(iii) The Company has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/Board of Directors based on the recommendation of Screening Committee, as appropriate.

(iv) The Company has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.

(v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.

(vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout the Company for management of credit risk.

(vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities is also subject to the same review process.

(viii) The Company continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc. regularization of the account by recovering all over dues, invocation of guarantees/ securities to recover the dues, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms.

B. Credit risk analysis

(i) Exposure to credit risk

For loans recognized in the balance sheet, the gross exposure to credit risk equals their carrying amount. Refer Note 10 'Loans' for Group's exposure to credit risk arising from loans.

For financial guarantee issued, the maximum exposure to credit risk is the maximum amount that the Company would have to pay if the guarantees are called upon. For irrevocable loan commitments, the maximum exposure to credit risk is the full amount of the commitment facilities. Refer Note 47 for exposure of Guarantee and Outstanding Disbursement Commitments.

(ii) Credit concentration risk

Credit concentration risk is the risk associated with any single exposure or Group of exposures with the potential to produce large enough losses to threaten Company's core operations.

The following table sets out an analysis of risk concentration of overall loan portfolio of the Company and its subsidiary, RECL on the basis of similar risk characteristics:

(₹ in crore)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal outstanding	Impairment allowance	Principal outstanding	Impairment allowance	Principal outstanding	Impairment allowance
Concentration by ownership						
Loans to state sector (i.e. entities under the control of state and /or central government)	5,08,774.12	700.95	4,34,124.49	1,914.02	3,71,848.83	4,968.09
Loans to private sector	87,102.49	26,978.02	84,355.03	26,413.23	75,843.78	18,853.59
Total	**5,95,876.61**	**27,678.97**	**5,18,479.52**	**28,327.25**	**4,47,692.61**	**23,821.68**

The companies consider that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default / loss history in state sector and availability of government guarantee in certain loans. Further, presence of Government interest in these projects lowers the risk of non-recoverability of dues.

The Company's exposure to various projects and borrowers is constantly monitored in line with the applicable Credit Concentration Norms.

C. Details regarding Concentration / Exposure of Loans

In respect of PFC:

1. Concentration of Advances:

(₹ in crore)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Total Advances to twenty largest borrowers	1,88,278.21	1,62,412.85	1,53,506.95
Percentage of Advances to twenty largest borrowers to Total Advances (Principal Outstanding) of the Company	59.83%	58.21%	62.51%

2. Concentration of Exposures:

(₹ in crore)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Total Exposure to twenty largest borrowers / customers	2,61,087.34	2,37,469.89	2,40,892.19
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	53.87%	53.90%	56.23%

Further, Company has a well-diversified lending portfolio comprising of loans to generation (renewable and non-renewable), transmission and distribution power projects spread across diverse geographical areas.

In respect of the subsidiary, RECL

3. Concentration of Advances:

(₹ in crore)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Total Advances to twenty largest borrowers	1,58,931.60	1,36,285.52	1,11,916.90
Percentage of Advances to twenty largest borrowers to Total Advances (Principal Outstanding) of the Company	56.52%	56.92%	55.42%

4. Concentration of Exposures :

(₹ in crore)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Total Exposure to twenty largest borrowers / customers	2,54,896.66	2,36,006.27	1,97,327.07
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	59.46%	59.25%	60.34%

D. Impairment Assessment

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not categorized at fair value through profit or loss. Ind-AS 109 outlines a three staged model for measurement of impairment based on changes in credit risk since initial recognition.

- A financial instrument that is not credit impaired on initial recognition is classified in 'Stage I'.

- If a significant increase in credit risk (SICR) is identified, the financial instrument is moved to 'Stage II'.

- If the financial instrument is credit-impaired, the financial instrument is moved to 'Stage III' category.

In respect of PFC,

(i) Significant Increase in Credit Risk (Stage II)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting date by considering the change in the risk of default occurring over the remaining life of the financial instrument. In determining whether the risk of default has increased significantly since initial recognition, the Company considers more than 30 days overdue as a parameter. Additionally, the Company considers any other observable input indicating a significant increase in credit risk.

(ii) Credit impaired

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days overdue on its contractual payments.

(iii) Measurement of Expected Credit loss (ECL)

ECL is measured on either a 12 month or lifetime basis depending on whether there is significant increase in credit risk since initial recognition. ECL is the product of Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These parameters have derived from internally developed models using historical data and adjusted with current

▶ Probability of default (PD)

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. For assessing 12 month PD, probability of a loan defaulting in next 12 months is ascertained and similarly for assessing lifetime PD, probability of a loan defaulting in its remaining lifetime is ascertained.

For Stage I accounts, 12 months PD is used.

For Stage II significantly increased credit risk accounts, Lifetime PD is used.

For Stage III credit impaired accounts, 100% PD is taken.

▶ Loss Given Default (LGD): It is the loss factor which the Company may experience, if default occurs.

▶ Exposure at Default (EAD): It is outstanding exposure on which ECL is computed. EAD includes principal outstanding and accrued interest in respect of the loan.

The Company has appointed an independent agency CRISIL Ltd. for assessment of ECL on credit impaired loans (Stage III). For all other loans, ECL is computed on a collective basis by grouping of the financial assets based on the similar risk characteristics like short term loans to state sector, other loans to state sector, thermal generation loans to private sector, solar generation loans to private sector and so on.

▶ Key assumptions used in measurement of ECL

- The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

- Since the Company has a right to cancel any sanctioned but undrawn limits to any of its borrowers, EAD is assumed to be outstanding balance as on the reporting date.

In respect of the subsidiary, RECL

REC has appointed an independent agency, IRR Advisory Services Pvt. Ltd. for developing the methodology, evaluation and calculation of ECL as per Ind AS 109. A comprehensive model for measurement of Credit risk has been developed based on key financial and operational parameters to assess improvement/ deterioration in credit quality. The credit risk model also provides a rating and the expected loss in case of default. RECL has considered following parameters in the model:

- Quantitative factors

  - Debt/ EBITDA (20% weightage)

  - Return on Capital Employed (30% weightage)

  - Interest Coverage (20% weightage)

  - Cash Interest Coverage (30% weightage)

- Qualitative Factors

  - Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF

  - Actual Default dates, loan restructuring details

  - Cost run over and time delay in commissioning of the project for under construction projects

  - Parent support

  - Turnover caps

  - Conduct of account

- Significant Increase in Credit Risk (SICR)

  RECL considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met.

  Quantitative criteria

  The company has assumed that a 2 notch downgrade in credit rating since inception to be considered as significant increase in credit risk.

  Qualitative criteria

  In case of significant delay in commissioning in under construction projects, it is assumed that there is significant increase in risk and loan is moved to stage 2.

  Backstop

  A backstop is applied by RECL on any financial instrument if the payment is greater than or equal to ₹ 1 crore and the borrower is more than 30 days past due on its contractual payments. However, based on historical data, it has been noticed that such overdue amounts for more than 30 days do not signify significant increase in credit risk for state utilities. Therefore, RECL has applied this criterion only for private entities.

- Low credit risk exemption

  Ind-AS provides an optional simplification to assume that the credit risk on a financial asset has not increased significantly since initial recognition (and thus remain in stage 1) if the financial asset is considered to have a low credit risk at the reporting date.

  Credit risk is considered to be 'low' when the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

  RECL considers loan assets having External credit rating between AAA to A, to have low credit risk. Further, the Company has taken low credit risk exemption for all state utilities as it considers that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default/ loss history in state sector and availability of government guarantee in certain loans. Further, presence of Government interest in these projects lowers the risk of non-recoverability of dues.

- Definition of default and credit-impaired assets

  RECL defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments.

- Measuring ECL - explanation of inputs, assumptions and estimation techniques

  Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.

- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of collateral or other credit support.

▶ Determination of Probability of Default (PD)

RECL has analysed the transition matrix of various rating agencies (CRISIL, Care and India Ratings) and has taken average of transition matrix of these rating agencies to arrive at the annual average transition matrix. This average annual transition matrix was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD.

▶ Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking, RECL has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, current PLF, parent / state support, PPA status, FSA, fuel cost pass-through status, years of existing default etc. Based on internal research, for Thermal plants company has benchmarked project cost and PLF level to estimate viable scenario for operating profitably and recoverability is calculated accordingly. Similarly company assumes that although Renewable companies and Transmission companies faces collection issues from distribution companies leading to longer working capital cycle but they are sustainable on a longer term basis. For State Utilities, RECL has factored in the state support and assumed that the State governments would step in to repay debt obligations of the state utilities as witnessed in the past during the Uday scheme, thus state credit rating and corresponding PD is considered to compute LGD.

Further, where RECL and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, RECL considers LGD on the following basis:

a) In cases where either REC or PFC is lead lender, LGD % calculated by the lead lender is adopted

b) In cases where neither REC nor PFC is lead lender, higher of the LGD% worked out by REC and PFC is adopted.

▶ Key assumptions used in measurement of ECL

(i) RECL considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

(ii) Cost Overrun and time delay in commissioning is considered for computing credit rating for under construction projects.

(iii) Turnover Cap and Parent support is considered for assigning final ratings.

(iv) Since the Company has a right to cancel any sanctioned but undrawn limits to any of its borrowers, EAD is assumed to be outstanding balance as on the reporting date.

▶ Forward looking information incorporated in ECL models

The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. Further, the Credit Rating Models also consider the forward looking information in the determination of the credit rating to be assigned to the borrower, by taking into consideration various financial ratios and extension of the project completion. As such, the Base Case Scenario reflects the most appropriate basis for the computation of ECL for RECL. After analysis of the forward looking information and the economic situation, no upturn/downturn scenario seems to be applicable or requiring any consideration in inputs used for ECL computation.

Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

As at 31.03.2019

(₹ in crore)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,239.02	-	-	3,239.02
A	56,158.84	-	-	56,158.84
BBB	40,834.51	-	-	40,834.51
BB	57,967.67	519.32	-	58,486.99
B	47,683.74	1,030.31	-	48,714.05
C	46,119.65	2,862.99	-	48,982.64
D	-	-	20,348.44	20,348.44
Government Loan	4,445.19	-	-	4,445.19
Gross carrying amount	**2,56,448.62**	**4,412.62**	**20,348.44**	**2,81,209.68**
Loss allowance	525.26	1,273.72	9,698.95	11,497.93
Carrying amount	**2,55,923.36**	**3,138.90**	**10,649.49**	**2,69,711.75**

As at 31.03.2018 (₹ in crore)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,198.11	-	-	3,198.11
A	51,693.57	-	-	51,693.57
BBB	17,974.14	-	-	17,974.14
BB	53,056.43	10,594.28	-	63,650.71
B	30,981.40	-	-	30,981.40
C	46,596.39	4,672.25	-	51,268.64
D	-	-	17,128.42	17,128.42
Government Loan	3,567.83	-	-	3,567.83
Gross carrying amount	**2,07,067.88**	**15,266.53**	**17,128.42**	**2,39,462.83**
Loss allowance	1,090.78	1,694.30	8,490.53	11,275.61
Carrying amount	**2,05,977.10**	**13,572.23**	**8,637.89**	**2,28,187.22**

As at 01.04.2017 (₹ in crore)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,371.83	-	-	3,371.83
A	32,324.46	-	-	32,324.46
BBB	21,635.16	-	-	21,635.16
BB	51,057.87	-	-	51,057.87
B	34,743.10	-	-	34,743.10
C	37,949.19	12,849.73	-	50,798.92
D	-	-	4,872.69	4,872.69
Government Loan	3,298.00	-	-	3,298.00
Gross carrying amount	**1,84,379.61**	**12,849.73**	**4,872.69**	**2,02,102.03**
Loss allowance	1,324.86	5,011.36	2,648.95	8,985.17
Carrying amount	**1,83,054.75**	**7,838.37**	**2,223.74**	**1,93,116.86**

- **Collateral and other credit enhancements**

  RECL employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:
  - Mortgage of Immovable properties
  - Hypothecation of Moveable property
  - Assignment of project contract documents
  - Pledge of instruments through which promoters' contribution is infused in the project
  - Pledge of Promoter Shareholding
  - Corporate and personal Guarantee of Promoters

- **Write off policy**

  RECL writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

E. Details of Stage wise Exposure and Impairment Loss Allowance in respect of the Company and its subsidiary, RECL is as under:

(₹ in crore)

Particulars (inclusive of loan commitments)	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Principal Outstanding	Cumulative Impairment loss allowance	%	Principal Outstanding	Cumulative Impairment loss allowance	%	Principal Outstanding	Cumulative Impairment loss allowance	%
Credit impaired loans (Default event triggered) (Stage III)	49,888.75	24,719.96	49.55	43,995.22	22,731.75	51.67	17,158.98	7,541.54	43.95
Loans having significant increase in credit risk (Stage II)	13,880.61	1,576.79	11.36	33,365.49	2,364.59	7.09	54,975.18	10,411.42	18.94
Other loans (Stage I)	5,32,107.25	1,382.22	0.26	4,41,118.81	3,230.91	0.73	3,75,558.45	5,868.72	1.56
Total	**5,95,876.61**	**27,678.97**		**5,18,479.52**	**28,327.25**		**4,47,692.61**	**23,821.68**	
Outstanding Disbursement Commitments (Letter of Comforts) forming part of contingent liabilities	1,019.06	186.71		1,694.60	195.39		1,640.56	5.61	

F. The following tables explain the changes in the loan assets and the corresponding ECL allowance in respect of the Company and RECL between the beginning and the end of the annual period:

(₹ in crore)

FY 2018-19	Stage I		Stage II		Stage III		Total	
	Principal	Impairment allowance	Principal	Impairment allowance	Principal	Impairment allowance	Principal	Impairment allowance
Opening Balance	4,41,118.81	3,230.91	33,365.49	2,364.59	43,995.22	22,731.76	5,18,479.52	28,327.26
Transfer to Stage I	19,767.81	937.39	(18,950.91)	(297.35)	(816.90)	(640.04)	-	-
Transfer to Stage II	(8,077.82)	(15.21)	9,303.60	382.95	(1,225.78)	(367.73)	-	-
Transfer to Stage III	(2,763.00)	(625.75)	(5,821.75)	(776.24)	8,584.75	1,401.99	-	-
Change in Principal/ECL during the year	9,110.28	(2,211.67)	(991.23)	25.65	(448.09)	1,606.20	7,670.96	(579.82)
New financial assets originated	99,210.54	138.90	253.82	22.59	-	-	99,464.36	1,61.49
Derecognised financial assets	(26,259.36)	(72.36)	(3,278.41)	(145.40)	(200.47)	(12.21)	(29,738.24)	(229.97)
Closing Balance	**5,32,107.25**	**1,382.22**	**13,880.61**	**1,576.79**	**49,888.75**	**24,719.96**	**5,95,876.61**	**27,678.97**

(₹ in crore)

FY 2017-18	Stage I		Stage II		Stage III		Total	
	Principal	Impairment allowance	Principal	Impairment allowance	Principal	Impairment allowance	Principal	Impairment allowance
Opening Balance	3,75,558.45	5,868.72	54,975.18	10,411.42	17,158.98	7,541.54	4,47,692.61	23,821.68
Transfer to Stage I	15,409.01	1,021.77	(14,469.27)	(691.74)	(939.74)	(330.03)	-	-
Transfer to Stage II	(11,546.87)	(72.11)	11,546.87	72.11	-	-	-	-
Transfer to Stage III	(7,414.64)	(1,468.97)	(18,847.46)	(7,721.05)	26,262.09	9,190.03	-	-
Change in Principal/ECL during the year	1,233.29	(2,484.08)	1,991.59	314.59	812.03	6,219.31	4,036.91	4,049.82
New financial assets originated	90,228.39	542.69	381.39	53.75	1,038.92	305.99	91,648.70	902.43
Derecognised financial assets	(22,348.83)	(177.11)	(2,212.80)	(74.49)	(337.06)	(195.08)	(24,898.69)	(446.68)
Closing Balance	**4,41,118.81**	**3,230.91**	**33,365.49**	**2,364.59**	**43,995.22**	**22,731.75**	**5,18,479.52**	**28,327.25**

G. Table showing movement of loss allowance on Stage III Loans is as under:

In respect of the PFC:

(₹ in crore)

Sl. No.	Description	As at 31.03.2019	As at 31.03.2018
(i)	Gross Stage III Loans to Gross Loans (%)	9.39%	9.63%
(ii)	Net Stage III Loans to Net Loans (%)	4.85%	4.82%
		FY 2018-19	**FY 2017-18**
(iii)	Movement of Stage III Loans (Gross)		
	(a) Opening balance	26,866.80	12,286.29
	(b) Additions during the year	3,793.33	15,493.47
	(c) Reductions during the year	(1,119.82)	(912.96)
	(d) Closing balance	29,540.30	26,866.80
(iv)	Movement of Net Stage III Loans		
	(a) Opening balance	12,625.58	7,393.70
	(b) Additions during the year	2,851.39	7,571.59
	(c) Reductions during the year	(957.67)	(2,339.71)
	(d) Closing balance	14,687.10	12,625.58
(v)	Movement of impairment allowance for Stage III Loans		
	(a) Opening balance	14,241.22	4,892.59
	(b) Impairment allowance made during the year	1,823.55	9,811.42
	(c) Write-off / write-back of excess impairment allowance	(1,043.76)	(462.79)
	(d) Closing balance	15,021.01	14,241.22

In respect of the subsidiary, RECL :

Table showing movement of loss allowance on Stage III Loans:

(₹ in crore)

Sl. No.	Description	As at 31.03.2019	As at 31.03.2018
(i)	Gross Stage III Loans to Gross Loans (%)	7.24%	7.15%
(ii)	Net Stage III Loans to Net Loans (%)	3.95%	3.79%
		FY 2018-19	**FY 2017-18**
(iii)	Movement of Stage III Loans (Gross)		
	(a) Opening balance	17,128.43	4,872.69
	(b) Additions during the year	4,628.40	12,570.84
	(c) Reductions during the year	(1,408.39)	(315.10)
	(d) Closing balance	**20,348.44**	**17,128.43**
(iv)	Movement of Net Stage III Loans		
	(a) Opening balance	8,637.90	2,223.74
	(b) Additions during the year	3,051.83	6,685.70
	(c) Reductions during the year	(1,040.24)	(271.54)
	(d) Closing balance	**10,649.49**	**8,637.90**
(v)	Movement of impairment allowance for Stage III Loans		
	(a) Opening balance	8,490.53	2,648.95
	(b) Impairment allowance made during the year	1,576.57	5,885.14
	(c) Write-off / write-back of excess impairment allowance	(368.15)	(43.56)
	(d) Closing balance	**9,698.95**	**8,490.53**

H.Concentration of Stage III loans

In case of PFC,

(₹ in crore)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Principal outstanding of top four Stage III accounts	13,847.63	13,928.25	8,530.34

In case of the subsidiary RECL,

(₹ in crore)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Principal outstanding of top four Stage III accounts	8,502.74	8,558.91	3,444.72

40.2.2 Liquidity Risk Management

Liquidity risk is the risk that the Company doesn't have sufficient financial resources to meet its obligations as and when they fall due. The risk arises from the mismatches in the timing of the cash flows which are inherent in all financing operations and can be affected by a range of company specific and market wide events.

In case of PFC,

In order to effectively manage liquidity risk, the Company endeavours to maintain sufficient cash flows to cover maturing liabilities without incurring unacceptable losses or risking damage to the Company's reputation and also endeavours to maintain a diversified fund base by raising resources through different funding instruments. The adequacy of the Company's liquidity position is determined keeping in view the following factors:

- Current liquidity position;
- Anticipated future funding needs
- Present and future earning capacity; and
- Available sources of funds.

The Company manages its day to day liquidity to ensure that the company has sufficient liquidity to meet its financial obligation as & when due. The long term liquidity is managed keeping in view the long term fund position and the market factors. This is in line with the Board approved framework and breaches, if any, are to be reported to the Board of Directors. The Company has never defaulted in servicing of its borrowings.

Further, for overall liquidity monitoring and supervision, the Company has an Asset Liability Committee (ALCO) headed by Director (Finance). The ALCO tracks the liquidity risk by analysing the maturity or cash flow mis-matches of its financial assets and liabilities. The mis-matches are analysed by way of liquidity statements prescribed by RBI, wherein the cumulative surplus or deficit of funds is arrived at by distributing the cash flows against outstanding financial assets and financial liabilities according to the maturity ladder.

The following table analyses the maturity pattern of items of financial liabilities by remaining maturity of contractual principal on an undiscounted basis.

(₹ in crore)

Particulars	Upto 30/31 Days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years
As at 31.03.2019								
Rupee Borrowings	21,785.18	4,915.00	7,495.20	10,292.05	19,088.10	76,608.05	32,730.60	87,160.38
Foreign Currency borrowings	696.50	-	2,080.35	-	3,468.40	4,971.67	9,235.95	8,373.99
As at 31.03.2018								
Rupee Borrowings	1,275.80	2,805.00	7,345.70	12,457.70	13,056.65	69,867.71	37,178.05	67,628.47
Foreign Currency borrowings	4.67	-	5.93	-	2,348.39	5,174.02	8,024.53	2,702.55
As at 01.04.2017								
Rupee Borrowings	5,890.79	3,820.00	1,036.40	7,101.00	9,131.58	58,350.85	48,153.21	60,930.73
Foreign Currency borrowings	4.64	-	5.08	1,167.30	9.73	1,660.15	4,645.72	951.26

Maturity Analysis of Derivative financial liabilities:

(₹ in crore)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Forward			
Upto 1 year	97.02	0.04	0.00
1 - 5 years	148.70	198.04	68.41
Sub Total (A)	**245.72**	**198.08**	**68.41**
Option/ swaps			
Upto 1 year	27.31	59.67	85.86
1 - 5 years	388.85	225.98	198.75
More than 5 years	3.11	74.70	69.85
Sub Total (B)	**419.27**	**360.35**	**354.46**
Total (A+B)	**664.99**	**558.43**	**422.87**

The table above details the Company's liquidity analysis for its derivative financial liabilities based on MTMs received from counterparties. Maturity buckets are as per the remaining tenor of the respective derivative instrument.

The Company has access to cash credit, overdraft, line of credits and working capital demand loans from banks to meet unanticipated liquidity need. Further, the Company has the highest Domestic Credit Rating of AAA, thereby enabling it to mobilize funds from the domestic market within a short span of time.

The Company has access to the following undrawn borrowing facilities:

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
CC/ OD/ LoC / WCDL limits	6,950.00	13,200.00	11,060.00

In respect of its subsidiary, RECL

RECL manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis.

RECL maintains adequate bank balances, short term investments that are readily convertible into cash and adequate borrowing and overdraft facilities by continuously monitoring the forecast and actual cash flows.

Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial assets and liabilities (representing future undiscounted cash flows towards principal and interest) are as under:

(₹ in crore)

As at 31.03.2019	Upto 30/31 Days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years
Rupee Borrowings								
Debt Securities								
- Principal	3,256.39	525.21	2,294.33	9,272.90	20,218.27	65,194.54	25,107.93	49,187.62
- Interest	484.75	912.75	1,840.88	2,754.00	6,877.86	19,633.29	11,001.43	13,288.00
Other Borrowings								
- Principal	-	350.00	500.00	850.00	200.01	4,257.52	13,405.02	5,187.59
- Interest	133.77	129.71	355.81	388.00	975.00	3,673.00	2,176.00	2,055.00
Subordinated Liabilities								
- Principal	-	-	-	-	-	-	2,500.00	2,151.20
- Interest	-	201.50	-	-	189.26	782.00	782.00	945.00
Foreign Currency Borrowings								
Debt Securities								
- Principal	-	-	-	-	-	2,766.85	4,841.99	5,187.85
- Interest	-	126.06	42.33	108.00	279.00	1,052.00	1,281.00	807.00
Other Borrowings								
- Principal	-	1,729.28	71.11	1,058.63	2,444.00	10,423.28	6,234.49	-
- Interest	43.40	54.77	42.07	229.00	290.00	734.00	278.00	-
Derivative Liabilities :								
Interest rate swaps	-	-	-	0.59	6.26	10.19	110.01	3.11
Currency swaps	-	-	-	-	-	0.40	-	-
Forward Contracts	10.27	-	-	-	-	-	-	-
Others -								
Seagull Option	-	-	-	0.37	18.20	-	-	-

(₹ in crore)

As at 31.03.2018	Upto 30/31 Days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years
Rupee Borrowings								
Debt Securities								
- Principal	312.36	427.89	940.89	9,610.60	16,323.17	61,056.11	32,653.85	44,689.59
- Interest	415.74	777.17	1,636.05	2,475.00	7,218.16	19,907.58	11,268.40	12,649.00
Other Borrowings								
- Principal	-	-	-	-	200.00	200.00	-	-
- Interest	-	-	-	-	29.00	15.00	-	-
Subordinated Liabilities								
- Principal	-	-	-	-	-	-	-	2,500.00
- Interest	-	201.50	-	-	-	403.00	403.00	201.00
Foreign Currency Borrowings								
Debt Securities								
- Principal	-	-	-	-	-	2,601.76	-	4,878.30
- Interest	-	-	39.80	102.00	142.00	568.00	407.00	962.00
Other Borrowings								
- Principal	-	-	103.49	1,698.16	8,225.52	8,508.57	3,663.49	127.44
- Interest	33.87	42.91	63.03	151.00	270.00	541.00	101.00	2.00
Derivative Liabilities :	-	-	-					
Interest rate swaps	-	-	-	2.18	9.70	0.11	-	73.08
Currency swaps	-	-	-	5.35	3.08	63.07	-	-
Forward Contracts	-	-	-	-	-	-	-	-
Others -	-	-	-	-	-	-	-	-
Call Spread	-	-	-	1.37	37.98	43.05	78.77	-
Seagull Option	-	-	-	-	-	-	-	-

(₹ in crore)

As at 01.04.2017	Upto 30/31 Days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years
Rupee Borrowings								
Debt Securities								
- Principal	402.64	365.98	326.16	9,853.96	5,278.77	46,206.46	33,434.77	47,247.66
- Interest	399.38	752.39	1,383.18	2,760.00	6,195.15	19,114.43	12,396.19	15,291.00
Other Borrowings								
- Principal	-	-	-	-	350.00	400.00	-	-
- Interest	-	-	-	-	53.46	45.00	-	-
Subordinated Liabilities								
- Principal	-	-	-	-	-	-	-	2,500.00
- Interest	-	201.50	-	-	-	403.00	403.00	403.00
Foreign Currency Borrowings								
Debt Securities								
- Principal	1,102.92	-	88.89	101.98	156.76	13,135.37	6,290.56	204.19
- Interest	13.21	33.35	45.40	136.00	196.00	579.00	129.00	5.00
Derivative Liabilities :								
Interest rate swaps	-	-	-	-	-	0.82	-	64.40
Currency swaps	79.25	-	2.11	4.51	-	29.66	42.22	5.45
Forward Contracts	-	-	-	-	-	-	-	-
Others -	-	-	-	-	-	-	-	-
Call Spread	-	-	-	-	-	55.46	70.59	-

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.

Significant cash flows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

(₹ in crore)

Particulars	Upto 30/31 Days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years
As at 31.03.2019								
- Principal	1,654.88	1,316.82	3,073.31	7,365.12	13,781.11	55,904.77	50,995.33	1,35,620.42
- Interest	866.67	684.94	5,324.18	6,853.48	12,557.11	43,097.02	31,940.32	53,720.12
As at 31.03.2018								
- Principal	1,230.83	1,492.35	3,293.35	8,191.72	12,150.11	48,496.92	41,862.39	1,11,456.20
- Interest	531.59	532.53	4,795.14	6,201.87	10,813.02	37,162.38	27,418.33	53,753.31
As at 01.04.2017								
- Principal	1,001.24	893.61	2,277.07	5,717.85	9,745.28	38,401.16	35,944.37	98,986.89
- Interest	329.97	372.01	4,903.23	6,344.17	10,568.49	37,093.49	28,347.84	48,660.08

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Expiring within one year (cash credit and other facilities)			
- Floating Rate	11,440.00	10,340.00	5,710.00
Expiring beyond one year (loans/ borrowings)			
- Floating Rate	1,577.11	-	-

In respect of PFCCL,

The approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2019 and March 31, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits while ensuring sufficient liquidity to meet its liabilities.

40.2.3 Market Risk Management

A. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument, denominated in currency other than functional currency, will fluctuate because of changes in foreign exchange rates.

The Company and its subsidiary, RECL is exposed to foreign currency risk mainly on its borrowings denominated in foreign currency. The carrying amount of the foreign currency denominated borrowings of these companies is as follows:

Description	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Crore in respective currency	₹ in Crore	Crore in respective currency	₹ in Crore	Crore in respective currency	₹ in Crore
USD Loans*	844.20	58,388.34	679.30	44,215.31	377.98	24,508.95
- Hedged	577.00	39,907.94	411.00	26,751.84	281.00	18,219.96
- Unhedged	267.20	18,480.40	268.30	17,463.47	96.98	6,288.99
Euro Loans	8.62	669.04	11.32	913.33	14.04	972.23
- Hedged	4.80	373.00	7.37	594.02	9.94	687.97
- Unhedged	3.82	296.04	3.96	219.31	4.11	284.26
JPY Loans#	7,250.77	4,527.02	4,776.82	2,938.12	6,972.75	4,043.26
- Hedged	2,059.05	1,286.33	221.44	136.27	2398.52	1,390.18
- Unhedged	5,191.71	3,240.69	4,555.38	2,801.85	4,574.24	2,653.08
Total		**63,790.71**		**48,066.76**		**29,524.44**

*An amount of USD 25 Crore (₹ 1,728.88 crore) maturing in September 2023 and hedged through Principal only Swap (PoS) at an average rate of 4.12% has been designated as Cash-flow Hedge by the Company in FY 2018-19 (previous year Nil). The fair value of PoS as at 31.03.2019 is ₹ 100.01 crore. The Company has started applying Hedge Accounting as per Ind AS 109 w.e.f FY 2018-19.

#includes JPY loan of the Company partly hedged through forwards covering USD/ INR exposure for ₹ 587.82 crore as at 31.03.2019 (as at 31.03.2018 ₹ 293.29 crore and as at 01.04.2017 ₹ 291.83 crore).

The foreign currency monetary items of the Company are translated at FEDAI spot rate prevailing at the year-end as below:

Exchange Rates	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
USD / INR	69.1550	65.1750	64.8500
Euro / INR	77.6725	80.8075	69.2925
JPY / INR	0.624175	0.615050	0.580025

In case of the subsidiary, RECL, the foreign currency monetary items are translated at FBIL (Financial Benchmark India Private Ltd) reference rates prevailing at the end of each reporting period or where the FBIL reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The respective rates as on the reporting date are as below:

Exchange Rates	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
USD / INR	69.1713	65.0441	64.8386
Euro / INR	77.7024	80.6222	69.2476
JPY / INR	0.6252	0.6154	0.5796

* Prior to introduction of FBIL reference rates, RBI reference rates were being used. RBI has handed over the responsibility of computing and disseminating reference rate for USD/INR and exchange rate of other major currencies to FBIL with effect from 10.07.2018.

Foreign currency risk monitoring and management

In respect of PFC

The Company has put in place a Board approved policy to manage and hedge risks associated with foreign currency borrowings which prescribes the structure and organization for management of associated risks.

The Company enters into various derivative transactions viz. principal only swaps, options and forward contracts for hedging the exchange rate risk. As per CRM policy, a system for reporting and monitoring of risks is in place wherein Risk Management Committee (RMC), consisting of senior executives of the Company, monitors the foreign currency exchange rate. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. The policy lays down the appropriate systems and controls to identify, measure and monitors, the currency risk for reporting to the Management. Parameters like hedging ratio, un-hedged exposure, mark-to market position, exposure limit with banks etc. are continuously monitored as a part of currency risk management.

In respect of the subsidiary, RECL

RECL has a board-approved Risk Management Policy which inter-alia aims to manage risks associated with foreign currency borrowings. Parameters like hedge ratio, un-hedged exposure, mark-to market position, exposure limit with banks etc. are monitored as a part of foreign exchange risk and interest rate risk management. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk and interest risk that it is exposed to on account of foreign currency loan, including debt securities. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk and interest rate risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors foreign currency risk with exchange rate and interest rate managed through various derivative instruments. The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Foreign Cuncy Sensitivity Analysis

The below table presents the impact on total equity (+ Gain / (-) Loss) for 5% change in foreign currency exchange rate against INR on outstanding foreign currency borrowings of the Company and its subsidiary, RECL:

(₹ in crore)

Foreign Currency Liabilities	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Decrease	Increase	Decrease	Increase	Decrease	Increase
	on account of change in foreign exchange rate					
USD	1,577.43	(1,577.43)	1,141.34	(1,141.34)	365.41	(365.41)
Euro	6.19	(6.19)	15.97	(15.97)	14.21	(14.21)
JPY	192.22	(192.22)	140.09	(140.09)	132.65	(132.65)

To the extent the foreign currency borrowings are hedged by a derivative instrument, the impact of change in exchange rate will be offset by corresponding impact of derivatives over its tenure.

B. Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates.

In respect of PFC

Interest rate risk is managed with the objective to control market risk exposure while optimizing the return. The impact may be beneficial or adverse depending on the direction of change in interest rates and whether assets or liabilities re-price faster.

The Asset Liability Committee (ALCO) tracks the interest rate risk through the gap analysis i.e. by analysing the mis-matches between Rate Sensitive Assets and Rate Sensitive Liabilities. For gap analysis, the interest rate sensitivity statement prescribed by RBI is used, wherein the gap is measured between the Rate Sensitive Assets and Rate Sensitive Liabilities which are distributed based on the maturity date or the re-pricing date whichever is earlier.

Further, for managing the interest rate risk, the Company reviews its interest rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, etc. The asset mix is managed by the Company through its interest rate & credit policies which inter-alia covers aspects like reset periods; repayment periods etc. The liabilities are managed keeping in view factors like cost, market appetite, timing; market scenario, ALM gap position etc.

Interest Rate Sensitivity Analysis

As per RBI Guidelines, Earning at Risk (EaR) is an important focal point for interest risk management. For Interest Rate Sensitivity analysis, the impact of movement of interest rates has been measured on the Earning at Risk derived from the gap statements. The impact has been worked out considering 25 basis upward/downward shock to interest rates over a one-year period, assuming a constant balance sheet. The analysis shows that if rates are increased/decreased by 25 bps, the impact on EaR will be (+/-) ₹ 70 crore

Note: A 25 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

The analysis assumes that the Rate Sensitive Assets and Rate Sensitive Liabilities are being re-priced at the same time. Further, the analysis considers the earliest/first re-pricing date of the Rate Sensitive Assets and Rate Sensitive Liabilities.

In respect of the subsidiary, RECL

RECL manages interest rate risk by entering into various derivative contracts like use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The table below shows the overall exposure of the Company to interest rate risk on the floating rate liabilities, along with the bifurcation under hedged/ un-hedged category as at 31st March 2019 is as under:

(₹ in crore)

Currency	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Floating Interest Rate Exposure	Hedged through FVTPL Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through FVTPL Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through FVTPL Derivatives	Unhedged Exposure
INR Borrowings	19,550.00	-	19,550.00	-	-	-	-	-	-
USD $	298.00	200.50	97.50	327.09	233.50	93.59	288.50	208.50	80.00
INR Equivalent	**20,613.05**	**13,868.85**	**6,744.20**	**21,275.07**	**15,187.80**	**6,087.27**	**18,765.22**	**13,561.69**	**5,203.53**
JPY ¥	1,032.71	1,032.71	-	-	-	-	1,902.90	-	1,902.90
INR Equivalent	**645.65**	**645.65**	**-**	**-**	**-**	**-**	**1,102.92**	**-**	**1,102.92**
Total INR Equivalent	**40,808.70**	**14,514.50**	**26,294.20**	**21,275.07**	**15,187.80**	**6,087.27**	**19,868.14**	**13,561.69**	**6,306.45**

RECL's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 3/10 year reset option with the borrower. The Company reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, the Company charges pre-payment premium from borrowers in case of pre- payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Company is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in crore)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Rupee Loans	2,79,021.68	2,33,801.39	1,98,339.83

Sensitivity Analysis

The table below represents the impact on P&L (Gain / (Loss)) for 50 basis points increase or decrease in interest rate on Company's floating rate assets and liabilities on the unhedged exposures:

(₹ in crore)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Floating Rate Loan Liabilities	(85.53)	85.53	(19.80)	19.80	(20.62)	20.62
Floating/ semi-fixed Rate Loan Assets	907.60	(907.60)	760.51	(760.51)	648.49	(648.49)

*Holding other variable constant

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

C. Price risk

In respect of the subsidiary, RECL

The Company is exposed to equity price risks arising from investments in quoted equity shares and venture capital funds. The Company's equity investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The table below represents the impact on OCI (Gain / (Loss) for 5% increase or decrease in the respective prices on Company's equity investments, outside the Group:

(₹ in crore)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on Other Comprehensive Income (OCI)	32.35	(32.35)	35.93	(35.93)	35.40	(35.40)

40.3 Hedge Accounting

In respect of PFC, derivatives are measured at FVTPL unless designated under Hedge Accounting relationship. The Company has designated certain derivative contracts (Principal Only Swap and Interest Rate Swap) under cash flow hedge.

Hedge Effectiveness

By critical terms matching method (where principal terms of the hedging instrument and the hedged item are same), the Company ensures that the hedges are highly effective i.e. hedge ratio is nearly 100% and the same is re-assessed at each reporting date.

Reconciliation of Cash flow Hedge Reserve

(₹ in crore)

Sl. No.	Particulars*	FY 2018-19	
		POS	IRS
1	Cash flow hedge reserve at the beginning	-	-
2	Hedging Gains / losses recognised in OCI	(98.97)	(64.73)
3	Hedge ineffectiveness recognised in P&L	-	-
4	Amount reclassified from OCI to P&L#	(86.63)	0.02
5	Cash flow hedge reserve at the end	(12.33)	(64.75)

*PFC has started applying Hedge Accounting as per Ind AS 109 w.e.f FY 2018-19.

reflected in the line item named 'Net Translation / Transaction exchange Gain / Loss'

40.4 Fair Value Measurements

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

(₹ in crore)

Sr. No.	Financial asset/ Financial Liability	Fair Value as at			Fair value hierarchy	Valuation technique(s) & Key input(s)
		31.03.2019	31.03.2018	01.04.2017		
1	Listed Equity Instruments	1,664.04	1,943.29	1,962.63	Level 1	Quoted market price
2	Unlisted Equity Instruments of Borrower Companies in books of the Company	0.00	0.00	193.05#	Level 3	The Company acquired these investments by invoking pledge on non-payment of dues by the borrower companies. Presently, these borrowers are credit-impaired. In absence of any visibility of recovering an amount against these investments, they have been valued at one rupee by the Company. #As at 01.04.2017, one of the borrowers was classified under Stage I and fair valuation of equity instrument was obtained from valuer.
3	Unlisted Equity Instruments of Borrower Companies in books of RECL	0.00	0.00	109.25	Level 3	RECL has made investment in unquoted equity instruments of Universal Commodity Exchange Ltd. (UCX) and Lanco Teesta Hydro Power Pvt. Ltd. are classified as Level 3 and have been carried at Nil value by the Company due to the

Sr. No.	Financial asset/ Financial Liability	Fair Value as at			Fair value hierarchy	Valuation technique(s) & Key input(s)
		31.03.2019	31.03.2018	01.04.2017		
						company specific reasons. UCX was shut down in 2014, thereby, ceasing to exist as a going concern. Further, the Company had acquired investment in Lanco Teesta Hydro Power Pvt. Ltd., on conversion of its credit-impaired loan. Since the Company has already recognised lifetime Expected Credit Loss on the loan, the equity value is considered to be Nil.
4	Units of Small Is Beautiful Fund of KSK	12.36	12.52	12.60	Level 2	Net asset value (NAV) specified by the SIB fund.
5	Investment in bonds	2,366.71	2,310.46	3,328.52	Level 3	The Group has made investment in bonds instruments. These bonds are listed on NSE/BSE. In absence of any trading activity in these bonds, quoted price for such bonds is not ascertainable. In absence of market interest rate for similar kind of bonds, the Group has considered the coupon rate as the present market rate and accordingly computed the fair value using the discounted cash flow method. Any increase in the discount rate will result in decrease in fair value and vice-versa.
6	Derivative Asset	2,370.56	919.47	927.94	Level 2	In case of the Company, the fair value of these contracts is obtained from counter parties, who determine it using valuation models that use inputs which are observable for the contracts, such as interest rates and yield curves, implied volatilities etc. In case of subsidiary RECL, the fair value has been determined by an independent valuer using observable inputs including forward exchange rates, interest rates corresponding to the maturity of the contract, implied volatilities, etc.
	Derivative Liability	664.99	558.43	422.87		

40.4.1 There were no transfers between Level 1 and Level 2 in the period.

40.4.2 Reconciliation of Financial Instruments fair valued through Level 3 inputs:

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities of the group measured at fair value:

(₹ in crore)

Particulars	Unlisted Equity investments of Borrower Companies	Investment in Bond Instruments
FY 2017-18		
Opening Balance	**302.30**	**3,328.52**
Net interest income	-	365.10
Settlement	-	(1,383.16)
Net loss recognised in OCI/ transfer from level 3	(302.30)	-
Closing Balance	**-**	**2,310.46**
Unrealised gains on balances held at the end of period	**-**	**10.46**
FY 2018-19		
Opening Balance	**-**	**2,310.46**
Net interest income	-	255.85
Settlement	-	(199.60)
Closing Balance	**-**	**2,366.71**
Unrealised gains on balances held at the end of period	**-**	**66.71**

40.4.3 Fair Value of financial assets/ liabilities measured at amortised cost:

(₹ in crore)

Asset/Liability	Fair Value hierarchy	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Loans	3	5,73,965.92	5,71,316.29	4,94,889.25	4,94,759.59	4,29,022.52	4,33,911.09
Other financial assets	2	23,801.92	23,809.59	9,680.10	9,684.92	5,489.73	5,491.28
Debt Securities*	1 / 2	3,98,351.51	3,96,343.93	3,85,879.85	3,89,999.24	3,43,094.96	3,52,371.45
Borrowings other than debt securities	2	1,14,269.54	1,14,708.46	48,711.42	48,833.10	30,891.17	30,942.66
Subordinated Liabilities	2	14,128.76	14,155.14	6,560.36	6,716.11	6,560.21	6,811.89

*includes listed instruments with Level 1 fair value hierarchy.

The fair value of the above financial assets and liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties except for the cases where quoted market prices are available. However, in case of a subsidiary, RECL, fair values of loan assets are calculated using a portfolio-based approach, Grouping loans as far as possible into homogenous Groups based on similar characteristics. RECL then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

Foreign currency loans linked to LIBOR and multilateral agencies loans are valued at par as it is believed that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Foreign currency loans consist of MTN issuances which are valued at closing prices as per Reuters.

The carrying amounts of other financial assets and financial liabilities are considered to be a reasonable approximation of their fair values.

41 Related Party Disclosures

41.1 Name of Related Parties and description of relationships:

Asset/Liability			
1	Coastal Maharashtra Mega Power Limited	2	Sakhigopal Integrated Power Company Limited
3	Orissa Integrated Power Limited	4	Ghogarpalli Integrated Power Company Limited
5	Coastal Karnataka Power Limited	6	Tatiya Andhra Mega Power Limited
7	Coastal Tamil Nadu Power Limited	8	Deoghar Mega Power Limited
9	Chhattisgarh Surguja Power Limited	10	Cheyyur Infra Limited
11	Deoghar Infra Limited	12	Odisha Infrapower Limited
13	Bihar Infrapower Limited	14	Bihar Mega Power Limited
15	Tanda Transmission Company Limited (through PFCCL)	16	Jharkhand Infrapower Limited
17	Ballabhgarh-GN Transmission Company Limited (through PFCCL) (Under process of Striking off the name of Company from the records of Registrar of Companies.)	18	South-Central East Delhi Power Transmission Limited (through PFCCL) (Under process of Striking off the name of Company from the records of Registrar of Companies.)
19	Mohindergarh-Bhiwani Transmission Limited through PFCCL) (Under process of Striking off the name of Company from the records of Registrar of Companies.)	20	Bikaner-Khetri Transmission Limited (incorporated on 22.02.2019) (through PFCCL)
21	Shongtong Karcham-Wangtoo Transmission Limited (through PFCCL)	22	Bhuj-II Transmission Limited (incorporated on 25.02.2019)(through PFCCL)
23	Bijawar-Vidarbha Transmission Limited (through PFCCL)	24	Fatehgarh-II Transco Limited (incorporated on 26.02.2019)(through PFCCL)
25	Vapi II North Lakhimpur Transmission Limited (through PFCCL)	26	Lakadia-Vadodara Transmission Project Limited (incorporated on 15.03.2019) (through PFCCL)
27	WRSS XXI (A) Transco Limited (incorporated on 26.03.2019) (through RECL)	28	Dinchang Transmission Limited (through RECL)
29	Ghatampur Transmission Limited (through RECL) (Transferred to M/s Adani Transmission Limited (ATL) on 19.06.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, GhatampurTransmission Limited and ATL.)	30	Chandil Transmission Limited (through RECL)

31	Koderma Transmission Limited (through RECL)	32	Dumka Transmission Limited (through RECL)
33	Mandar Transmission Limited (through RECL)	34	Jawaharpur-Firozabad Transmission Limited (incorporated on 20.08.2018 and transferred to Power Grid Corporation of India Limited (PGCIL) on 21.12.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Jawaharpur Firozabad Transmission Limited and PGCIL)(through RECL)
35	Bhind-Guna Transmission Limited (incorporated on 18.09.2018) (through RECL)	36	Udupi Kasagode Transmission Limited (incorporated on 29.11.2018)(through RECL)
37	Jam Khambaliya Transco Limited (incorporated on 11.03.2019) (through RECL)	38	Khetri Transco Limited - (incorporated on 12.03.2019)(through RECL)
39	Ajmer Phagi Transco Limited (incorporated on 19.03.2019) (through RECL)	40	Lakadia Banaskantha Transco Limited - (incorporated on 19.03.2019)(through RECL)
Joint Venture:			
1	Energy Efficiency Services Limited	2	Creighton Energy Limited (through EESL)
3	EESL Energy Pro Assets Limited (through EESL)	4	Edina Acquisition Limited (through EESL)
5	Anesco Energy Services South Limited (through EESL)	6	Edina Limited (through EESL)
7	EPAL Holdings Limited (through EESL)	8	Edina Australia Pty Limited (through EESL)
9	Edina Power Services Limited (through EESL)	10	Stanbeck Limited (through EESL)
11	Edina UK Limited (through EESL)	12	Edina Power Limited (through EESL)
13	Armoura Holdings Limited (through EESL)	14	Edina Manufacturing Limited (through EESL)

Key Managerial Personnel (KMP):		**Designation**
In respect of the Company,		
1	Shri Rajeev Sharma	Chairman & Managing Director
2	Shri N. B. Gupta	Director (Finance)
3	Shri Chinmoy Gangopadhyay (superannuated on 30.04.2019)	Director (Projects)
4	Shri D. Ravi (upto 31.05.2018)	Director (Commercial)
5	Shri P.K. Singh (w.e.f. 10.08.2018)	Director (Commercial)
6	Shri Arun Kumar Verma	Govt. Nominee Director
7	Shri Sitaram Pareek	Part Time Non-Official Independent Director
8	Smt. Gouri Chaudhury	Part Time Non-Official Independent Director
9	Shri Manohar Balwani	Company Secretary
In respect of the subsidiary RECL,		
1	Dr. P.V. Ramesh (upto 05.03.2019)	Chairman & Managing Director
2	Shri Ajeet Kumar Agarwal	Chairman & Managing Director (w.e.f 6th March 2019) and Director (Finance)
3	Shri Sanjeev Kumar Gupta	Director (Technical)
4	Dr. Arun Kumar Verma	Govt. Nominee Director
5	Shri Aravamudan Krishna Kumar	Part Time Non-Official Independent Director
6	Smt. Asha Swarup	Part Time Non-Official Independent Director
7	Dr. Bhagvat Kishanrao (w.e.f. 17.07.2018)	Part Time Non-Official Independent Director
8	Prof. T.T. Ram Mohan	Part Time Non-Official Independent Director
9	Shri J.S. Amitabh	GM & Company Secretary

In respect of the subsidiary PFCCL,				
1	Sh. Rajeev Sharma (Since 01.10.2016)	Chairman		
2	Sh. D. Ravi (upto 31.05.2018)	Director		
3	Sh. C. Gangopadhyay (Since 25.01.2015)	Director		
4	Shri P.K. Singh (since 17.09.2018)	Director		
5	Shri N.B. Gupta (since 24.08.2017)	Director		
6	Shri Subir Mulchandani (upto09.10.2018)	Chief Executive Officer		
7	Shri Yogesh Juneja (since 10.10.2018)	Chief Executive Officer		
8	Shri Manish Kumar Agrawal	Company Secretary		
In respect of the subsidiary PECAP,				
1	Shri Chinmoy Gangopadhyay (superannuated on 30.04.2019)	Director		
2	Shri Alok Sud	Director		
3	Shri Gaurisankar Patra	Director		
Trusts / Funds under control of the Company				
1	PFC Employees Provident Fund Trust		2	PFC Employees Gratuity Trust
3	PFC Defined Contribution Pension Scheme 2007		4	PFC Ltd. Superannuation Medical Fund
Trusts / Funds/ society of RECL				
1	REC Retired Employees' Medical Trust		2	REC Employees' Superannuation Trust
3	REC Gratuity Fund		4	REC Limited Contributory Provident Fund Trust
5	REC Foundation			

41.2 Transactions with the Related Parties are as follows:

Inter Group related party transactions and outstanding balances with subsidiaries companies are eliminated in the preparation of Consolidated Financial Statement of the Group. Hence the same has not been disclosed in Group related party transactions.

(₹ in crore)

Particulars	During FY 2018-19	During FY 2017-18
Joint Venture		
Equity investment in EESL	99.00	-
Dividend received from EESL	4.01	12.92
Others	0.24	4.24
Associates		
Advances to associates	3.71	42.21
Interest income on advances to associates	26.68	17.87
Advances received from Associates	30.62	7.12
Interest expenses on advances from associates	6.14	5.93
Others	10.31	26.32
Trusts / Funds/ Foundations of the Group		
Contributions made during the year	107.61	18.89
Subscription of bonds of the Group	30.50	-
Finance Cost - Interest paid	0.27	0.27
CSR Expenses	98.83	-
Key managerial personnel		
Short term employee benefits	7.74	4.57
Post-employment benefits	0.67	0.46
Other long term benefits	0.24	0.61
Repayment/ Recovery of loans and advances	(0.09)	(0.02)
Directors' Sitting Fees	0.36	0.24
Others	0.02	0.01

41.3 Outstanding balances with Related Parties are as follows:

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Amount recoverable towards loans & advances (including interest)			
Associates	209.07	179.93	120.34
Key managerial personnel	0.98	1.08	1.03
Joint Venture	0.23	-	-
Amount payable towards loans & advances (including interest)			
Associates	188.20	157.19	160.73
Others			
Key managerial personnel	1.23	0.38	0.39
Post-employment benefit plans	39.35	6.44	17.23

41.4 Disclosure in respect of entities under the control of the same government (Government related entities)

The Company is a Central Public Sector Undertaking (CPSU) controlled by Central Government. List of Government related entities with which the Group has done transactions:

Coal India Ltd	Raichur Power Corporation Ltd
NHPC Ltd	Aravali Power Company Pvt. Ltd
Damodar Valley Corporation	Konkan LNG Pvt Ltd
Bhartiya Rail Bijlee Company Ltd	Bhilai Electric Supply Company Ltd
Tehri Hydro Development Corporation	Bihar Grid Company Ltd
Neyveli UP Power Ltd.	Neyveli Uttar Pradesh Power Ltd
Meja Urja Nigam Pvt Ltd	THDC India Ltd
Bihar Grid Company Ltd	Singareni Collieries Company Ltd
MSTC Limited	NTPC Tamil Nadu Energy Company Ltd
NTPC Vidyut Vyapar Nigam Ltd	Patratu Vidut Utpadan Nigam Ltd

Aggregate transactions with government related entities:

(₹ in crore)

Particulars	During FY 2018-19	During FY 2017-18
Dividend received	42.94	54.83
Disbursement of loans	8,011.46	11,924.28

The Group has also received interest of ₹ 6,217.62 crore (previous year ₹ 5,940.60 crore) and repayments of principal on the loans to government related entities.

The above transactions with the government related entities cover transactions that are significant individually and collectively. The Company has also entered into other transactions such as telephone expenses, air travel and deposits etc. with other CPSUs. They are insignificant individually & collectively and hence not disclosed. All transactions are carried out on market terms.

41.5 Terms and conditions of transactions with related parties

(i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions

(ii) The remuneration and the staff loans to Key Managerial Personnel are in line with the service rules of the respective companies.

(iii) The Company makes advances to its associate companies which are incorporated as SPVs to meet the preliminary expenditure. Such advances carry interest rates at the rate applicable to Term Loans as per the Company's policy.

(iv) Outstanding balances of associate companies at the year-end are unsecured.

42 Employee Benefits

42.1 Defined contribution plans:

a) Pension

The Companies in the Group contributes to National Pension Scheme (NPS) for its pension obligation towards employees which invests the funds in the permitted securities.

b) Provident Fund

The Companies in the Group pays fixed contribution on account of provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The trust has to ensure a minimum rate of return to the members, as specified by GoI. However, any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

The Group has recognised an expense of ₹ 25.69 Crore (Previous year ₹ 23.36 Crore) towards defined contribution plans.

42.2 Defined benefit plans:

a) Gratuity

The Companies in the Group have a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crore on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability for the same is recognised on the basis of actuarial valuation.

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Present value of Defined benefit obligation	68.91	78.16	73.57
Fair Value of Plan Assets	69.90	72.73	57.43
Net Defined Benefit (Asset)/ Liability	(0.99)	5.43	16.14

Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Opening Balance	**78.16**	**73.57**	**72.73**	**57.43**	**5.43**	**16.14**
Included in profit or loss						
Current service Cost	4.41	3.73	-	-	4.41	3.73
Past service cost	-	10.87	-	-	-	10.87
Interest cost / income	6.03	5.54	5.60	4.60	0.43	0.94
Total amount recognised in profit or loss	**10.44**	**20.14**	**5.60**	**4.60**	**4.84**	**15.54**
Included in OCI						
Re-measurement loss/ (gain)						
Actuarial loss (gain) arising from changes in financial assumptions	(0.25)	(0.49)	-	-	(0.25)	(0.49)
Actuarial loss (gain) arising from experience adjustment	(3.50)	(9.66)	-	-	(3.50)	(9.66)
Effect of change in demographic assumptions	(2.70)	(0.77)	-	-	(2.70)	(0.77)
Return on plan assets excluding interest income	-	-	0.42	0.27	(0.42)	(0.27)
Total amount recognised in OCI	**(6.45)**	**(10.92)**	**0.42**	**0.27**	**(6.87)**	**(11.19)**
Contribution by participants	-	-	2.84	13.63	(2.84)	(13.63)
Contribution by employer	-	-	1.55	1.43	(1.55)	(1.43)
Benefits paid	(13.24)	(4.63)	(13.24)	(4.63)	-	-
Closing Balance	**68.91**	**78.16**	**69.90**	**72.73**	**(0.99)**	**5.43**

b) Post-Retirement Medical Scheme (PRMS)

The Companies in the Group have Post-Retirement Medical Scheme (PRMS) to provide medical facilities to superannuated employees and their dependent family members. This scheme is managed by separate trusts for the Companies and the liability for PRMS is recognised on the basis of actuarial valuation.

The trust has to ensure adequate corpus for meeting the medical expenditure incurred by the retired employees of the Company. However, any short fall has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Defined benefit obligation	164.91	133.00	118.97
Fair Value of Plan Assets	126.50	22.20	18.15
Net Defined Benefit (Asset)/ Liability	38.41	110.80	100.82

Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Opening Balance	**133.00**	**118.97**	**22.20**	**18.15**	**110.80**	**100.82**
Included in profit or loss						
Current service Cost	3.40	2.98	-	-	3.40	2.98
Interest cost / income	10.18	8.92	3.00	1.45	7.18	7.47
Total amount recognised in profit or loss	**13.58**	**11.90**	**3.00**	**1.45**	**10.58**	**10.45**
Included in OCI						
Re-measurement loss/ (gain)						
Actuarial loss (gain) arising from changes in financial assumptions	(5.87)	3.95	-	-	(5.87)	3.95
Actuarial loss (gain) arising from Experience adjustment	33.83	8.53	-	-	33.83	8.53
Effect of change in demographic assumptions	1.64	(0.33)	-	-	1.64	(0.33)
Return on plan assets excluding interest income	-	-	0.09	0.24	(0.09)	(0.24)
Total amount recognised in OCI	**29.60**	**12.15**	**0.09**	**0.24**	**29.51**	**11.91**
Contribution by participants	-	-	96.78	0.03	(96.78)	(0.03)
Contribution by employer	-	-	6.53	4.04	(6.53)	(4.04)
Benefits paid	(11.27)	(10.02)	(2.10)	(1.71)	(9.17)	(8.31)
Closing Balance	**164.91**	**133.00**	**126.50**	**22.20**	**38.41**	**110.80**

c) Economic Rehabilitation Scheme

The Companies in the Group have an Economic Rehabilitation Scheme (ERS) to provide monetary benefit in case of permanent disability/ death of an employee. This scheme is unfunded and the liability is determined based on actuarial valuation.

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Present value of Defined benefit obligation	5.38	5.01	5.08

Movement in defined benefit (asset)/ liability

(₹ in crore)

Particulars	Defined Benefit Obligation for the year ended	
	31.03.2019	31.03.2018
Opening Balance	**5.01**	**5.08**
Included in profit or loss		
Current service Cost	0.52	0.53
Past service cost	-	-
Interest cost / income	0.39	0.40
Total amount recognised in profit or loss	**0.91**	**0.93**
Included in OCI		
Actuarial loss (gain) arising from changes in financial assumptions	(0.02)	(0.04)
Actuarial loss (gain) arising from Experience adjustment	0.37	(0.01)
Effect of change in demographic assumptions	-	(0.05)
Return on plan assets excluding interest income	-	-
Total amount recognised in OCI	**0.35**	**(0.10)**
Contribution by participants	-	-
Contribution by employers	-	-
Benefits paid	(0.89)	(0.90)
Closing Balance	**5.38**	**5.01**

d) Risk exposure

Through its defined benefit plans, the Companies in the Group are exposed to a number of risks, the most significant of which are detailed below:

i. Asset volatility

Most of the plan asset investments are in government securities, other fixed income securities with high grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market & macro-economic factors.

ii. Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period. A decrease in discount rate will increase present values of plan liabilities, although this will be partially offset by an increase in the value of the plans' investments.

iii. Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

iv. Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

e) **Plan Assets**

The value of plan assets at the end of reporting period for each category, are as follows:

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cash & Cash Equivalents	1.67	0.99	0.94
State/ Central Government Debt Securities	28.67	24.22	20.93
Corporate Bonds/ Debentures	119.95	19.12	16.68
Others	44.94	49.58	36.19
Total	**195.23**	**93.91**	**74.74**

- As at 31.03.2019, an amount of ₹ 4.80 crore (as at 31.03.2018 ₹ 3.60 crore and as at 01.04.2017 ₹ 3.60 crore) is included in the value of plan assets (in respect of the Group's own financial instruments (corporate bonds)).
- Actual return on plan assets is ₹ 9.02 crore (previous year ₹ 6.51 crore).

f) **Significant Actuarial Assumptions**

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31.03.2019 by TransValue Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for actuarial valuation in case of the Company are:-

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Discount Rate	7.81%	7.87%	7.50%
Salary Escalation Rate	6.00%	6.00%	6.00%
Mortality Rate	As per IALM (2012-14) Ultimate	As per IALM (2006-08) Ultimate	As per IALM (2006-08) Ultimate

The principal assumptions used for actuarial valuation in case of the subsidiary, RECL are:-

Particulars	Gratuity		PRMS		ERS	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Method used				PUCM		
Discount Rate & expected return on plan assets	7.71%	7.60%	7.71%	7.60%	7.71%	7.60%
Future Salary Escalation/ medical inflation	6.00%	6.50%	6.00%	6.50%	6.00%	6.50%
Expected average remaining working lives of employees (years)	13.12	12.82	13.12	12.82	13.12	12.82

g) **Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

For the Company

(₹ in crore)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)						
- Gratuity	(0.99)	1.05	(0.92)	0.98	(0.82)	0.92
- PRMS	(2.67)	3.00	(2.11)	2.38	(1.66)	1.86
- ERS	(0.06)	0.07	(0.06)	0.07	(0.06)	0.07
Salary Escalation Rate (0.50% movement)						
- Gratuity	0.25	(0.20)	0.21	(0.15)	0.16	(0.14)
- PRMS	2.87	(2.64)	2.27	(2.09)	1.78	(1.64)
- ERS	0.06	(0.05)	0.06	(0.05)	0.06	(0.05)

For the subsidiary, RECL

(₹ in crore)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)						
- Gratuity	(0.89)	1.10	(1.12)	1.19	(1.16)	1.23
- PRMS	(0.77)	0.84	(0.43)	0.46	(4.83)	5.07
- ERS	(0.13)	0.15	(0.12)	0.13	(0.12)	0.14
Salary Escalation Rate (0.50% movement)						
- Gratuity	0.15	(0.12)	0.46	(0.50)	0.62	(0.69)
- PRMS	-	-	-	-	-	-
- ERS	0.14	(0.12)	0.12	(0.11)	0.13	(0.11)
Medical Inflation Rate (0.50% movement)						
- PRMS	6.31	(5.92)	-	-	-	-
Medical Cost (0.50% movement)						
- PRMS	12.98	(12.98)	-	-	-	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Group actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Group to manage its risks from prior periods.

h) Expected maturity analysis of the defined benefit plans in future years

(₹ in crore)

	Up to 1 year	1 to 5 years	Over 5 years	Total
As at 31.03.2019				
Gratuity	13.61	31.09	57.13	101.83
PRMS	11.12	59.41	112.27	182.80
ERS	1.01	2.94	3.34	7.29
Total	**25.74**	**93.44**	**172.74**	**291.92**
As at 31.03.2018				
Gratuity	13.80	38.75	56.52	109.07
PRMS	6.62	33.98	108.67	149.27
ERS	0.19	2.51	4.07	6.77
Total	**20.61**	**75.24**	**169.26**	**265.11**
As at 01.04.2017				
Gratuity	8.81	32.17	41.59	82.57
PRMS	5.60	29.85	95.40	130.85
ERS	0.16	2.39	3.48	6.03
Total	**14.57**	**64.41**	**140.47**	**219.45**

The table above is drawn on the basis of expected cash flows.

i) Expected contributions to post-employment benefit plans for the year ending 31.03.2020 are ₹ 47.40 crore.

j) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.98 years (as at 31.03.2018: 18.36 years, as at 01.04.2017: 19.01 years) for the Company and 12.76 years (as at 31.03.2018: 12.82 years, as at 01.04.2017: 13.08 years) for the subsidiary RECL.

42.3 Other long term employee benefits

a) Leave

The companies in the Group provide for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrue on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. On separation after 10 years of service or on superannuation, earned leaves plus half pay leaves together can be en-cashed subject to a maximum of 300 days. However, there is no restriction on the number of years of service for encashment of earned leave on separation from the service. In case of RECPCDL, the employees are entitled for leave encashment after completion of one year of service only and amount is paid in full at the time of separation. Provision based on actuarial valuation amounting to ₹ 17.54 crore (previous year ₹ 18.11 crore) for the year has been made at the year end and debited to the consolidated statement of profit and loss.

b) Other employee benefits

Provision for settlement allowance and long service awards amounting to ₹ 3.50 crore for the year (previous year ₹ 0.46 crore) has been made on the basis of actuarial valuation and debited to the consolidated statement of profit and loss.

42.4 Employee benefits (viz. Gratuity, PRMS, Terminal Benefits, Leave encashment and other employee benefits) in respect of Company's employees working in its wholly-owned subsidiaries on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

43 Disclosure as per Ind AS 12 "Income Taxes"

43.1 Income tax recognised in Consolidated Statement of Profit and Loss:

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18
Current Tax expense in relation to:		
Current Year	4,182.75	4,656.89
Adjustment of earlier years	(12.75)	9.94
Total Current Tax Expense	**4,170.00**	**4,666.83**
Deferred Tax Expense	**1,051.76**	**(1,684.08)**
Total Income Tax Expense	**5,221.76**	**2,982.75**

43.2 Reconciliation of tax expense and accounting profit

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18
Profit before Tax	**17862.03**	**11,779.44**
Tax using the Company's domestic tax rate of 34.944% (34.608 % for FY 2017-18)	**6,241.71**	**4,076.63**
Tax effect of:		
Non-deductible tax expenses	62.84	61.53
Tax exempt income	(66.94)	(61.06)
Deduction u/s 36(1)(viii)	(1,013.90)	(1,094.47)
Others	13.12	(7.76)
Previous year tax liability	(12.75)	33.84
Change in tax rate	(2.32)	(25.96)
Total tax expenses in the consolidated Statement of Profit and Loss	**5,221.76**	**2,982.75**

43.3 Applicable tax rate has increased from 34.608% to 34.944% in the current financial year due to increase in Education Cess rate from 3% to 4%.

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

(₹ in crore)

Particulars	As at 31.03.2019	Expiry date	As at 31.03.2018	Expiry date
Deductible temporary differences / unused tax losses / unused tax credits for which no deferred tax asset has been recognised	1.25 2.54	31.03.2024 31.03.2025	1.25 2.54	31.03.2024 31.03.2025

43.5 The Company and its subsidiary, RECL have recognised Deferred Tax Asset on amount of accumulated Impairment loss allowance in excess of Reserve for Bad & Doubtful Debts (RBDD). Suitable adjustment has also been made on the transition date and in the comparative results.

43.6 Movement in Deferred Tax balances

FY 2018-19

(₹ in crore)

	Description	Net balance at 01.04.2018	Recognised in Profit or Loss	Recognised in OCI	Net balance at 31.03.2019
(A)	**Deferred Tax Asset (+)**				
(i)	Provision for expenses deductible on payment basis under Income Tax Act	29.50	10.03	1.69	41.22
(ii)	Impairment allowance on Financial instruments in excess of RBDD	7,835.96	(442.00)	-	7393.96
(iii)	Depreciation and amortization	(2.25)	0.80	-	(1.45)
(iv)	Fair value of derivatives (Net)	10.91	(18.32)	26.93	19.52
(B)	**Deferred Tax Liabilities (-)**				
(i)	Lease income	(66.64)	-	-	(66.64)
(ii)	Unamortized Exchange Loss (Net)	(165.76)	(372.69)	-	(538.45)
(iii)	Financial assets and liabilities measured at amortised cost	(99.77)	(271.74)	-	(371.51)
(iv)	Others	(148.40)	42.17	(0.68)	(106.91)
	Net Deferred Tax liabilities (-) / Assets (+)	**7,393.55**	**(1,051.76)**	**27.94**	**6369.74**

FY 2017-18

(₹ in crore)

Description		Net balance at 01.04.2017	Recognised in Profit or Loss	Recognised in OCI	Net balance at 31.03.2018
(A)	**Deferred Tax Asset (+)**				
(i)	Provision for expenses deductible on payment basis under Income Tax Act	38.27	(10.55)	1.78	29.50
(ii)	Impairment allowance on Financial instruments in excess of RBDD	6,383.19	1,452.77	-	7,835.96
(iii)	Depreciation and amortization	(3.83)	1.58	-	(2.25)
(iv)	Fair value of derivatives (Net)	(168.56)	179.47	-	10.91
(B)	**Deferred Tax Liabilities (-)**				
(i)	Lease income	(66.00)	(0.64)	-	(66.64)
(ii)	Unamortized Exchange Loss (Net)	(30.24)	(135.52)	-	(165.76)
(iii)	Financial assets and liabilities measured at amortised cost	(96.76)	(3.01)	-	(99.77)
(iv)	Others	(348.26)	199.96	(0.10)	(148.40)
	Net Deferred Tax liabilities (-) / Assets (+)	**5,707.82**	**1,684.08**	**1.68**	**7,393.55**

44 Dividend income

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18
Dividend on equity investments designated at FVTOCI		
- On investments held at the end of the year	67.56	85.60
- On investments derecognized during the year	0.80	-
Sub-Total	68.36	85.60
Dividend on mutual funds	8.27	6.53
Total	**76.63**	**92.13**

45 Net Translation/Transaction Exchange Loss (+)/Gain (-)

(₹ in crore)

	FY 2018-19	FY 2017-18
Net Translation/Transaction Exchange Loss (+)/Gain (-) on account of Translation of LTFCMI	1,041.42	232.47

46 Corporate Social Responsibility

46.1 Details of gross amount required to be spent on CSR activities by the Group during the year:

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18
Gross amount required to be spent	684.42	561.62
Amount spent during the year	206.32	170.21
Unspent amount	478.10	391.41

46.2 Amount spent during the year on CSR activities:

(₹ in crore)

S. No.	Particulars	FY 2018-19			FY 2017-18		
		Paid or Settled	Yet to be paid	Total	Paid or Settled	Yet to be paid	Total
(i)	Construction / acquisition of any assets	-	-	-	-	-	-
(ii)	On purposes other than (i) above						
(iia)	Sanitation / Waste Management / Drinking water	9.95	0.06	10.01	62.13	0.06	62.19
(iib)	Education / Vocational Skill development	17.07	-	17.07	27.35	-	27.35
(iic)	Environmental Sustainability (Solar Applications / Afforestation / Energy efficient LED lighting)	116.72	-	116.72	73.02	0.81	73.83
(iid)	Sports	0.06	-	0.06	0.24	-	0.24
(iie)	Others	52.67	-	52.67	2.53	-	2.53
(iif)	Administrative overheads including training, impact assessment etc. limited to 5% of total amount required to be spent on CSR	9.85	-	9.85	4.94	-	4.94
	Total	**206.32**	**0.06**	**206.38**	**170.21**	**0.87**	**171.08**

47 Contingent Liabilities and Commitments:

(₹ in crore)

S. No.	Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Contingent Liabilities				
(i)	Guarantees#	121.49	153.75	190.38
(ii)	Claims against the Company not acknowledged as debts	0.08	0.08	2.37
(iii)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	1,019.06	1,708.11	1,813.92
(iv)	(a) Additional demands raised by the Income Tax Department of earlier years which are being contested*.	153.26	146.03	83.51
	(b) Further, the Income Tax Department has filed appeals against the relief allowed by appellate authorities to the Company. The same are also being contested.	233.42	202.46	205.57
(v)	(a) Service Tax demand or show cause notices raised by Service Tax Department in respect of earlier years which are being contested.	1.4	1.4	23.87
	(b) Further, the Service Tax Department has filed appeals before CESTAT against the order of Commissioner (CE&ST) who had dropped a demand of service tax. The same is also being contested.	21.53	1.11	1.11
(vi)	Bank Guarantees	29.86	32.58	35.32
Commitments				
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for@	795.45	879.45	274.93
(ii)	Other Commitments –CSR unspent amount	478.10	391.41	244.19
	Total	**2,853.65**	**3,516.38**	**2,875.17**

Default payment guarantee given by the Company in favour of a borrower company. The amount paid /payable against this guarantee is reimbursable by Government of Madhya Pradesh.

*Out of the said demands in respect of the Company, as at 31.03.2019 an amount of ₹59.90 crore (As at 31.03.2018 ₹5.01 crore and as at 01.04.2017 ₹40.53 crore) has already been deposited/ adjusted against refund of other assessment years.

@Includes contract remaining to be executed on capital account towards property, plant and equipment of ₹362.23 crore (as at 31.03.2018 ₹403.75 crore, as at 01.04.2017 ₹272.33 crore) and towards intangible assets of ₹2.82 crore (as at 31.03.2018 ₹1.93 crore, as at 01.04.2017 ₹2.60 crore) of RECL.

48 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in crore)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 31.03.2017
Principal amount remaining unpaid as at year end	2.65	1.83	0.30
Interest due thereon remaining unpaid as at year end	0.39	0.14	0.06
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	-	-	-
Interest accrued and remaining unpaid as at year end.	0.39	0.14	0.06
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	-	-

49 Disclosure as per Ind AS 33 "Earnings per Share”

Description	FY 2018-19	YF 2017-18
Profit after tax attributable to owners of the Company (₹ in crore)	9,920.86	6,688.69
Weighted average number of equity shares used as denominator (basic)	2,64,00,81,408	2,64,00,81,408
Weighted average number of equity shares used as denominator (diluted)	2,64,00,81,408	2,64,00,81,408
Earning per equity share, face value ₹ 10 each (basic) (₹)	37.58	25.34
Earning per equity share, face value ₹ 10 each(diluted) (₹)	37.58	25.34

50 The status of dividend on equity shares of the Company of face value of ₹10 each is as under:

Particular	FY 2018-19			FY 2017-18		
	% of share capital	Per equity share (₹)	Amount (₹ in crore)	% of share capital	Per equity share (₹)	Amount (₹ in crore)
First Interim dividend	–	–	–	60%	6.00	1,584.05
Second Interim dividend	–	–	–	18%	1.80	475.21
Final Dividend	–	–	–	–	–	–
Total Dividend	–	–	–	**78%**	**7.80**	**2,059.26**

51 Details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

Name of Subsidiary	Proportion of ownership interests held			TCI allocated to non-controlling interests (₹ in crore)		Accumulated non-controlling interests (₹ in crore)		
	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017	Year ended 31.03.2019	Year ended 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
REC Ltd	47.37%	47.37%	47.37%	2,690.71	2,110.68	16,362.91	15,435.18	14,592.93

52 Summarised financial information for Group's subsidiaries that have material non-controlling interests (before intra Group eliminations) :

(₹ in crore)

RECL	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Financial Assets	1,39,799.84	1,13,181.07	95,737.81
Non-financial assets	1,563.25	1,617.72	1,241.85
Financial Liabilities	1,24,903.10	99,206.56	82,261.92
Non-financial Liabilities	97.06	157.05	124.81
Equity attributable to the owners of the Company	18,183.42	17,152.44	16,216.50
Non-controlling interests	16,362.92	15,435.17	14,592.93

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18
Total revenue	25,431.33	22,666.39
Total expenses	17,350.84	16,719.54
Profit for the year	5,741.38	4,450.52
Profit attributable to the owners of the Company	3,021.97	2,342.52
Profit attributable to the non-controlling interests	2,719.41	2,108.00
Other comprehensive income attributable to the owners of the Company	(31.89)	2.98
Other comprehensive income attributable to the non-controlling interests	(28.70)	2.69
Other comprehensive income for the year	(60.59)	5.67
Total comprehensive income attributable to the owners of the Company	2,990.08	2,345.51
Total comprehensive income attributable to the non-controlling interests	2,690.71	2,110.68
Total comprehensive income for the year	5,680.79	4,456.19
Dividends paid to non-controlling interests	1,192.66	940.10
Net cash inflow (outflow) from operating activities	(35,865.80)	(32,509.81)
Net cash inflow (outflow) from financing activities	456.77	45.88
Net cash inflow (outflow) from investing activities	35,542.59	28,243.85
Net cash inflow (outflow)	133.56	(4,220.08)

53 Reconciliations for First Time Adoption of Ind AS

53.1 Reconciliation of Total Equity as at 31.03.2018 and 01.04.2017

(₹ in crore)

Particulars	Note	As at 31.03.2018	As at 01.04.2017
Total equity (shareholder's funds) as reported under Previous GAAP as per consolidated financial statements		**40,201.74**	**36,844.91**
Adjustment due to business combination	1	34,832.80	32,631.06
Adjustments related to:			
Effective Interest Rate (EIR) / Income on loans classified at Amortised Cost	(a)	(157.09)	275.66
Effective Interest Rate (EIR) on Borrowings classified at Amortised Cost	(b)	373.79	531.35
Derivatives (Forward contracts earlier governed through AS 11)	(g)	58.56	438.40
Impairment Loss Allowance	(e)	(14,835.42)	(12,102.55)
Equity instruments measured at fair value through Other Comprehensive Income	(d)	134.24	427.59
Impact of equity method accounting of joint ventures	(i)	0.86	(11.50)
Capital reserve on acquisition of subsidiary		(13,461.00)	(13,461.00)
Others		367.41	444.46
Deferred Tax Impact (DTA / DTL) on above	(f)	(69.66)	(373.99)
DTA on amount of accumulated Impairment allowance in excess of Reserve for Bad & Doubtful Debts	43.5	7,823.52	6,371.11
Total of adjustments		**15,068.01**	**15,170.55**
Total equity (shareholder's funds) as reported under Ind AS		**55,269.75**	**52,015.50**

53.2 Reconciliation of Total Comprehensive Income for the year ended 31.03.2018

(₹ in crore)

Particulars	Note	For the year ended 31.03.2018
Profit for the year as reported under Previous GAAP as per Consolidated financial statements		5,844.11
Adjustment due to business combination	1	4,689.46
Adjustments related to:		
Effective Interest Rate (EIR) / Income on loans classified at Amortised Cost	(a)	(432.75)
Effective Interest Rate (EIR) on Borrowings classified at Amortised Cost	(b)	(157.55)
Derivatives (Forward contracts earlier governed through AS 11)	(g)	(123.33)
Impairment on Financial Instruments	(e)	(2,703.45)
Impact of equity method accounting of joint ventures	(i)	2.94
Others		(90.31)
Deferred Tax Impact (DTA / DTL) on above	(f)	315.17
DTA on amount of accumulated Impairment allowance in excess of Reserve for Bad & Doubtful Debts	43.5	1,452.41
Total of adjustments		**2,952.59**
Net Profit after tax as per Ind AS		**8,796.70**
Re-measurement of defined benefit plans	(h)	3.36
Net Gain / (Loss) on Fair Value of Equity Instruments	(d)	(322.32)
Others		2.87
Total comprehensive income (net of tax) as per Ind AS		**8,480.60**

53.3 Notes to first time adoption

Explanation of major impact of adoption on Ind AS on the reported consolidated financial statements of the Company as on the date of transition is as under:

(a) Loans and interest income

The Group's loans, satisfying the business model test of held to collect contractual cash flows and SPPI (Solely Payment of Principal and Interest) test as on transition date, have been measured at amortized cost using effective interest rate (EIR) method. These loans were measured at cost under previous GAAP.

This adjustment of retrospective application of EIR method, has resulted in the increase of Total Equity by ₹275.66 crore with a corresponding reduction in value of loans as on transition date. Subsequent to the transition date, the impact on Total Comprehensive Income (TCI) for the year ended 31.03.2018 is ₹(432.75) crore and on total equity as on 31.03.2018 is ₹(157.09) crore.

(b) Financial liabilities and interest expense

All financial liabilities except derivatives have been subsequently measured at Amortised Cost using the EIR method. The effect of the adjustments resulted in increase in Total Equity by ₹531.35 crore with corresponding reduction in the value of financial liabilities on transition date and by ₹373.79 crore as at 31.03.2018. Subsequent to the transition date, the impact on TCI for the year ended 31.03.2018 is ₹(157.55) crore.

(c) Reclassification of leasehold land

In case of PFC, under Previous GAAP, upfront premium paid for leasehold land was recognised in "Fixed Assets" (termed as Property Plant and Equipment (PPE) under Ind AS). Under Ind AS, a lease where the substantial risks and rewards incidental to ownership are not transferred to the Company is classified as operating lease and is amortised over the remaining lease term. Consequently, leasehold land is reclassified from "Fixed Assets / PPE" to Prepaid Expense in Non- Financial Assets and is being amortized over the leasehold period.

This has resulted in decrease in total equity as at 01.04.2017 by ₹9.79 crore and as at 31.03.2018 by ₹0.34 crore.

(d) Investments

Under Ind AS, the companies in the Group have designated equity investments other than investments in subsidiaries / JVs / associates at Fair Value through Other Comprehensive Income (FVTOCI). The difference between the carrying amount and fair value as on transition date has been recognized in OCI reserve as at the date of transition and subsequently in Other Comprehensive Income.

This has resulted in increase in Total Equity by ₹427.59 crore with corresponding increase in value of investments in equity instruments as at the date of transition and by ₹134.24 crore as at 31.03.2018

(e) Impairment Loss Allowance

Under previous GAAP, the provision on loan assets was maintained as per RBI prudential norms / directions. However, under Ind AS framework, impairment loss allowance on loans is made using Expected Credit Loss (ECL) approach. This has resulted in the reduction in Total Equity by ₹12,102.55 crore as at the date of transition and ₹14,835.42 crore as at 31.03.2018. The impact on TCI for the year ended 31.03.2018 is ₹(2,703.45) crore

(f) Deferred Taxes

Under previous GAAP, deferred tax accounting was done using the income statement approach. However, Ind AS requires the accounting of deferred taxes using the balance sheet approach, which includes identification of temporary differences based on the difference in carrying amount of an asset/ liability in the consolidated balance sheet and its tax base. These differences have been suitably recognized in the consolidated financial statements. These adjustments and the consequential impact due to the adoption of Ind AS have resulted in a reduction in the Total Equity by ₹373.99 crore as at 01.04.2017 and by ₹69.66 crore as at 31.03.2018.

(g) Derivative Financial Instruments

In case of PFC, under previous GAAP, the derivative financial instruments in the nature of forward contracts were accounted for in accordance with AS 11 'The Effects of Changes in Foreign Exchange Rates' wherein the premium or discount component was amortised during the tenure of the contract. However under Ind AS, all derivative contracts are required to be fair valued at each reporting date in accordance with Ind AS 109 'Financial Instruments'.

In case of the subsidiary, RECL, under Indian GAAP, the company measured interest rate swap derivatives at mark to market and cross currency swap were measured at exchange rate on the reporting date through FCMITD A/c with gain/loss on restatement amortised over the remaining life of the instrument. According to Ind AS 109, all derivatives are measured at fair value and any gains/losses, except gains/losses on derivatives used for hedge purposes, are recognized in profit or loss.

As a result, as on transition date, the Total Equity has increased by ₹438.40 crore and by ₹58.56 crore as on 31.03.2018. The impact on TCI for the year ended 31.03.2018 is ₹(123.33) crore.

(h) Re-measurement of defined benefit plans

Both under previous GAAP and Ind-AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind-AS, re-measurement gain/ loss are recognised in Other Comprehensive Income.

As a result, profit for the year ended 31.03.2018 increased by ₹3.36 crore (net of tax) with corresponding increase in other comprehensive income during the year.

(i) Joint Venture accounted for using equity method

Share of undistributed reserves of joint venture has been accounted for as per numbers finalised under previous GAAP, in the financial statements of EESL. However, as the EESL has also transitioned to Ind-AS, therefore, the impact of Ind-AS adjustments has been taken into account in the consolidated financial statements. Further, the method of consolidation of Joint Venture has also been changed from proportionate consolidation method to equity method of accounting as per Ind-AS 28.

53.4 Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31.03.2018: (₹ in crore)

Particulars	Previous GAAP	Adjustments due to business combination	Adjustments on transition to Ind AS	Ind AS
Net cash flow from operating activities	(27,296.12)	(31,283.32)	1,431.88	(57,147.56)
Net cash flow from investing activities	610.51	294.04	504.58	1,409.13
Net cash flow from financing activities	24,151.59	28,272.46	(405.56)	52,018.49
Net increase / (decrease) in cash and cash equivalents during the year	**(2,534.02)**	**(2,716.82)**	**1,530.89**	**(3,719.95)**
Cash and cash equivalents at the beginning of the year	3,224.34	4,488.04	(3,167.39)	4,544.99
Cash and cash equivalent at the end of the year	**690.32**	**1,771.22**	**(1,636.50)**	**825.04**

The impact of transition to Ind AS is mainly due to the classification of Earmarked bank balances as 'Other Bank Balances' instead of 'Cash & Cash Equivalents'.

54 In respect of the Company's subsidiary REC, the other Government schemes being implemented are as under :

54.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme “Pradhan Mantri Sahaj Bijli Har Ghar Yojana” - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas by 31st March, 2019. The capital outlay of Saubhagya Scheme is ₹16,320 Crore including Gross Budgetary Support of ₹12,320 Crore during the entire implementation period. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme.

With the active support and cooperation of States/Power Utilities and other stakeholders, cumulatively 2.62 Crore households were electrified since launch of Saubhagya scheme upto 31st March, 2019. During FY 2018-19, 2.22 Crore households were electrified. Accordingly, all States (except Chhattisgarh with 18,734 un-electrified Households) have declared achievement of saturation of household electrification.

54.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

(i) Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;

(iii) Micro-grid and Off-grid distribution network;

(iv) Rural Electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 Crore including budgetary support of ₹ 33,453 Crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan have been subsumed in this scheme as a separate Rural Electrification (RE) component. During FY 2018-19, grant of ₹ 20,593 Crore has been received from Ministry of Power for utilization of implementing Government programmes (DDUGJY & Saubhagya) by the State Power Utilities/ Discoms across the Country.

54.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 Crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. RECL has been nominated as the Nodal Agency for operationalization of NEF scheme across the country.

54.4 J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed RECPDCL and RECTPCL as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of distribution work under PMDP in J&K state on nomination basis, as per actual cost to be discovered through competitive biddings.

54.5 Urja Mitra and 11 kV Feeder Monitoring

Ministry of Power has initiated two schemes namely Urja Mitra and 11 kV Feeder Monitoring. Urja Mitra is an initiative which aims to provide information about power outage/cuts /breakdown/shutdown (both planned and unplanned) to the consumers. Feeder Monitoring scheme is to develop a Self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub stations and make the information available online for various stake holders including public portal, on real time basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit. RECTPCL has been appointed as nodal agency for the both schemes.

55 Company was creating impairment loss allowance, on Stage I and II loan assets at higher of Expected Credit Loss (ECL) as per Ind AS or as per RBI prudential norms. Now, the Company has aligned the impairment loss allowance on loan assets solely as per the requirement of Ind AS resulting in reduction of cumulative impairment loss allowance for the year ended 31.03.2019 and consequent increase in profit after tax by ₹ 268.61 crore.

56 Status of documentation subsequent to unbundling of SEBs

56.1 Subsequent to the reorganization of erstwhile Andhra Pradesh, the State of Telangana has been formed on 02.06.2014. However the assets and liabilities are yet to be transferred to the respective Power Utility through a formal gazette notification.

Once the final transfer scheme is notified through Gazette Notification by Govt. duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up by the Company and its subsidiary RECL in respect of all the outstanding loans respectively, with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

56.2 Additionally in case of the subsidiary RECL,

56.2.1 Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

56.2.2 Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

56.2.3 Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

56.2.4 Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) are yet to be executed amongst the Company, new entity and the State Government.

56.2.5 Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However further transfer agreements in this regard shall be executed, once finalized based on the discussion with the Tamil Nadu utilities.

57 The company's subsidiary PFCCL has been selected as nodal agency for facilitating short term power requirements through competitive bidding as per MoP guidelines dated 30th March 2016. As per the guidelines, every bidder is required to deposit with PFCCL the requisite fees of ₹ 500 per MW plus applicable taxes for the maximum capacity a bidder is willing to bid. Only successful Bidder(s) will have to pay the fees to PFCCL for the quantum allocated to each bidder after completion of activity and the balance amount will be refunded to the bidder.

58 Disclosure No. 59 to 67 presented below are flowing from RBI master Directions applicable to the NBFCs. Since PFC and its subsidiary, RECL are NBFCs in the Group, the following disclosures contain information with respect to these two companies only.

59 Other Exposures

59.1 RBI has categorized the Company as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12th February 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single Group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI has exempted the Company from applicability of RBI's concentration of credit/investment norms till 31st March, 2022.

59.2 The Group does not have any exposure to real estate sector. (Previous year – Nil)

59.3 Exposure to Capital Market:

(₹ in crore)

Sr. No.	Description	Amount as at 31.03.2019	Amount as at 31.03.2018	Amount as at 01.04.2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares);	16,956.94	2,759.53	2,752.63
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	–	–	–
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	–	–	–
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances (excluding loans where security creation is under process);	–	–	–
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–	–	–
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	2,629.16	2,651.65	2,395.88
(vii)	Bridge loans to companies against expected equity flows / issues;	–	–	–
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	12.33	12.41	12.45
	Total Exposure to Capital Market	**19,598.43**	**5,423.59**	**5,160.96**

59.4 Details of financing of parent company products:
The Company does not have a parent company.

59.5 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company:
The Company has not exceeded its prudential exposure limits against Single Borrower / Group Borrower Limits during FY 2018-19 and FY 2017-18.

60 Asset Liability Management Maturity pattern of items of Assets and Liabilities as prescribed by RBI :

In respect of the PFC

(₹ in crore)

Bucket as at 31.03.2019	Deposits / Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
Upto 30/31 Days	14,133.64	4,955.46	21,785.18	–	696.50
Over 1 Month upto 2 Months	1,833.07	1,928.13	4,915.00	–	–
Over 2 Months upto 3 Months	-	1,264.76	7,495.20	–	2,080.35
Over 3 Months upto 6 Months	-	9,225.21	10,292.05	–	–
Over 6 Months upto 1 Year	-	16,559.51	19,088.10	–	3,468.40
Over 1 Year & upto 3 Years	-	50,663.28	76,608.05	–	4,971.67
Over 3 Years & upto 5 Years	-	49,879.10	32,730.60	–	9,235.95
Over 5 Years	-	165,146.63	87,160.38	23.84	8,373.99

Note:- In the above table, the principal cash flows net of provision relating to Stage III assets have been considered in over 5 years bucket irrespective of the maturity date. Further, Bonds with put & call option have been shown considering the earliest exercise date. Further, the commercial papers and zero coupon bonds have been shown at the maturity value.

In respect of the subsidiary, RECL

(₹ in crore)

Bucket as at 31.03.2019	Investments	Loan Assets	Domestic Borrowings	Foreign Currency Items	
				Assets	Borrowings
Upto 30/31 Days	56.56	1,850.88	3,908.90	–	27.10
Over 1 Month upto 2 Months	-	1,316.82	1,140.25	–	1,848.36
Over 2 Months upto 3 Months	-	3,401.32	4,145.36	–	99.06
Over 3 Months upto 6 Months	-	7,627.17	11,942.27	–	1,110.68
Over 6 Months upto 1 Year	48.30	13,781.11	22,553.98	–	2,444.00
Over 1 Year & upto 3 Years	1,500.00	55,904.77	69,456.88	–	12,890.45
Over 3 Years & upto 5 Years	-	50,995.33	41,012.10	–	11,019.19
Over 5 Years	678.27	1,35,573.52	56,158.89	–	4,511.39

61 Penalty Imposed by the Regulator

In case of PFC,

NSE and BSE vide their letters dated 31.01.2019 have levied fine on the Company for non-compliance in regard to Regulation 17(1) i.e. Composition of Board of Directors and 19(1) i.e. Composition of Nomination & Remuneration Committee of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Company in its reply to NSE & BSE has stated that being a Central Public Sector Undertaking and in terms of Article 86 of Articles of Association of the Company, the Directors on the board of the Company are appointed by President of India through Ministry of Power, Government of India. The Company has taken up the matter with Ministry of Power to expedite the process of appointment of balance number of Independent Directors on the Board of the Company for compliance of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In case of the subsidiary, RECL

No penalties have been levied by any regulator during the year ended 31st March 2019 (Previous year Nil).

62 Credit Ratings

In respect of PFC

62.1 Ratings assigned by credit rating agencies and migration of ratings during the year:

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

No rating migration has taken place during the year.

62.2 Long term foreign currency issuer rating assigned to the Company as at 31.03.2019:

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

#As compared to previous year, only S&P has changed the outlook from Stable to Negative. But in April 2019, the outlook has been upgraded to Stable again.

In respect of the subsidiary, RECL

Ratings assigned by credit rating agencies and migration of ratings during the year

62.3 Domestic Credit Ratings

Sr. No.	Rating Agency	Long Term Rating	Short Term Rating
1.	CRISIL	CRISIL AAA	CRISIL A1+
2.	ICRA	ICRA AAA	ICRA A1+
3.	CARE	CARE AAA	CARE A1+
4.	India Ratings and Research	IND AAA	IND A1+

62.4 International Credit Ratings

Sr. No.	Rating Agency	Rating	Outlook
1.	Fitch Ratings	BBB-	Stable
2.	Moody's	Baa3	Stable

There has been no migration of ratings during the year.

63 Provisions, Contingencies and Impairment loss allowances

(₹ in crore)

Description	FY 2018-19	FY 2017-18
Impairment loss allowance	(627.99)	4,691.54
Provision made towards current Income tax	4,160.95	4,649.04

64 Customer Complaints for FY 2018-19

No complaints have been received by the companies from their borrowers during the year ended 31st March 2019 (Previous year Nil).

65 Details of registrations obtained from regulators:

In respect of PFC

(₹ in crore)

Sr. No.	Regulator	Particulars	Registration Details
1.	Ministry of Corporate Affairs	Corporate Identification Number	L65910DL1986GOI024862
2.	Reserve Bank of India	Registration Number	B- 14.00004
3.	Legal Entity Identifier India Ltd	LEI Number	3358003Q6D9LIJJZ1614

In respect of the subsidiary, RECL

(₹ in crore)

Sr. No.	Regulator	Particulars	Registration Details
1.	Ministry of Corporate Affairs	Corporate Identification Number	L40101DL1969GOI005095
2.	Reserve Bank of India	Registration Number	14.000011
3.	Global Legal Entity Identifier Foundation (GLEIF)	LEI Code	335800B4YRYWAMIJZ374

66 (a) Overseas Assets for Joint Ventures / Subsidiaries abroad: Nil

(b) There are no Off-balance Sheet SPVs sponsored by the Company.

67 Additional Schedule to Balance Sheet

(₹ in crore)

		Particulars	Amount as on 31.03.2019		Amount as on 31.03.2018		Amount as on 01.04.2017	
		Liabilities Side	**outstanding**	**overdue**	**outstanding**	**overdue**	**outstanding**	**overdue**
(1)	**Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid:**							
	(a)	Bonds : Secured	63,896.72	0.00	81,912.18	0.00	82,983.44	0.00
		: Unsecured	332,176.68	0.00	300,732.46	0.00	266,858.93	0.00
	(b)	(i) Rupee Term Loans	71,426.57	0.00	10,956.35	0.00	2,777.22	0.00
		(ii) Foreign Currency Loans	42,625.94	0.00	38,099.37	0.00	28,458.04	0.00
	(c)	Commercial Paper	17,690.92	0.00	10,174.74	0.00	–	0.00
	(d)	Short Term Borrowings	13,357.29	0.00	–	0.00	2,400.79	0.00
	(e)	Finance Lease Obligations	–	0.00	–	0.00	–	0.00

			Assets Side	Amount Outstanding as on 31.03.2019	Amount Outstanding as on 31.03.2018	Amount Outstanding as on 01.04.2017
(2)	**Break-up of Loans and Advances including bills receivables (other than those included in (3) below) (Net of Provisions) :**					
	(a)		Secured	404,072.84	376,746.27	335,008.18
	(b)		Unsecured	180,451.16	131,257.39	104,550.18
	(c)		Less: Impairment loss allowance	(16,057.16)	(16,939.76)	(14,835.73)
	(d)		Loans and advances (net of provision)	298,659.67	262,084.86	230,708.71
(3)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities (Net of Provisions) :**					
	(i)		Lease assets including lease rentals under sundry debtors:			
		(a)	Financial lease	99.89	111.89	222.99
(4)	**Break-up of Investments (Net of Provisions)**					
	Current Investments					
	1.		**Quoted**			
		(i)	Shares			
			(a) Equity	935.09	1,126.04	1,258.03
	2.		**Unquoted**			
		(i)	Shares			
			(a) Equity	–	–	193.05
	Long Term Investments					
	1.		**Quoted**			
		(i)	Shares			
			(a) Equity	728.95	817.25	704.60
		(ii)	Debentures and Bonds	2,366.71	2,310.46	3,328.52
	2.		**Unquoted**			
		(i)	Shares			
			(a) Equity	425.88	319.88	432.57
		(ii)	Debentures and Bonds	32.11	739.99	710.16
		(ii)	Government Securities	47.16	141.48	235.80
		(iii)	Units of SIB Fund	12.36	12.52	12.60

(5) **Borrower group-wise classification of assets financed as in (2) and (3) above:**

		Category	Amount Net of Provisions (as on 31.03.2019)			Amount Net of Provisions (as on 31.03.2018)			Amount Net of Provisions (as on 01.04.2017)		
			Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
1.		Related Parties									
	(a)	Subsidiaries and Associates	–	196.22	196.22	–	169.95	169.95	–	115.04	115.04
	(b)	Companies in the same group	–	–	–	–	–	–	–	–	–
	(b)	Other related parties	0.52	0.46	0.98	0.52	0.56	1.08	0.52	0.51	1.03
2.		Other than related parties	404,172.21	180,254.48	584,426.69	376,857.64	131,086.88	507,944.52	335,230.65	104,434.63	439,665.28
		Total	404,172.73	180,451.16	584,623.89	376,858.16	131,257.39	508,115.55	335,231.17	104,550.18	439,781.35

(6) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**

		Category	(as on 31.03.2019)		(as on 31.03.2018)		(as on 01.04.2017)	
			Market value / Break up[$] or fair value or NAV	Book Value (Net of Provisions)	Market value / Break up[$] or fair value or NAV	Book Value (Net of Provisions)	Market value / Break up[$] or fair value or NAV	Book Value (Net of Provisions)
1.		Related Parties						
	(a)	Subsidiaries	0.00	-	0.00	-	0.00	-
	(b)	Companies in the same group	295.99	246.25	200.05	147.25	176.57	147.25
2.		Other than related parties	2018.88	2,018.88	2545.22	2,545.22	3899.00	3,899.00
		Total	2,314.87	2,265.13	2,745.27	2,692.47	4,075.57	4,046.25

(7) **Other Information**

		Particulars	Amount (as on 31.03.2019)	Amount (as on 31.03.2018)	Amount (as on 01.04.2017)
(i)		Gross Non-performing Assets			
	(a)	Other than related parties	49,888.75	43,995.23	17,158.98
(ii)		Net Non-performing Assets			
	(a)	Other than related parties	25,168.79	21,263.48	9,617.45
(iii)		Assets acquired in satisfaction of debt (Gross value of investment)	–	–	–

[$]In case of negative break-up value, Nil value has been considered.

68 Amountsexpected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities (₹ in crore)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Within 12 months	More than 12 months	Within 12 months	More than 12 months	Within 12 months	More than 12 months
	ASSETS						
1	**Financial Assets**						
(a)	Cash and Cash Equivalents	725.03	0.00	825.04	0.00	4,544.99	0.00
(b)	Bank Balance other than included in Cash & Cash Equivalents	15,606.41	0.00	2,024.27	0.00	3,682.00	2.05
(c)	Derivative Financial Instruments	430.84	1,939.72	163.76	755.71	17.92	910.02
(d)	Trade Receivable	172.13	0.00	145.77	0.00	135.71	0.00
(e)	Loans	73,948.42	4,99,712.86	65,668.98	4,29,220.65	62,357.10	3,66,666.17
(f)	Investments	1,037.32	3,566.45	1,601.42	3,891.09	1,896.67	5,006.52
(g)	Other Financial Assets	683.27	23,078.20	354.38	9,308.19	158.77	5,307.86
	Total financial assets (1)	**92,603.42**	**5,28,297.23**	**70,783.62**	**4,43,175.64**	**72,793.16**	**3,77,892.62**
2	**Non- Financial Assets**						
(a)	Inventories	0.00	0.00	0.00	0.00	0.04	0.00
(b)	Current Tax Assets (Net)	5.59	920.31	1.97	540.34	2.76	394.67
(c)	Deferred Tax Assets (Net)	10.25	6,359.49	3.78	7,389.77	0.01	5,707.81
(d)	Investment Property	0.00	0.01	0.00	0.01	0.00	0.01
(e)	Property, Plant and Equipment	0.00	186.45	0.00	155.24	0.00	151.57
(f)	Capital Work-in-Progess	0.00	196.94	0.00	127.23	0.00	61.41
(g)	Intangible Assets under development	0.00	1.59	0.00	1.46	0.00	1.46
(h)	Other Intangible Assets	0.00	9.18	0.00	6.19	0.00	1.38
(i)	Other Non-Financial Assets	294.61	98.85	236.77	101.76	984.74	102.37
	Total non-financial assets (2)	**310.45**	**7,772.82**	**242.52**	**8,322.00**	**987.55**	**6,420.68**
3	**Assets Classified as held for sale**	**9.56**	**0.00**	**7.68**	**0.00**	**3.08**	**0.00**
	Total Assets (1+2+3)	**92,923.43**	**5,36,070.05**	**71,033.82**	**4,51,497.64**	**73,783.79**	**3,84,313.30**
	LIABILITIES						
1	**Financial Liabilities**						
(a)	Derivative Financial Instruments	124.33	540.66	59.71	498.72	85.86	337.01
(b)	Trade Payables	74.91	0.00	66.70	0.00	46.19	0.00
(c)	Debt Securities	85,954.05	3,12,397.95	76,252.99	3,09,626.66	54,335.17	2,88,760.13
(d)	Borrowings (other than Debt Securities)	36,201.52	90,805.55	12,698.06	36,013.53	4,347.83	28,944.10
(e)	Subordinated Liabilities	272.26	13,856.20	261.97	6,298.15	261.97	6,297.88
(f)	Other Financial Liabilities	1,693.64	22,880.64	15,449.78	9,157.63	2,395.45	19,650.55
	Total financial liabilities (1)	**1,24,320.71**	**4,40,481.00**	**1,04,789.21**	**3,61,594.69**	**61,472.47**	**3,43,989.66**
2	**Non- Financial Liabilities**						
(a)	Current Tax Liabilities (Net)	0.00	130.70	0.51	129.97	0.55	130.43
(b)	Provisions	259.59	107.22	153.39	363.89	88.87	190.90
(c)	Deferred Tax Liabilities (Net)	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Other Non-Financial Liabilities	112.99	96.96	115.25	114.82	137.41	71.32
	Total non-financial liabilities (2)	**372.58**	**334.88**	**269.15**	**608.68**	**226.83**	**392.65**
3	Liabilities directly associated with assets classified as held for sale	0.08	0.00	0.00	0.00	0.00	0.00
	Total liabilities (1+2+3)	**1,24,693.37**	**4,40,815.88**	**1,05,058.36**	**3,62,203.37**	**61,699.30**	**3,44,382.32**

69 The Company's operations comprise of only one business segment - lending loans to power sector companies engaged in construction of power plants and in generation, supply, distribution and transmission of electricity: in the context of reporting business/geographical segment as required by Ind AS 108 - Operating Segments. Based on "management approach" as defined in Ind AS 108 Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance based on analysis of various factors of one business segment.

(a) The Group does not have any geographical segments as operations of the Group are mainly carried out within the country.

(b) Revenue from major services

The following is an analysis of Group's revenue from operations from its major services:

(₹ in crore)

	FY 2018-19	FY 2017-18
Interest income		
- from loans	52,837.17	47,075.10
- Others	598.53	602.12
Fees and Commission income	374.11	566.98
Other operating income	227.50	287.50

(c) Information about major borrowers

No single borrower contributed 10% or more to Company's revenue for both FY 2018-19 and FY 2017-18.

70 Disclosures in consolidated financial statements have been made to the extent information is available in Subsidiaries' financial statements.

71 Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

71.1 Share in Net Assets i.e Total Assets minus Total Liabilities

(₹ in crore)

Name of Entity	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
Parent						
PFC Ltd	68.19%	43,287.99	66.87%	36,956.15	68.10%	35,425.08
Subsidiaries-Indian						
REC Limited	54.42%	34,546.34	58.96%	32,587.61	59.23%	30,809.43
PFC Consulting Limited (PFCCL)	0.15%	95.11	0.36%	201.26	0.49%	253.34
Power Equity Capital Advisors Private Limited (PECAP)	0.00%	0.05	0.00%	0.05	0.00%	0.05
Joint Venture-Indian						
Energy Efficiency Services Limited (EESL)	0.76%	480.65	0.62%	345.26	0.68%	352.14
Associates-Indian						
Chhattisgarh Surguja Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Coastal Karnataka Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Coastal Maharashtra Mega Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Orissa Integrated Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Coastal Tamil Nadu Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Sakhigopal Integrated Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Ghogarpalli Integrated Power Company Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05

(₹ in crore)

Name of Entity	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
Tatiya Andhra Mega Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Deoghar Mega Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Cheyyur Infra Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Odisha Infrapower Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Deoghar Infra Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Bihar Infrapower Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Bihar Mega Power Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Jharkhand Infrapower Limited	0.00%	0.05	0.00%	0.05	0.00%	0.05
Adjustments or eliminations effect	(23.51)%	(14,926.66)	(26.82)%	(14,821.35)	(28.50)%	(14,825.32)
Total	**100.00%**	**63,484.23**	**100.00%**	**55,269.73**	**100.00%**	**52,015.47**

71.2 Share in Profit and loss

(₹ in crore)

Name of Entity	As at 31.03.2019		As at 31.03.2018	
	As a % of Consolidated Profit and loss	Amount	As a % of Consolidated Profit and loss	Amount
Parent				
PFC Ltd	55.01%	6,952.92	49.87%	4,386.77
Subsidiaries-Indian				
REC Ltd	45.60%	5763.72	50.24%	4419.89
PFC Consulting Limited (PFCCL)	0.18%	22.43	0.34%	29.67
Power Equity Capital Advisors Private Limited (PECAP)	0.00%	0.00	0.00%	0.00
Joint Venture-Indian				
Energy Efficiency Services Limited (EESL)	0.39%	48.67	0.24%	21.51
Adjustments or eliminations effect	(1.17)%	(147.47)	(0.70)%	(61.15)
Total	**100.00%**	**12,640.27**	**100.00%**	**8,796.69**

71.3 Share in Other Comprehensive income

(₹ in crore)

Name of Entity	As at 31.03.2019		As at 31.03.2018	
	As a % of Consolidated Other Comprehensive income	Amount	As a % of Consolidated Other Comprehensive income	Amount
Parent				
PFC Ltd	77.30%	(206.97)	102.42%	(323.74)
Subsidiaries-Indian				
REC Ltd	22.63%	(60.59)	(1.79)%	5.67
PFC Consulting Limited (PFCCL)	0.00%	0.00	0.00%	0.00
Power Equity Capital Advisors Private Limited (PECAP)	0.00%	0.00	0.00%	0.00
Joint Venture-Indian				
Energy Efficiency Services Limited (EESL)	0.00%	(0.01)	(0.90)%	2.86
Adjustments or eliminations effect	0.06%	(0.18)	0.28%	(0.88)
Total	**100.00%**	**(267.75)**	**100.00%**	**(316.09)**

71.3 Share in Total Comprehensive income

(₹ in crore)

Name of Entity	As at 31.03.2019		As at 31.03.2018	
	As a % of Consolidated Total Comprehensive income	Amount	As a % of Consolidated Total Comprehensive income	Amount
Parent				
PFC Ltd	54.52%	6,745.95	47.91%	4,063.03
Subsidiaries-Indian				
REC Ltd	45.91%	5680.79	52.55%	4456.19
PFC Consulting Limited (PFCCL)	0.18%	22.43	0.35%	29.67
Power Equity Capital Advisors Private Limited (PECAP)	0.00%	0.00	0.00%	0.00
Joint Venture-Indian				
Energy Efficiency Services Limited (EESL)	0.39%	48.54	0.29%	24.37
Adjustments or eliminations effect	(1.01)%	(125.19)	(1.09)%	(92.66)
Total	**100.00%**	**12,372.52**	**100.00%**	**8,480.60**

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

For and on Behalf of Board of Directors

Sd/-
(Manohar Balwani)
Company Secretary

Sd/-
(N. B. Gupta)
Director (Finance)
DIN - 00530741

Sd/-
(Rajeev Sharma)
Chairman and Managing Director
DIN - 00973413

Signed in terms of our report of even date attached

For M.K. Aggarwal & Co.
Chartered Accountants
Firm Regn No - 01411N

Sd/-
(CA M.K. Aggarwal)
Partner
Membership No: 014956

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn No - 000458N

Sd/-
(CA Bhupinder Singh)
Partner
Membership No.-092867

Place : Mumbai
Date : 29.05.2019

Form AOC - 1

Statement pursuant to Section 129 (3) of the Companies Act, 2013
related to Associate Companies and Joint Ventures

Part "A" : Subsidiaries

(₹ in Crore)

A.	Subsidiaries	REC Ltd	PFC Consulting Limited (PFCCL)	Power Equity Capital Advisors Private Limited (PECAP)	REC Power Distribution Company Limited	REC Transmission Projects Company Limited
1	Information for the year ended as on[1]	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019
2	Date of acquisition / incorporation	28.03.2019	25.03.2008	11.10.2011	28.03.2019	28.03.2019
3	Share Capital	1,974.92	0.05	0.00	0.05	0.05
4	Reserves & Surplus	32,328.02	95.06	0.00	155.68	118.39
5	Total Assets	2,97,717.30	130.18	0.05	555.03	286.30
6	Total Liabilities	2,63,414.36	35.07	0.05	399.30	167.86
7	Investments	2,397.62	0.04	0.00	15.81	89.08
8	Turnover [2]	25,309.72	57.57	0.00	159.78	40.45
9	Profit before Taxation	8,100.50	32.27	0.00	41.01	32.21
10	Provision for Taxation	2,336.78	9.84	0.00	14.67	7.61
11	Profit after taxation	5,763.72	22.43	0.00	26.34	24.60
12	Proposed Dividend	Nil	Nil	Nil	–	–
13	% of Shareholding	52.63%	100.00%	100.00%	100.00%	100.00%

Note:

1. Reporting period of all the subsidiaries is same as that of the holding company.
2. Turnover is considered as Income from Operations.
3. PECAP is under process of voluntary liquidation.
4. The Company does not have any foreign subsidiary.

Part "B": Associates and Joint Ventures

(₹ in Crore)

B.	Name of Joint Ventures/Associates	Shares of Joint Ventures/Associates held by the company on the year end: Latest audited Balance Sheet Date	No. of shares	Amount of Investments in Joint Venture/ Associates	Extent of Group's Holding %	Description of how there is Significant Influence	Reason why the joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance sheet	Profit / Loss for the year: Considered in Consolidation	Not considered in Consolidation
Joint Venture										
1	Energy Efficiency Services Limited (EESL)[5]	31.03.2018	39,20,00,000	392.00	58.06%	Being Promoter[1]/ By virtue of Shareholding agreement	NA	481.36		–
Associates										
1	Chhattisgarh Surguja Power Limited	31.03.2019	50,000	0.05	100%	SPVs are managed as per the mandate from Government of India (GoI).and the Company does not have the practical ability to direct the relevant activities of these SPVs unilaterally.Therefore, investment in these SPVs are considered as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.	NA	0.05	–	–
2	Coastal Karnataka Power Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
3	Coastal Maharashtra Mega Power Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
4	Orissa Integrated Power Limited	31.03.2019	50,000	0.05	100%		NA	(0.08)	–	–
5	Coastal Tamil Nadu Power Limited	31.03.2019	50,000	0.05	100%		NA	0.08	–	–
6	Sakhigopal Integrated Power Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
7	Ghogarpalli Integrated Power Company Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
8	Tatiya Andhra Mega Power Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
9	Deoghar Mega Power Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
10	Cheyyur Infra Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
11	Odisha Infrapower Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
12	Deoghar Infra Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
13	Bihar Infrapower Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
14	Bihar Mega Power Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
15	Jharkhand Infrapower Limited	31.03.2019	50,000	0.05	100%		NA	0.05	–	–
16	Dinchang Transmission Limited[4]	31.03.2019	50,000	0.05	100%	Holding 100% of shares and participation in management	Refer Note no 6	–	–	0.49
17	Udupi Kasargode Transmission Limited	31.03.2019	50,000	0.05	100%			(0.18)	–	(0.23)
18	Chandil Transmission Limited	31.03.2019	50,000	0.05	100%			(1.70)	–	(1.75)
19	Koderma Transmission Limited	31.03.2019	50,000	0.05	100%			(1.50)	–	(1.55)
20	Dumka Transmission Limited	31.03.2019	50,000	0.05	100%			(1.66)	–	(1.71)
21	Mandar Transmission Limited	31.03.2019	50,000	0.05	100%			(1.46)	–	(1.51)
22	Bhind-Guna Transmission Limited	31.03.2019	50,000	0.05	100%			(0.71)	–	(0.76)
23	Bijawar-Vidhrbha Transmission Limited	31.03.2019	10,000	0.01	100%	Holding 100% Control	NA	0.01	–	–
24	Vapi II-North Lakhimpur Transmission Limited	31.03.2019	10,000	0.01	100%		NA	0.01	–	–
25	Bhuj-II Transmission Limited	NA	10,000	0.01	100%		Refer Note no 6	0.01	–	–
26	Fatehgarh-II Transco Limited	NA	10,000	0.01	100%			0.01	–	–
27	Bikaner Khetri Transmission Limited	NA	10,000	0.01	100%			0.01	–	–
28	Ballabhgarh-GN Transmission Company Limited	31.03.2019	50,000	0.05	100%		NA	–	–	–
29	Mohindergarh-Bhiwani Transmission Limited	31.03.2019	50,000	0.05	100%		NA	–	–	–
30	South Central East Delhi Power Transmission Limited	31.03.2019	50,000	0.05	100%		NA	–	–	–
31	Tanda Transmission Company Limited	31.03.2019	50,000	0.05	100%		NA	–	–	–
32	Shongtong Karcham-Wangtoo Transmission Limited	31.03.2019	10,000	0.01	100%		NA	0.01	–	–

Note:

1. EESL has been jointly promoted by PFC, NTPC, PGCIL and RECL.
2. All the SPVs are under pre-operative stage and yet to commence operations.
3. Ghatampur Transmission Limited , Jawaharpur Firozabad Transmission Limited and Obra-C Badaun Transmission Limited have been transferred during the year.
4. Dinchang Transmission Limited are under process of winding-up.
5. Amount as per management approved financial statements as on 31.03.2019
6. Associates have been classified as 'held for sale' and valued at cost. Accordingly, the Profit/ (loss) has not been considered in Consolidated Financial Statements
7. Eight associate companies namely Ajmer Phagi Transco Limited, Jam Khambaliya Transco Limited, Khetri Transco Limited, WRSS XXI(A) Transco Limited, Lakadia Banaskantha Transco Limited, Bhuj-II Transmission Limited, Bikaner-Khetri Transmission Limited and Fatehgarh-II Transco Limited have been incorporated after 1st January 2019 and in line with the provisions of the Companies Act, 2013, the first financial statements of these companies will be prepared for the period ended 31st March 2020.

For and on Behalf of Board of Directors

Sd/-
(Manohar Balwani)
Company Secretary

Sd/-
(N. B. Gupta)
Director (Finance)
DIN - 00530741

Sd/-
(Rajeev Sharma)
Chairman and Managing Director
DIN - 00973413

Signed in terms of our report of even date attached

For M.K. Aggarwal & Co.
Chartered Accountants
Firm Regn No - 01411N

Sd/-
(CA M.K. Aggarwal)
Partner
Membership No: 014956

For Gandhi Minocha & Co.
Chartered Accountants
Firm Regn No - 000458N

Sd/-
(CA Bhupinder Singh)
Partner
Membership No.-092867

Place : Mumbai
Date : 29.05.2019

POWER FINANCE CORPORATION LIMITED

CIN: L65910DL1986GOI024862
Regd. Office: 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi -110001
Tel: +91 11 23456000, **Fax:** +91 11 23412545, **Email id:** investorsgrievance@pfcindia.com
Website: www.pfcindia.com

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND
HAND IT OVER AT THE ENTRANCE

I/We hereby record my/our presence at the **33rd Annual General Meeting** of the Company being held on Tuesday, the August 27, 2019 at 11:00 AM at Talkatora Indoor Stadium, Talkatora Garden, Delhi 110004.

Serial No : ______________

Name and Registered Address of the Sole/first named Member :

Name(s) of the Joint Member(s), if any :

Regd Folio No. / DP ID /Client ID No. :

Number of shares held :

Name of the Proxy / Representative :

Signature of the Member / Proxy /
Authorized Representative

NAME OF THE HOLDER	FOLIO/DPID/CLIENT ID NO.	NO. OF SHARES

FOR ATTENTION OF MEMBERS

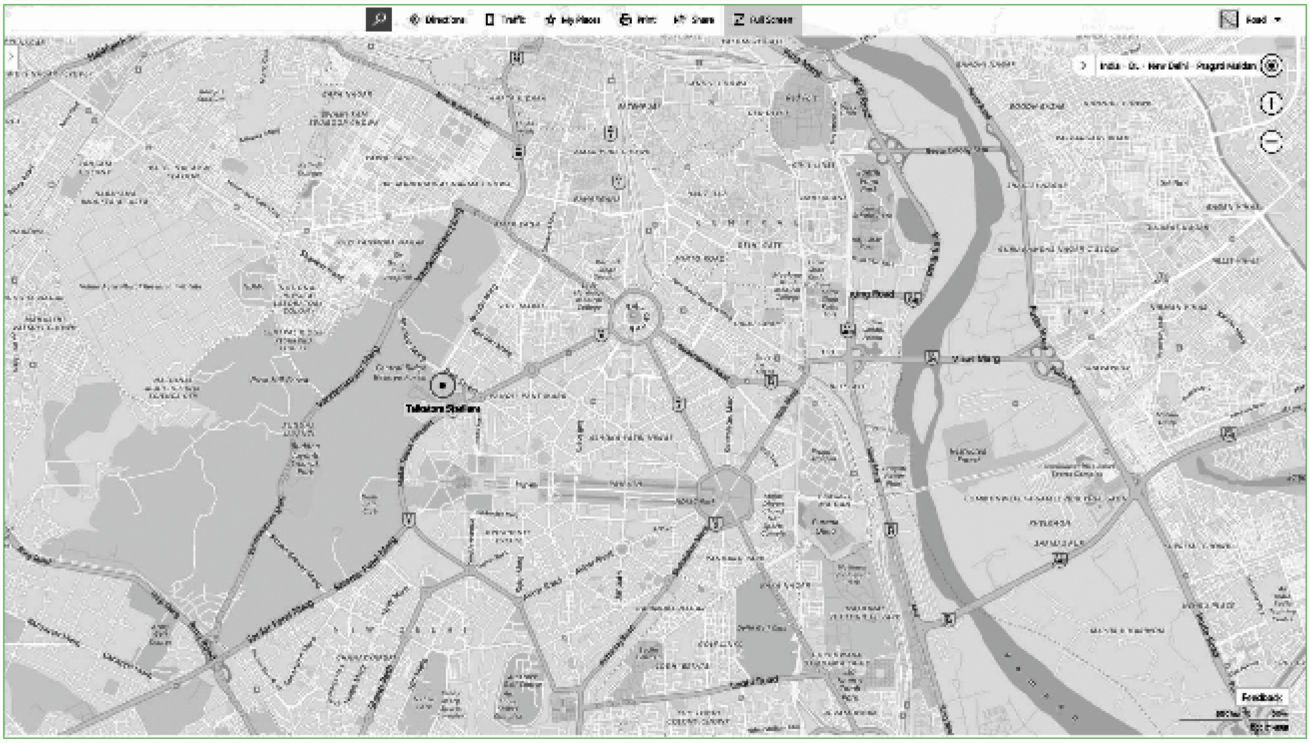
Members may please note the electronic voting particulars are set out below for the purpose of e-voting in terms of section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014. Detailed instructions for e-voting are given in the Annual General Meeting notice.

ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD / PIN

Note: Please follow the e-voting instructions mentioned in the Notice.

The Route Map for Talkatora Stadium, New Delhi-110004



POWER FINANCE CORPORATION LIMITED

CIN: L65910DL1986GOI024862
Regd. Office: 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi -110001
Tel: +91 11 23456000, **Fax:** +91 11 23412545, **Email id:** investorsgrievance@pfcindia.com
Website: www.pfcindia.com

Proxy Form

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s): ....

Registered Address: ....

E-mail ID: ....

Folio No./DP ID and Client ID: ....

I/We, being the member(s) of Power Finance Corporation Limited holding..shares of the company, hereby appoint:

1. Name: .... Email ID: ....
   Address: .... Signature: ______________ , or failing him/her

2. Name: .... Email ID: ....
   Address: .... Signature: ______________ , or failing him/her

3. Name: .... Email ID: ....
   Address: .... Signature: ______________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General meeting of the Company being held on Tuesday, the August 27, 2019 at 11.00 a.m. at Talkatora Indoor Stadium, Talkatora Garden, Delhi 110004 and at any adjournment thereof in respect of resolutions for following businesses :

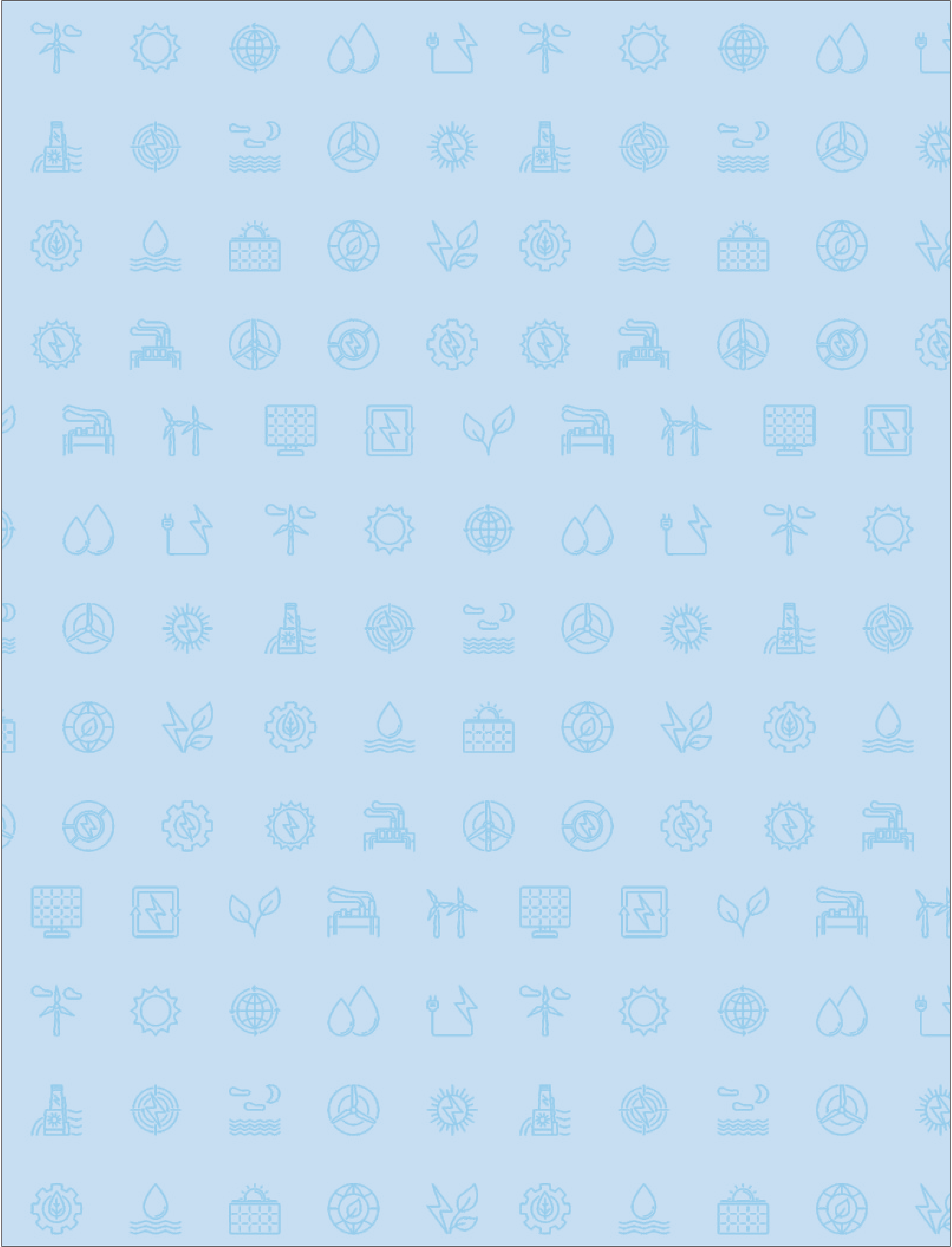
S. No.	Resolution	For	Against
Ordinary Business			
1.	To receive, consider and adopt the audited financial statements including consolidated financial statements of the Company for the financial year ended March 31, 2019, the Reports of the Board of Directors and Auditors thereon.		
2	To appoint a Director 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		
5.	To appoint Shri R.C. Mishra (DIN: 02469982), as Director of the Company		
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		

Signed this............ day of........... 2019

Signature of shareholder ______________ Signature of Proxy holder(s) (Affix Revenue Stamp of appropriate value)

NOTES:

1. This form of Proxy in order to be effective should be duly completed and stamped and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Annual General Meeting.
2. In terms of Clause 6.4.1 of Secretarial Standard – 2 on General Meetings, the Proxy-holder shall prove his identity at the time of attending the Meeting.



POWER FINANCE CORPORATION LTD.
(A Navratna PSU)

Regd. Office : "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi-110001
Tel. : 011-23456000, Fax : 011-23412545, **Website :** www.pfcindia.com
CIN : L65910DL1986GOI024862

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