPRs and maintaining MIS. The revamped portal also includes 7 post Go-Live parameters viz. AT&C loss reduction, Consumer Grievance Redressal, New Connection release, High loss feeders, power reliability indices, Feeder meter communication and digital payment along with their graphical analytics. These post Go-live parameters are being monitored on monthly basis and States are being ranked based on improvement on these parameters that are being shared in monthly RPM meetings. All the model documents, guidelines, Links for bidding documents of Utilities, events etc. are regularly posted on dedicated IPDS web portal.
- A system has been developed in-house for **web-based project monitoring** of IPDS/ R-APDRP on IPDS web portal. Discoms are uploading award details, work execution details along with financial progress of the projects on the portal at regular intervals. MoP/ PFC is monitoring the progress of project implementation online through the system. New tabs have been added in the project monitoring system for monitoring of IT Phase-II implementation, Collection of ERP DPRs, Capturing of counterpart fund and own fund details under IPDS. Further, new provisions made for fetching separate MIS reports for use of the Hon'ble MoSP (IC), MoP Officials and Utility officials.
- **Capacity building/training** of Utility personnel is also carried out under IPDS – RAPDRP to enhance their skill. Capacity Building programme was rolled-out in-house, in which 5,022 man-days achieved in FY 2018-19. PFC/MoP also organizes workshops on project management, guidelines, best practices etc. for dissemination of information. PFC/MoP also issues guidelines for simplification of implementation procedures. Large scale peer-learning workshop for sharing of best practices was also conducted by PFC.
- PFC on behalf of Ministry of Power has developed a Mobile App **URJA** for **Urban Power Distribution Sector** to enhance Consumer Connect, Project Monitoring of Urban Distribution Sector projects etc. The App broadly covers Consumer/Discoms Dashboard, IPDS and R-APDRP monitoring. The App also depicts Town Wise AT&C Loss, New Service Connection, Consumer Complaints Redressal, Feeder with Highest AT&C Loss, SAIDI SAIFI, Feeder Meter Communication, Town-wise E-Payment/Digital Payment of R-APDRP towns and daily outage schedules in various Utilities. The web version of URJA is also available at www.urjaindia.co.in.
- **Online Feeder Monitoring system** has been developed as an integral part of National Power Portal (NPP). NIC along with PFC is implementing the project. The Feeder data of 49 Discoms in 29 States has been received and integrated on NPP. As on March 31, 2019, Master data of 36,673 feeders and transaction data of 31,696 Feeders uploaded by Discoms on NPP for urban towns. Reports based on said data are being generated online and are being sent regularly to MDs of respective Discoms to enable them to initiate administrative actions for improvement.
- Coordination for adoption of toll free number **1912**, the short code for electricity complaints, by all Utilities on pan-India basis. 1912 has already been implemented in all 62 Discoms (61 with all service providers). 1912 has been implemented as Toll free facility in 60 Discoms.
- PFC on behalf of Ministry of Power has engaged IPDS Consultants as Urban Vidyut Abhiyanta (UVA) purely on contractual basis. There are 41 UVAs engaged with PFC. PFC has deployed 38 UVAs in DISCOMs and 3 at PFC HQ to monitor IPDS project implementation. As per the direction of MoP vide its letter dated March 4, 2016, expenditure on appointment of UVAs are being borne by PFC. Process of appointment of 16 UVAs/ Consultants is underway against resignation/ attrition for filling up vacancies.
- Feeder Manager Recognition & Awards scheme under IPDS has been instituted by Ministry of Power in order to recognize efforts of DISCOMs/ Feeder Managers working towards reduction of AT&C loss. Feeder Managers are given this award during the Review Planning and Monitoring meeting by Hon'ble MoSP/ Secretary (Power) on the basis of their performance w.r.t AT&C loss reduction/ Energy saving/ Revenue saving on feeder. So far, 65 Feeder Managers across DISCOMs have been awarded in the above categories on monthly basis for the period from Sept, 2017 to Aug, 2018. First Feeder Manager Workshop was held in Kodaikanal to share best practices among the feeder managers from 18- 20th Jan, 2018 and Second Feeder Manager Workshop was held from 28-30th Sept in Puducherry.
- IPDS guidelines envisaged appointment of Third Party Concurrent evaluating Agency (TPCEA) by PFC, Nodal agency for concurrent and post implementation evaluation of the sanctioned IPDS schemes for assuring quality of work in projects being carried out by Utilities. PFC has completed appointment of TPCEA for states for smooth implementation of the scheme. The appointment has been made after reverse e-auction bidding for 15 groups covering 33 states/UTs across India. Stage –I inspection is already completed in 490 circles and Stage-II inspection is underway in most Utilities.

Impact Assessment of RAPDRP /IPDS

In order to assess the impact of RAPDRP, the Nodal agency was asked to carry out detailed assessment on how the scheme has eased the life of consumers and has benefited the Discoms.

As per the Region-wise study conducted by the four independent consultants,

- Savings to the tune of ₹ 3052 crore in 2017-18 were estimated from the AT&C loss reductions in the sampled 249 towns out of the total 1405 RAPDRP towns
- Reduction in AT&C losses was reported in 90% of the sampled towns.
- Nearly 100% AMR based metering achieved on all urban feeders. Focus shifted to Feeder level energy audit and intervention for AT&C loss reduction
- SCADA implementation in larger towns lead to reduction in downtime in case of outages
- Centralized customer care centers established in 45 Utilities, have simplified the processes and enhanced the service delivery to consumers.
- Introduction of Spot Billing Machines, lead to reduction in billing errors
- Manifold increase in Digital payments by consumers observed in many Discoms,
- Online gateways for payments, complaints, customer care etc., have done away with long queues and hours of waiting time and added ease of life to consumers
- Establishment of universal customer support number “1912” implemented by all Discoms.
- Large scale addition of Distribution Infrastructure resulted in improved voltage profile and reliability of power supply.
- Extensive use of AB cabling was encouraged in implementation of RAPDRP.

Further, to check the quality of works of completed RAPDRP projects, Quality Council of India has also been appointed by MoP.

11.0 INITIATIVES TOWARDS REFORMS AND RESTRUCTURING

Categorization of Utilities

For purposes of funding, your company classifies State/Central Sector Generation, Transmission Utilities & Project SPVs into A++, A+, A, B, C and 'non-responsive' categories. The categorization (biannual) 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, generation of audited accounts, etc.

With regard to State Power Distribution utilities (including SEBs/utilities with integrated operations), your company's categorization policy provides for adoption of MoP's Integrated Ratings by aligning such ratings/gradings with PFC's standard categories of A++, A+, A, B and C.

The categorization enables your company to determine credit exposure limits and pricing of loans to the state power utilities. As on April 25, 2019, 127 utilities were categorized, out of which 13 utilities were categorized as “A++”, 43 as “A+”, 39 as “A”, 17 as “B”, 13 as “C” and 2 as “non-responsive”.

Annual Report on the Performance of State Power Utilities

Your Company compiles the Report on the Performance of State Power Utilities (SPUs) on an annual basis. The latest report for the three years period ending on March 31, 2018 is under compilation. The Report is a comprehensive study of the performance of the State Power Utilities on key financial and operational parameters. The Report contains key performance parameters e.g. profitability, gap between average cost of supply and average realization (Rs./kwh), net worth, capital employed, receivables, payables, capacity (MW), generation (Mkwh), AT&C losses (%) etc. and consumption pattern of the sector at utility, state, regional and national level.

12.0 POLICY INITIATIVES

Your Company constantly reviews its policy framework so as to align itself with the market requirements and also with its corporate objectives. In this regard, the following policy initiatives were undertaken during FY 2018-19:

- Your company has aligned its lending policy for the renewable energy sector with the prevailing business environment, so to enhance its market share.
- In order to expedite the appraisal process and to capture more business in Solar & wind sector, your company has introduced online screening of Solar & Wind proposals.
- The company has introduced market friendly policies for pre-payment & release of collateral securities, to attract more business.
- Mechanism for the prompt payment to IPPs by Discoms is being evolved, on the advice of MoP.
- Review of appraisal system including project & Promoter rating framework for Private Projects, so as to make the appraisal process dynamic and also more robust.
- An online system was introduced for banks to check LoC issued by PFC to safeguard against frauds, in light of the recent events in banking industry w.r.t. LOU's.

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

Your Company is exempt from the provisions of Section 186 of the Companies Act, 2013. However, details of equity investments made during the FY 2018-19 are as follows:-

- During the FY 2017-18, PFC had approved an additional investment of ₹ 241 crore towards equity contribution in Energy Efficiency Services Limited (EESL), a Joint Venture Company of NTPC, PFC, REC and POWERGRID. Out of the above said approval, PFC has subscribed 9,90,00,000 equity shares of ₹ 10 each amounting to ₹ 99,00,00,000 in EESL's Rights Issue on April 27, 2018 under the first tranche and the same were allotted to PFC by EESL on July 2, 2018.
- PFC has acquired 10,39,399,343 equity shares of face value of ₹ 10 each at the rate of ₹ 139.5036 per share amounting to ₹ 14,499,99,50,186 in REC on March 28, 2019.

14.0 SUBSIDIARIES

- 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 reforming Power Sector, your Company decided to organize the services as a distinct dedicated business entity. Accordingly, PFC Consulting Limited (PFCCCL) was incorporated in the form of a wholly owned subsidiary of your company on March 25, 2008, in order to give it requisite autonomy in functions and flexibility in operations.
- To focus on additional business in the area of equity financing, your Company had incorporated Power Equity Capital Advisors Private Limited (PECAP), a wholly owned subsidiary. However, it 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. Ministry of Power (MoP), Government of India (GoI) vide its letter no F.No.7/13/2012-PFC Desk(1) dated March 19, 2019 has conveyed its approval for dissolving/striking off the name of PECAP from the records of Registrar of Companies under the provisions of section 248 to 252 of the Companies Act, 2013. The same is under process.
- Pursuant to the order of Ministry of Corporate Affairs dated February 5, 2019, PFC Capital Advisory Services Limited (PFCCAS, a wholly owned subsidiary of the Company) has been amalgamated with PFC Consulting Limited, wholly owned subsidiary of the Company w.e.f. the appointed date i.e. April 1, 2018.
- Further, pursuant to the order of Ministry of Corporate Affairs dated February 7, 2019, PFC Green Energy Limited (PFCGEL, a wholly owned subsidiary of the Company) has been amalgamated with the Company from the appointed date i.e. April 1, 2017.
- 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 March 31, 2019, for the said purpose, the following Special Purpose Vehicles (SPVs) have been incorporated as subsidiaries/deemed subsidiaries of the Company:
 - Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Ltd.)
 - Coastal Karnataka Power Limited
 - Coastal Maharashtra Mega Power Limited
 - Coastal Tamil Nadu Power Limited
 - Orissa Integrated Power Limited
 - Sakhigopal Integrated Power Company Limited
 - Ghogarpalli Integrated Power Company Limited
 - Tatiya Andhra Mega Power Limited
 - Deoghar Mega Power Limited
 - Cheyur Infra Limited
 - Odisha Infrapower Limited
 - Deoghar Infra Limited
 - Bihar Infrapower Limited
 - Bihar Mega Power Limited

- xv) Jharkhand Infrapower Limited
- xvi) Ballabgarh-GN Transmission Company Limited*
- xvii) Tanda Transmission Company Limited *
- xviii) Mohindergarh-Bhiwani Transmission Limited*
- xix) South-Central East Delhi Power Transmission Limited*
- xx) Bijawar-Vidarbha Transmission Limited*
- xxi) Shongtong Karcham-Wangtoo Transmission Limited*
- xxii) Vapi II North Lakhimpur Transmission Limited*
- xxiii) Lakadia-Vadodara Transmission Project Limited*
- xxiv) Bikaner-Khetri Transmission Limited*
- xxv) Fatehgarh-II Transco Limited*
- xxvi) Bhuj-II Transmission Limited*

** wholly owned subsidiaries of PFC Consulting Limited*

- During the year, the Company acquired 52.63% shareholding held by the President of India (103,93,99,343 equity shares of face value ₹ 10/- per share) in REC Limited (REC) at ₹ 139.5036 per share for a total cash consideration of ₹ 1,44,99,99,50,186/- on March 28, 2019. By virtue of this investment, the Company has become the holding company of REC and REC has become subsidiary of PFC in terms of the provisions of the Companies Act, 2013. Consequently, the following subsidiaries of REC as on March 31, 2019 have also become subsidiaries of PFC:

- i) REC Transmission Projects Company Limited
- ii) REC Power Distribution Company Ltd
- iii) Koderma Transmission Limited
- iv) Mandar Transmission Limited
- v) Dinchang Transmission Limited
- vi) Chandil Transmission Limited
- vii) Dumka Transmission Limited
- viii) Bhind-Guna Transmission Limited
- ix) Jam Khambaliya Transco Limited
- x) Ajmer Phagi Transco Limited
- xi) WRSS XXI (A) Transco Limited
- xii) Udupi Kasagode Transmission Limited
- xiii) Khetri Transco Limited
- xiv) Lakadia Banaskantha Transco Limited

- Further, since PFC acquired REC on March 28, 2019, the holding of REC in Energy Efficiency Services Limited (EESL) i.e. 21.70% which when combined with PFC's share in EESL i.e. 36.36% amounts to 58.06%. Accordingly, your company has since become the holding company of EESL and EESL has become subsidiary of PFC in terms of the provisions of the Companies Act, 2013. Consequently, the following subsidiaries of EESL as on March 31, 2019 have also become subsidiaries of PFC:

- i) Creighton Energy Limited
- ii) EESL EnergyPro Assets Limited
- iii) Anesco Energy Services (South) Limited
- iv) EPAL Holdings Limited
- v) Edina Power Services Limited
- vi) Edina UK Limited



- vii) Armoura Holdings Limited
- viii) Edina Manufacturing Limited
- ix) Edina Acquisition Limited
- x) Edina Limited
- xi) Edina Australia Pty Limited
- xii) Stanbeck Limited
- xiii) Edina Power Limited

14.1 PFC CONSULTING LIMITED

PFC Consulting Limited is mandated to promote, organize and carry out consultancy services to the Power Sector and is also undertaking the work related to the development of UMPPs. PFCCL has been nominated as the 'Bid Process Coordinator' for selection of developer for the Independent Transmission Projects (ITPs) by Ministry of Power, GoI.

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.
- Bid process management including Tariff based competitive bidding as per the Guidelines issued by MoP, GoI for various segments of Power Sector
- Project-structuring/ planning/ development/ specific studies, implementation monitoring, efficiency improvement projects
- Human Resource Management Plans
- Organisation 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 including "Waste to Energy" Projects
- Advisory Services for Distribution System Improvement Schemes
- Project Management Activities under IPDS and DDUGJY Schemes
- Detailed Project Reports and selection of Implementation Agency for Smart Grid
- Bidding under DEEP Portal for procurement of Power (for Short Term, Medium Term & Pilot Schemes)
- Consultancy services relating to takeover & transfer of equity
- Valuation of Land Bank & shares
- Assessment of Implementation of GST
- Energy Portfolio Management
- LIE, LIA & TEV study

Till date, consultancy services have been rendered to 68 clients spread across 24 States/UTs by PFCCL. The total number of assignments undertaken as on date is 125.

Further, during the FY 2018-19, the total income of PFCCL was ₹ 70.17 crore vis-à-vis ₹ 79.73 crore in the previous FY 2017-18, net worth of PFCCL as on March 31, 2019 was ₹ 91.74 crore as compared to ₹ 198.32 crore on March 31, 2018 and the net profit earned by PFCCL during FY 2018-19 was ₹ 22.00 crore as against the corresponding net profit of ₹ 26.88 crore last fiscal.

14.2 REC LIMITED

PFC acquired 103,93,99,343 equity shares of REC (representing 52.63% of the share capital of REC Limited) from President of India at a consideration of ₹ 1,44,99,99,50,186/- at the rate of ₹ 139.5036 per share on March 28, 2019.

Power Finance Corporation Ltd. has since become the holding company and also a promoter of REC.

REC is also a Navratna Central Public Sector Undertaking under the Ministry of Power and one of the leading infrastructure finance company. REC is also a Systemically Important, Non-Deposit Accepting, Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI) as an Infrastructure Finance Company

(IFC). Its business activities involve financing projects in the complete power sector value chain, be it generation, transmission or distribution. REC provides financial assistance to state electricity boards, state governments, central/state power utilities, independent power producers, rural electric cooperatives and private sector utilities.

REC sanctioned loans of ₹ 1,15,957 crore during the FY 2018-19 and an amount of ₹ 72,165 crore was disbursed during the same period.

Further, during the FY 2018-19, the total income of REC was ₹ 25,341.16 crore vis-à-vis ₹ 22,467.35 crore in the previous FY 2017-18 and the net profit earned by REC during FY 2018-19 was ₹ 5,763.72 crore as against the corresponding net profit of ₹ 4,419.89 crore in last fiscal.

Further details about the operational and financial performance of the Company are available on its website i.e. www.recindia.nic.in.

14.3 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. The shareholding of your company as on March 31, 2019 is 36.36%.

Consequent upon acquisition of controlling stake in REC Limited (REC) on March 28, 2019, EESL has been reclassified from associate to a subsidiary company during the year as the Company holds 36.36% ownership interest and its subsidiary REC holds 21.70% ownership interest as on March 31, 2019.

Further, during the FY 2018-19, the total income of EESL was ₹ 1935.67 crore vis-à-vis ₹ 1410.70 crore in the previous FY 2017-18, net worth of EESL as on March 31, 2019 was ₹ 839.97 crore as compared to ₹ 644.43 crore on March 31, 2018 and the net profit earned by EESL during FY 2018-19 was ₹ 95.10 crore as against the corresponding net profit of ₹ 39.46 crore last fiscal.

15.0 JOINT VENTURES, ASSOCIATE COMPANIES AND OTHER MAJOR INVESTMENTS

15.1 PTC INDIA LIMITED

PTC India Limited (PTC) was jointly promoted by Power Grid, NTPC, NHPC and PFC. PFC has invested ₹ 12 crore in PTC which is 4.05% of PTC's total equity. PTC is the leading provider of power trading solutions in India, a Government of India initiated public-private partnership, whose primary focus is to develop a commercially vibrant power market in the country. During the FY 2018-19, PTC maintained its leadership position with trading volumes of 62.49 BUs. PTC has reported profit after tax of ₹ 262.32 crore for the FY 2018-19.

15.2 POWER EXCHANGE INDIA LIMITED

Power Exchange India Limited (PXIL) is India's first institutionally promoted Power Exchange, that provides innovative and credible solutions to transform the Indian Power Markets. PXIL, provides nation-wide, electronic exchange for trading of power and handles power trading and transmission clearance, simultaneously, it provides transparent, neutral and efficient electronic platform. PXIL offers various products such as Day Ahead, Day Ahead Contingency, Any Day, Intra Day and Weekly Contracts. PXIL provides trading platform for Renewable Energy Certificates. PFC's investment in equity shares of PXIL as on March 31, 2019 is ₹ 3.22 crore. Due to erosion of Net Worth of PXIL, PFC has provided the entire investment amount of ₹ 3.22 crore as provision for diminution in the value of investment in its books.

15.3 SHREE MAHESHWAR HYDEL POWER CORPORATION LIMITED

In June, 2016, PFC, being one of the lenders of Shree Maheshwar Hydel Power Corporation Limited (SMHPCL) had enforced its legal rights as per the Pledge deed dated November 30, 2006 as amended from time to time and subordinate loan agreement dated September 29, 2006, by invoking the shares pledged by the promoters of SMHPCL in favor of PFC and by partial converting sub debt loan into equity shares. Upon invocation of pledged shares and partial conversion of sub-debt, the total shareholding of PFC in SMHPCL is 13,18,46,779 equity shares of ₹ 10 each representing 23.32% of paid up equity share capital of SMHPCL. However, the matter is subjudice.

16.0 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 2017-18, your company was accorded 'Excellent rating'. The rating for FY 2018-19 is still awaited.

17.0 PRESIDENTIAL DIRECTIVES

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



18.0 CORPORATE SOCIAL RESPONSIBILITY

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

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

During the year, PFC implemented wide range of activities in the field of Environment Sustainability, Skill development, Sanitation, Healthcare and supporting the differently abled. Further, DPE vide OM dated December 10, 2018 has instructed CPSEs to spend 60% of CSR budget for thematic programme (i.e. School Education and Healthcare for year 2018-19) preferably in aspirational districts.

For the FY 2018-19, the Board had approved the CSR budget of ₹ 148.15 crore based on 2% of the average stand-alone Profit Before Tax as per Companies Act, 2013 excluding dividend received from other companies covered under and complying with Section 135 of the Act in line with Rule 2(f) (ii) of Companies (CSR Policy) Rules 2014.

The projects sanctioned in a year are completed in subsequent years and there is milestone linked payment to various stages of completion of the project. Further, as per the DPE guidelines, the CSR Budget is non-lapsable and any unspent amount is carried forward to the next year for utilization for the purpose for which it was allocated.

Accordingly, the total amount to be spent in the financial year amounted to ₹ 279.38 crore (i.e. ₹ 148.15 crore for FY 2018-19 and ₹ 131.23 crore carried forward from previous years). However, out of which ₹ 100.50 crore was spent during FY 2018-19.

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

19.0 HRD INITIATIVES

DEVELOPMENT & TRAINING

During FY 2018-19, in order to ensure specific skill development, the focus of conducting in house programs was maintained in line with the corporate goals. Customized programs like training on KYC policy, Executive Development Programs, Leadership & Team Building, Appraisal & Disbursement Procedures, Outbound Experiential Learning, Developing Positive Thinking, Stress & Health Management, etc. were organized along with other need-based programs.

During the year 2018-19, 14 in-house training programs were organized by the company for its employees. A total of 2219 man-days were achieved by conducting various in-house programs and by sponsoring employees to other need based programs conducted by external training agencies.

RECREATIONAL ACTIVITIES

Your Company is committed towards holistic personality development of its employees through facilities like Gymnasium, Library, Table Tennis and participation of employees in various sports, cultural and literary activities.

As a member of Power Sports Control Board, your company has been organizing an Inter-CPSU Tournament every year for the employees of PSCB member organisations. During the FY 2018-19, PFC organized 23rd Inter-CPSU Badminton Tournament under the aegis of PSCB. Employees of PFC exhibited enthusiastic participation in various Inter-CPSU sports tournaments such as Cricket, Badminton, Table Tennis, Carrom, Chess, Kabaddi, etc. organized by the PSCB member organisations. The participation in these sports results in a greater level of team spirit and fitness among the employees.

During the period, the Company observed National Unity Day on October 31, 2018 and celebrated Communal Harmony Campaign during November 19, 2018 to November 26, 2018 by holding slogan writing competitions among the employees. National Productivity Week was celebrated by the Company during February 18, 2019 to February 25, 2019 by organizing essay writing competition and holding an expert talk on the theme for the employees. Various other events and get-togethers were also organized during the year to mark special occasions such as New Year, Foundation Day, etc. and employees participated with zeal and enthusiasm. On the occasion of PFC Foundation Day, a Kavi Sammelan was organized at PFC premises. Eminent poets like Shri Ashok Chakradhar, Sh. Hari Om Panwar, Sh. Pratap Faujdar and Sh. Vineet Chauhan entertained PFC employees with their poetic performance.

HUMAN RESOURCE MANAGEMENT

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

The Industrial Relations within the company has been very cordial and harmonious with the employees committing themselves entirely to the objectives of the company. There was no mandays lost during the year under review. The attrition rate for the period from April 1, 2018 to March 31, 2019 was zero.

WELFARE MEASURES

Your Company endeavors to follow the best management practices of the industry. The employees of the company have access to the Top Management officials thereby contributing effectively 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 lead to a healthy workforce. During the period, several new initiatives were taken for employees' welfare such as amendments in Medical Attendance Rules, Leave Rules etc.

RESERVATION OF POSTS

Group	Total Employees as on March 31, 2019	SCs	SC%	STs	ST%	OBC	OBC%
A	474	83	17.51%	28	5.91%	81	17.08%
B	6	1	16.67%	1	16.67%	0	0.00%
C	17	3	17.65%	1	5.88%	3	17.65%
D	1	0	0.00%	0	0.00%	0	0.00%
Total	498	87	17.47%	30	6.02%	84	16.87%

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

REPRESENTATION OF WOMEN EMPLOYEES

Your Company has women in important and critical functional areas. Women representations have gone across hierarchical levels. The Company provides equal growth opportunities for the women in line with Government of India philosophy on the subject. The women are adequately represented, with 20.68% of the total work force.

Group	Total Employees as on March 31, 2019	Number of Women Employees	Percentage of overall staff strength
A	474	100	21.09%
B	6	0	0.00%
C	17	3	17.65%
D	1	0	0.00%
Total	498	103	20.68%

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

INTERNAL COMPLAINTS COMMITTEE

An Internal Complaints committee to examine the cases related to sexual harassment is in place under the "Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act 2013. During the FY 2018-19, no complaint has been filed under the said Act.

20.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- such accounting policies have been selected, applied consistently and judgments & estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the accounts have been prepared on a going concern basis;
- the company has laid down internal financial controls to be followed and that such internal financial controls are adequate and are operating effectively.

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

21.0 STATUTORY AUDITORS

M.K. Aggarwal & Co., Chartered Accountants and Gandhi Minocha & Co., Chartered Accountants were appointed as Joint Statutory Auditors of the Company for the FY 2018-19 by the Comptroller & Auditor General of India.

The Joint Statutory Auditors have audited the accounts of the Company for the FY 2018-19 and have given their report without any qualification, reservation, adverse remark or disclaimer. The copy of the audit report is annexed with Annual Report.

SECRETARIAL AUDITOR

Agarwal S. & Associates, Company Secretaries was appointed as the Secretarial Auditor of the Company for the FY 2018-19 by the Board of Directors of the Company.

The observations of the Secretarial Auditor and reply of the management on the observations, for the FY 2018-19 along with copy of the audit report is annexed with Annual Report.

22.0 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. The copy of the report of C&AG is annexed with Annual Report.

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

The Internal Auditor of the Company i.e. A.R. & Co., Chartered Accountants quarterly certifies on the adequacy of internal financial controls with reference to the financial statements of the Company.

The Statutory Auditors of the Company i.e. M.K. Aggarwal & Co., Chartered Accountants and Gandhi Minocha & Co., Chartered Accountants have also given their Report on the Internal Financial Controls stating that the Company has, in all material respects, an internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019 based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

24.0 COMPLIANCE OF SECRETARIAL STANDARDS

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

25.0 PARTICULARS OF REMUNERATION U/S 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

As per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the ratio of remuneration of each director to the median employees' remuneration and details of employees receiving remuneration exceeding the limits as prescribed from time to time in the Board's Report.

However, as per notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Board's Report.

26.0 ANNUAL RETURN LINK

An extract of the Annual Return in the prescribed format is annexed with the Annual Report.

27.0 REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which need to be mentioned in the Board's Report.

28.0 DEBENTURE TRUSTEES

The details of Debenture Trustees appointed by the company for the different series of Bonds issued by your company are annexed with Annual Report.

29.0 STATUS OF UNCLAIMED AMOUNTS

Bonds

The total unclaimed and unpaid amount as on March 31, 2019 was ₹ 15.10 crore (principal plus interest). The unpaid/unclaimed amount of bonds transferred to IEPF during FY 2018-19 is ₹ 0.14 crore.

Equity

The unclaimed balance amount of dividend (equity) as on March 31, 2019 was ₹ 3.38 crore. The unclaimed amount of ₹ 6,77,584 related to "Application money due for refund" and unclaimed dividend of ₹ 8,33,402 become due for transfer during the year ended March 31, 2019 and was accordingly transferred to Investor Education and Protection Fund (IEPF).

30.0 EMPLOYEES STOCK OPTIONS PLAN (ESOP)

The Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Government of India, through its directions on pay revision had made it mandatory for all the Central Public Sector Enterprises (CPSEs) to formulate an Employee Stock Option Plan (ESOP) and pay 10% to 25% of the Performance Related Pay (PRP) of the employees in the form of ESOPs. In accordance with these directions of the DPE, the Board of Directors of your company had formulated an Employee Stock Option Plan titled as 'PFC-ESOP 2010'. Shareholders had also approved this Employee Stock Option Plan in their 24th Annual General Meeting held on September 21, 2010. Subsequently, the Board of Directors had decided that 25% of the PRP of the employees should be given in the form of ESOPs. However, later in view of a clarification dated July 30, 2012 issued by DPE, this PRP based Stock Option Plan has been made optional. The above scheme has been implemented in the Company as per the applicable Rules/Regulations/DPE guidelines and clarifications. A certificate in this regard by statutory auditors will be placed at the ensuing AGM of the Company.

Further, as on date, there is no option pending for grant or exercise under the 'PFC-ESOP 2010'.

Further no option was granted/exercised to/by any employee during the year 2018-19.

31.0 VIGILANCE

During the FY 2018-19, the Vigilance Unit functioned as an effective tool of management, the thrust being on preventive vigilance. This aspect was emphasized by conducting periodic and surprise inspections of various units on constant basis. The Vigilance Unit also issued directions/effective guidelines to rationalize systems and procedures to eliminate gaps and confirming transparency in day-to-day operations. Information technology was used as an effective tool for providing on-line services to all the stakeholders and to enhance organizational efficiency. The Vigilance Unit carried out detailed investigation in respect of complaints registered during this period.

In compliance of the instructions of CVC, the sensitive posts in the Company were identified and the concerned officers were rotated on a regular basis. Agreed lists for the year 2018 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, MoP on time.

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

32.0 OFFICIAL LANGUAGE

It is a matter of great pride that your Company has been awarded the First Prize in Public Sector Category in Region 'A' of 'Rajbhasha Kirti Puraskar' for the year 2017-18 by Rajbhasha Vibhag, Ministry of Home Affairs for its concerted efforts made in implementation of Official Language Policy. CMD, PFC received the prestigious award from Hon'ble Vice President of India, Sh. M. Venkaiah Naidu. The Prize has been received by PFC for the 5th time in a row.

PFC's Quarterly Magazine 'Urja Deepti' and a book 'App Deepo Bhav' written by a PFC employee were released in the Hindi Advisory Committee Meeting held on April 11, 2018.

On the occasion of PFC Foundation Day, a Kavi Sammelan was organized. Hindi Day and Hindi Month were celebrated to create a Hindi oriented environment. During the Hindi Month, various competitions were organized. On the eve of Samapan Samaroh of 'Hindi Mah', a Cultural Programme was organized on October 12, 2018 in which employees of your company presented a Cultural Programme comprising of various Indian dance forms, Songs, Kavya Path and Natika etc. On the occasion of 'Vishwa Hindi Diwas' a dance ballet namely 'Shri Krishna' was organized by the artists of Shri Ram Bhartiya Kala Kendra.

10 Hindi workshops for 279 executives and 2 days Rajbhasha Sammelan for 28 Senior Executives as well as 2 Sangoshthies were organized. Internal inspections in the form of personal contact programme were conducted. Three Issues including 'Yog Evam Rajbhasha Visheshank' of house magazine 'Urja Deepti' were also published.

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

33.0 RIGHT TO INFORMATION ACT

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 Right to Information Act, 2005 is an Act of the Parliament of India to provide for setting out the practical regime of right to information for citizens. It also endeavors to promote transparency and accountability in the working of the Government, to contain corruption and to enhance people's participation in the democratic process by making the citizens informed

about the activities of the Government. Under the Act, it is believed that an informed citizen is better equipped to keep necessary vigil on the instruments of governance and make the government more accountable. The information seekers, have, subject to few exceptions, an overriding right under the Act, to get information lying in the possession of the Public Authorities.

An elaborate mechanism has been set up throughout your Company to deal with requests received under the RTI Act, 2005. Your company has implemented the Right to Information Act, 2005 to provide information to the citizens of India and also to maintain accountability and transparency in the working of the company. The Company has designated a Public Information Officer (PIO) and First Appellate Authority (RTI) at its registered office for effective implementation of the RTI Act. The relevant information/ disclosures are also made available on the official website (www.pfcindia.com) of the company. During the FY 2018-19, all 131 applications received under the RTI Act, were duly processed and replied to. Your company has also complied with the requirement of filing of online RTI Quarterly Returns on the portal of Central Information Commission (CIC) for the FY 2018-19.

Further, in order to strengthen compliance of the provisions of disclosures as contained in Section 4 of the RTI Act, 2005, Department of Personnel & Training (DoPT) vide its OM No. 1/6/2011-IR dated April 15, 2013 issued guidelines on the following :-

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

In compliance of the aforesaid Guidelines, PFC has placed the requisite information on the website of the company.

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

34.0 GRIEVANCE REDRESSAL

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

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

No significant and material orders were passed by any regulator or court or tribunal impacting the going concern status and company's operations during the FY 2018-19.

36.0 DETAILS OF PROCUREMENT FROM MSEs

The details of the procurements made from Micro and Small Enterprises (MSEs) during the FY 2018-19 and the targets for FY 2019-20 as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 along with Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 is as under:

S.No.	Particulars	FY 2018-19	Target for FY 2019-20
I	Total annual procurement (in value)	26.24 crore	30.38 crore
II	Total value of goods and services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	9.21 crore	7.6 crore
III	Total value of goods and services procured from only MSEs owned by SC/ST entrepreneurs	0.55 crore	1.22 crore
IV	% age of procurement from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement	35.09%	25%
V	% age of procurement from only MSEs owned by SC/ST entrepreneurs out of total procurement	2.10%	4%
VI	Total number of vendor development programmes for MSEs	2 Half yearly	2
VII	Confirmation of uploading annual MSE procurement profile on your website by hyperlink of same	http://www.pfcindia.com/Home/VS/125	

37.0 STATUTORY AND OTHER INFORMATION

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

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

38.0 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 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, Internal Auditors and Secretarial Auditor for their constructive suggestions and co-operation.

The Board 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



(Rajeev Sharma)
Chairman & Managing Director
DIN: 00973413

Place : New Delhi

Dated : 30.07.2019