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You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

If you purchase any of the Rupee denominated Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase Rupee denominated Notes under applicable laws and regulations and that you are in compliance with the FATF Requirements (as defined in this Offering Circular) and you are not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Rupee denominated Notes. The Rupee denominated Notes may not be offered or sold, directly or indirectly, in India or to, or for the account or benefit of, any resident of India.

OFFERING CIRCULAR

Power Finance Corporation Limited

(incorporated with limited liability in the Republic of India)

U.S.$1,000,000,000
Medium Term Note Programme

On 18 October 2012, Power Finance Corporation Limited (the **Issuer** or **PFC**) established a U.S.$1,000,000,000 Medium Term Note Programme (the **Programme**, as amended, supplemented or restated) and prepared an offering circular dated 18 October 2012. This Offering Circular updates the Programme and supersedes any previous offering circular describing the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular.

Under the Programme, the Issuer may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively, **Bearer Notes** and **Registered Notes**) The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$1,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

Application has been made to the London Stock Exchange for the Notes to be admitted to the London Stock Exchange's International Securities Market (**ISM**). The ISM is not a regulated market for the purposes of Directive 2004/39/EC.

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UKLA. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the Singapore Exchange Securities Trading Limited (the **SGX-ST**). Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the **Official List**). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a pricing supplement (the **Pricing Supplement**) which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the SGX-ST) a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

See "*Investment Considerations*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Notes to be listed on the SGX-ST will be accepted for clearance through Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream**).

Each Tranche of Bearer Notes of each series (as defined in "*Form of the Notes*") will initially be represented by either a temporary bearer global note (a **Temporary Bearer Global Note**) or a permanent bearer global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, the **Bearer Global Notes**, and each a **Bearer Global Note**) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream.

On and after the date (the **Exchange Date**) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series.

Registered Notes sold in an "offshore transaction" within the meaning of Regulation S (**Regulation S**) under the U.S. Securities Act of 1933, as amended (the **Securities Act**), which will be sold outside the United States (the **U.S.**) and, in certain circumstances, only to non-U.S. persons (as defined in Regulation S), will initially be represented by a global note in registered form, without receipts or coupons, (a **Registered Global Note**) deposited with a common depositary for Euroclear and Clearstream, and registered in the name of a nominee of such common depositary. Prior to expiry of the distribution compliance period (as defined in Regulation S) (the **Distribution Compliance Period**) (if any) applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person, save as otherwise provided in the Terms and Conditions of the Notes and may not be held otherwise than through Euroclear or Clearstream.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable for definitive Bearer Notes in certain limited circumstances.

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 1956, as amended and replaced from time to time, the Companies Act, 2013, as amended and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. See "*Subscription and Sale*".

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or, in certain circumstances, to U.S. persons (as defined in Regulation S under the Securities Act). See "*Subscription and Sale*".

Arrangers

Barclays **SBICAP** **Standard Chartered Bank**

Dealers

Barclays **SBICAP** **Standard Chartered Bank**

The date of this Offering Circular is 13 October 2017.

The Issuer accepts responsibility for the information contained in this Offering Circular. Having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Programme and the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

No person is or has been authorised by the Issuer to give any information or to make any representation other than those contained in this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made by any other person, such information or representations must not be relied upon as having been authorised by the Issuer, any of the Arrangers or the Dealers or the Trustee.

Neither the Arrangers, the Dealers nor the Trustee (as defined herein) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and, to the fullest extent permitted by law, no responsibility or liability is accepted by any of the Arrangers or the Dealers, the Trustee or any of them as to the accuracy or completeness of the information contained or incorporated in this Offering Circular, or for any other statement, made or purported to be made by the Arrangers or a Dealer or on its behalf in connection with the Issuer or the Programme or any other information provided by the Issuer in connection with the Programme. The Arrangers, each Dealer and the Trustee accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Offering Circular or any such statement.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any of the Arrangers or the Dealers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Arrangers or the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that

any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, any of the Arrangers or the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Italy and the Netherlands), India, Singapore, Japan and Hong Kong, see "*Subscription and Sale*".

None of the Issuer, the Arrangers, the Dealers and the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

There are restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the Financial Services and Market Act 2000 (**FSMA**) with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with. See "*Subscription and Sale*".

In connection with the offering of any series of Notes, each Dealer is acting or will act for the Issuer in connection with the offering and will not be responsible to anyone other than the Issuer for providing the protections afforded to clients of that Dealer nor for providing advice in relation to any such offering.

For a description of other restrictions, see "*Subscription and Sale*".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer maintains its financial books and records and prepares its financial statements in Rupees in accordance with generally accepted accounting principles in the Republic of India (Indian GAAP) which differ in certain important respects from International Financial Reporting Standards (IFRS). For a discussion of the principal differences between Indian GAAP and IFRS as they relate to the Issuer, see "*Summary of Significant Differences Between Indian GAAP and IFRS*". Unless otherwise stated, all financial data contained herein is that of the Issuer on a non-consolidated basis. The financial statements for the years ended 31 March 2017, 2016 and 2015 and the financial statements for the three months ended 30 June 2017, on a non-consolidated basis, included in this Offering Circular have been audited or reviewed as appropriate, by the auditors as set out in paragraph 6 of the section entitled "*General Information*".

CERTAIN DEFINITIONS

In this Offering Circular, references to **India** are to the Republic of India, references to the **Government** or **GoI** are to the Government of India and references to the **RBI** are to the Reserve Bank of India. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to **fiscal** or **fiscal year** are to the year ended 31 March.

Unless the context otherwise indicates, all references to **PFC** or the **Issuer** are to Power Finance Corporation Limited on a non-consolidated basis.

Industry and market share data in this Offering Circular are derived from data prepared by the Central Electricity Authority (the **CEA**) which is the nodal government agency for planning, advising and monitoring the Indian power sector, the Ministry of Power, Government of India (the **MoP**), the Planning Commission of India and from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that the industry data used in this Offering Circular is reliable and takes responsibility for the accurate extraction of such data from publicly available sources and confirms that no facts have been omitted which would render the reproduced information inaccurate or misleading, it has not been independently verified by the Issuer, the Arrangers, the Dealers or the Trustee but the Issuer confirms that appropriate sources of information have been identified whenever relevant.

As used in this Offering Circular, the terms, **Tenth Plan**, **Eleventh Plan**, **Twelfth Plan** and **Thirteenth Plan** refer to the five year plans of the Government, and mean the Tenth Five Year Plan covering the period fiscal 2002-2007, the Eleventh Five Year Plan covering the period fiscal 2007-2012, the Twelfth Five Year Plan covering the period 2012-2017 and the Thirteenth Five Year Plan covering the period 2017-2022, respectively.

All references in this document to **U.S. dollars**, **U.S.$** and **$** refer to United States dollars, to **Rupee**, **Rupees**, **Rs.**, **INR** and **₹** refer to Indian Rupees and to **SGD** refers to Singapore dollars. In addition, references to **Sterling**, **GBP** and **£** refer to pounds sterling and to **euro**, **EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Community, as amended.

All references to the **ECB Guidelines** in this circular shall mean the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, as amended, Master Directions on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers dated 1 January 2016, as amended, and the Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated 1 January 2016, as amended, and all references to **Rupee denominated Notes** shall include Notes which are denominated in INR and issued by the Issuer from its registered office in India and payable in foreign currency pursuant to the ECB Guidelines. Furthermore, **AD Bank** shall mean a designated authorised dealer category I bank appointed in accordance with the ECB Guidelines.

References to **lakhs** and **crores** in the Issuer's financial statements are to the following:

One lakh	100,000	(one hundred thousand)
One crore	10,000,000	(ten million)
Ten crores	100,000,000	(one hundred million)
One hundred crores	1,000,000,000	(one thousand million or one billion)

In this Offering Circular, where information has been presented in millions or billions of units, amounts may have been rounded, in the case of information presented in millions, to the nearest ten thousand or one hundred thousand units or, in the case of information presented in billions, one, ten or one hundred million units. Accordingly, the totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Offering Circular which contain words or phrases such as "will", "would", "aimed", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "seeking to", "target", "propose to", "future", "objective", "goal", "projected", "should", "can", "could", "may" and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the expectations of the Issuer with respect to, but not limited to, regulatory changes relating to the power sector in India and the Issuer's ability to respond to them, the Issuer's ability to successfully implement its strategy, the Issuer's growth and expansion, including the Issuer's ability to complete its capacity expansion plans, technological changes, the Issuer's exposure to market risks, general economic and political conditions in India which have an impact on the Issuer's business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the Issuer's industry.

For a further discussion on the factors that could cause actual results to differ, see the discussion under "*Investment Considerations*" contained in this Offering Circular.

ENFORCEMENT OF FOREIGN JUDGMENTS IN INDIA

The Issuer is a limited liability public company incorporated under the laws of India. All of the Issuer's directors and executive officers named herein are residents of India and all or a substantial portion of the assets of the Issuer and such persons are located in India. As a result, it may not be possible for investors to effect service of process on the Issuer or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities of the Issuer or such directors and executive officers under laws other than Indian law, including any judgment predicated upon United States federal securities laws. There is doubt as to the enforceability in India in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The Issuer understands that the statutory basis for recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Indian Code of Civil Procedure, 1908 (the **Civil Code**). Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards, even if such awards are enforceable as a decree or judgment.

The United States has not been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code. However, the United Kingdom has been declared by the Government to be a reciprocating territory and the High Courts in England as the relevant superior courts. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the judgment and not by proceedings in execution whereas, a judgment of a superior court in the United Kingdom may be enforceable by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the judgment and not by proceedings in execution. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India.

Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment. Also, a party may file suit in India against the Issuer, its directors or its executive officers as an original action predicated upon the provisions of the federal securities laws in the United States.

GLOSSARY OF TERMS USED IN THIS OFFERING CIRCULAR

Below are certain terms used in this Offering Circular.

ADB	Asian Development Bank
AD Bank	Designated authorised dealer category I bank of the Issuer appointed in accordance with the ECB Guidelines
AG&SP	Accelerated Generation and Supply Programme
ALCO	Asset Liability Management Committee
APDP	Accelerated Power Development Programme
APDRP	Accelerated Power Development and Reforms Programme
AT&C loss(es)	Aggregate technical and commercial loss(es)
BOO	Build, own and operate
BSE.	BSE Ltd.
CAGR	Compound annual growth rate
CDM	Clean development mechanism
CEA.	Central Electricity Authority
Central Sector	Central sector which comprises of central Government owned power utilities
CERC	Central Electricity Regulatory Commission
Companies Act.	the Companies Act, 2013, together with rules and regulations thereunder or, to the extent in force and applicable, the Companies Act, 1956, together with the rules and regulations thereunder, as amended, supplemented or re-enacted from time to time
CPSUs	Central Power Sector Utilities
CRA	Corporate Risk Assurance
CRAR	Capital to risk-weighted asset ratio
CRM	Currency risk management
CSR.	Corporate social responsibility
DMS	Distribution management system
DPE.	Department of Public Enterprises, Government of India
DRT.	Debt Recovery Tribunal
DRUM.	Distribution reform, upgrades and management
DSCR	Debt service coverage ratio
DSRA	Debt service reserve account
ECB Guidelines	Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulation 2000 and the circulars issued thereunder by the RBI including the Master Circular on External Commercial Borrowings and Trade Credits dated 1 July 2014, as amended from time to time
ECBs	External commercial borrowings in accordance with ECB Guidelines
EDs	Electricity departments
EESL.	Energy Efficiency Services Limited
Electricity Act	Electricity Act, 2003

EPC	Engineering, procurement and construction
ERC.	Electricity Regulatory Commissions, including CERCs and SERCs
ERP	Enterprise resource planning system
FCNR(B)	Foreign Currency Non-Resident (Bank)
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board
GoI	Government of India
grid	A national or regional high voltage transmission network
HRA	House rent allowance
HVDS	High voltage distribution systems
IDA	Industrial dearness allowance
IDFC	Infrastructure Development Finance Company Limited
IEA	International Energy Agency
IFC	Infrastructure Finance Company
IFCI.	IFCI Limited
IIFCL.	India Infrastructure Finance Company Limited
IL&FS	Infrastructure Leasing & Financial Services Ltd.
IPP	Independent Power Producer
IRDA.	Insurance Regulatory and Development Authority
IRM Policy	Integrated Enterprise-Wide Risk Management Policy
ISO	International Organisation for Standardisation
IT	Information Technology
ITC	Information technology consultants
ITIA	Information technology implementing agencies
ITP	Independent Transmission Project(s)
JNNSM	Jawaharlal Nehru National Solar Mission
KWh	A kilowatt hour
MCA	Ministry of Corporate Affairs
MNRE	Ministry of New and Renewable Energy
MoC	Ministry of Coal
MoF	Ministry of Finance
MoP.	Ministry of Power
MW	A megawatt
NBFC	Non-banking financial company
NCDEX	National Commodities and Derivatives Exchange Limited
NHPC	NHPC Limited
NPCIL	Nuclear Power Corporation of India Limited
NPEL.	National Power Exchange Limited

NSE	National Stock Exchange of India Ltd.
NTP.	National Tariff Policy, 2006
NTPC	NTPC Limited
O&M	Operation and maintenance
PECAP	Power Equity Capital Advisors Private Limited
PFCCL.	PFC Consulting Limited
PFCGEL	PFC Green Energy Limited
PGCIL	Power Grid Corporation of India Limited
PRP	Performance related pay
PSU	Public Sector Undertaking
PTC	Power Trading Corporation of India
PV	Photovoltaic
PXIL	Power Exchange India Limited
R-APDRP	Restructured Accelerated Power Development and Reform Programme
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
REC.	Rural Electrification Corporation Limited
RGGVY	Rajiv Gandhi Grameen Vidhyutikaran Yojana
SCADA	Supervisory Control and Data Acquisition
SDC.	SCADA/DMS consultants
SEB	State Electricity Board
SEBI	Securities and Exchange Board of India
SERC.	State Electricity Regulatory Commission(s)
SIA	SCADA Implementing Agencies
SPU	State Power Utilities
SPV	Special purpose vehicle
TCS	Tata Consultancy Services Limited
TERI	The Energy and Resources Institute
TPIEA	Third party independent evaluating agencies
TPIEA-EA	Third party independent evaluating agencies — energy accounting
TRA Agreement	Trust and Retention Account Agreement
UMPP	Ultra mega power projects
Unit	One KWh; that is, the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour
USPP	United States Private Placement
UT.	Union Territories
Yield	Ratio of interest income to the daily average of interest earning assets

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the most recently published audited consolidated and non-consolidated annual financial statements and, if published later, the most recently published audited or reviewed, as the case may be, interim non-consolidated financial results of the Issuer, (see "*General Information*" for a description of the financial statements currently published by the Issuer); and

(b) all supplements or amendments to this Offering Circular circulated by the Issuer from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the principal office of the principal paying agent in London (which for the time being is The Bank of New York Mellon, London Branch) (the **Principal Paying Agent**) for the Notes listed on the SGX-ST.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, to an extent which is material in the context of the Programme, a new offering circular will be prepared.

The consolidated audited financial statements of the Issuer as of and for the fiscal years ended 31 March 2017, 2016 and 2015, as available on the website of the Issuer at *https://www.pfcindia.com/* are incorporated by reference into the Offering Circular.

All future financials that are contemplated to be incorporated by reference into the Offering Circular will be made available on the website of the Issuer at *https://www.pfcindia.com/*.

Only such information as has been mentioned in this section of the Offering Circular is incorporated by way of reference and no other information on the website of the Issuer at *https://www.pfcindia.com/* is incorporated by reference herein.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for listing Notes on the SGX-ST and the ISM in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.$1,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;

(b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

The offering of the Notes will be made entirely outside India. This Offering Circular may not be distributed directly or indirectly in India or to residents of India and the Notes are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

Each purchaser of Notes will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Notes may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the account of, such persons, unless determined otherwise in compliance with applicable law.

The Issuer will issue Notes under the Programme in accordance with the ECB Guidelines.

The Government does not provide any guarantee or financial support in relation to any payment or obligation in respect of the Notes and has no commitment or obligation whatsoever in relation to any payment or obligation in respect of the Notes.

Any Rupee denominated Notes issued under the Programme will be so issued by the Issuer in accordance with the ECB Guidelines.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Issuer:	Power Finance Corporation Limited
Investment Considerations	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Investment Considerations*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Investment Considerations*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Medium Term Note Programme
Arrangers:	Barclays Bank PLC SBICAP (Singapore) Limited Standard Chartered Bank
Dealers:	Barclays Bank PLC SBICAP (Singapore) Limited Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement (as defined under "*Subscription and Sale*").
Certain Restrictions:	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.
Trustee:	The Bank of New York Mellon, London Branch
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Transfer Agent:	The Bank of New York Mellon, London Branch
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg) S.A)
Programme Size:	U.S.$1,000,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Programme*") in aggregate nominal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer including but not limited to the minimum maturity period specified under the ECB Guidelines or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer and/or registered form as described in "*Form of the Notes*".
Fixed Rate Notes:	Fixed interest will be payable at such rate or rates in arrear and on such date or dates as may be agreed between the Issuer and the relevant Dealer, subject to any regulatory requirement (including but not limited to the ECB Guidelines) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer, subject to any regulatory requirement (including but not limited to the ECB Guidelines).
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate, subject to any regulatory requirement including but not limited to the ECB Guidelines, determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer.

	The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes, subject to any regulatory requirement (including but not limited to the ECB Guidelines). Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree, subject to any regulatory requirement (including but not limited to the ECB Guidelines).
Other provisions in Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a relation to maximum interest rate, a minimum interest rate or both, subject to any regulatory requirement including but not limited to the ECB Guidelines. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes:.	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree, subject to any regulatory requirement (including but not limited to the ECB Guidelines).
Partly Paid Notes	The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes:.	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Other Notes	The Issuer may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:.	Unless otherwise indicated in the applicable Pricing Supplement the relevant Notes cannot be redeemed prior to their stated maturity other than (i) in specified instalments, if applicable, (ii) for taxation reasons, (iii) following a Change in Control (as defined in Condition 8) or (iv) following an Event of Default (as defined in Condition 11). Please note that any redemption of the Notes prior to their average stated maturity will require the prior approval of the AD Bank or the RBI under the ECB Guidelines. The applicable Pricing Supplement may provide that Notes may be redeemable in separate instalments in such amounts and on such dates as are indicated in the applicable Pricing Supplement, subject to any regulatory requirement including but not limited to the ECB Guidelines.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 9), unless such withholding or deduction is required by law. In the event that any such deduction is required to be made, the Issuer will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted or withheld. Without prejudice to the Issuer's obligation to pay additional amounts as described above, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 7.8.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 11.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 4, unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Listing:	Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least SGD200,000. Application has also been made to the London Stock Exchange for the Notes to be admitted to the London Stock Exchange's ISM. The ISM is not a regulated market for the purposes of Directive 2004/39/EC. Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.
Clearing System:	The Euroclear, Clearstream (each as defined in Condition 1) and/or any other clearing system, as specified in the applicable Pricing Supplement (see "*Form of Notes*").
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes under the Prospectus Directive and in the United States, the United Kingdom, Italy, the Netherlands, Japan, India, Hong Kong and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").
United States Selling Restrictions:	Regulation S, Category 1 or 2. TEFRA C or D, or TEFRA not applicable as specified in the applicable Pricing Supplement.

FORM OF THE NOTES

The Notes of each Series will either be in bearer form, with or without interest coupons (**Coupons**) attached (**Bearer Notes**), or registered form, without interest coupons attached (**Registered Notes**). The Notes will be issued outside the United States and, in certain instances, only to non-U.S. persons, in reliance on Regulation S.

Notes to be listed on the SGX-ST and/or ISM will be accepted for clearance through Euroclear Bank S.A./ N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream**).

Bearer Notes

Each Tranche of Bearer Notes will initially be represented by either a temporary bearer global note (a **Temporary Bearer Global Note**) or a permanent bearer global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, the **Bearer Global Notes**, and each a **Bearer Global Note**) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream. Whilst any Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, and Euroclear and/or Clearstream as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes (**Definitive Bearer Notes**) of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Global Note or for Definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor or alternative clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect from an authorised officer of the Issuer has been given to the Trustee. The Issuer will promptly give notice to the Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or, the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Permanent Bearer Global Notes and all Definitive Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form (**Definitive Registered Notes**).

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar (each as defined under "*Terms and Conditions of the Notes*") will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event (as defined under "*Form of the Notes — Bearer Notes*").

The Issuer will promptly give notice to the Noteholders and the Trustee in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) of the definition of Exchange Event under "*Form of the Notes — Bearer Notes*", the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN number which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note or a Registered Global Note (each a **Global Note**) held on behalf of Euroclear and/or Clearstream each person (other than Euroclear and/or Clearstream) who is for the time being shown in the records of Euroclear or Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Issuer and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Trustee, the Issuer and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the Trust Deed and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or otherwise approved by the Issuer, the Trustee and the Principal Paying Agent.

No Noteholder, Receiptholder (as defined below) or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7, 8 (except Condition 8.2), 12, 13, 14, 15 (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note representing such Notes is exchanged for definitive Notes. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[*Date*]

Power Finance Corporation Limited

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.$1,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 13 October 2017 [and the supplement[s] to it dated [ ] and [ ]] (the **Offering Circular**). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [*original date*]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [*current date*], save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*] and are attached hereto.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement*]

1.		Issuer:	Power Finance Corporation Limited
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [*date*]] [Not Applicable]
3.		Specified Currency or Currencies:	[ ] (*In case of a denomination in INR, the below is to be included*) [The lawful currency of India (**Indian Rupees** or **INR**), provided that all payments in respect of the Notes will be made in United States Dollars (**U.S.$**).]

4.	Aggregate Nominal Amount:	
	(a) Series:	[ ]
	(b) Tranche:	[ ]
5.	(a) Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (in the case of fungible issues only, if applicable)] *(In case of a denomination in INR, the below is to be included)* [The Issue Price will be payable in U.S.$ and will be based on the Aggregate Nominal Amount (in INR) divided by the conversion rate reported by the RBI and displayed on Reuters page "RBIB" at approximately [1:30] p.m., Mumbai, on [*date*], 2017.]
	(b) [Net proceeds:	[ ]]
6.	(a) Specified Denominations:	[ ] *(N.B. Notes must have a minimum denomination of €100,000 or equivalent)* *(Note — where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")* *(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)* *(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)* *(In case of a denomination in INR, the below is to be included)* [INR[ ] and integral multiples thereof].]
	(b) Calculation Amount:	[ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8.		Maturity Date:	[*Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to* [*specify month and year*]]
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11.		Change of Interest Basis or Redemption/Payment Basis:	[Applicable/Not Applicable] (*if applicable, specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*)
12.	(a)	Date of board approval for issuance of Notes obtained:	[ ] [and [ ], respectively]]/[None required] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
	(b)	Date of regulatory approval/consent for issuance of Notes obtained:	[ ]/[None required] *(N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes)*
13.		Listing:	[Singapore/*specify other*/None] *(N.B. Consider disclosure requirements under the EU Prospectus Directive applicable to securities admitted to an EU regulated market)*
14.		Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
(c)	Fixed Coupon Amount(s):	[ ] per Calculation Amount
(d)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
(e)	Day Count Fraction:	[Actual/Actual (ICMA)]; [30/360]; [Actual/365 (Fixed)] [*specify other*]
(f)	Determination Date(s):	[[ ] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]

16.	Floating Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/[*specify other*]]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]
(f)	Screen Rate Determination:	
	• Reference Rate:	*Reference Rate:* [ ] *month* [*LIBOR/EURIBOR/ specify other Reference Rate*].
	• Interest Determination Date(s):	[ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
	• Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(g)	ISDA Determination:	
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ] (*in the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)
(h)	Margin(s):	[+/-] [ ] per cent. per annum
(i)	Minimum Rate of Interest:	[ ] per cent. per annum
(j)	Maximum Rate of Interest:	[ ] per cent. per annum
(k)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360], [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [*specify other*] *(See Condition 6 for alternatives)*

17.	Zero Coupon Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]
(c)	Any other formula/basis of determining amount payable:	[ ]
(d)	Day Count Fraction in relation to Early Redemption Amounts:	[*30/360*] [*Actual/360*] [*Actual/365*] [*specify other*]

18.	Index Linked Interest Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(a)	Index/Formula:	[*give or annex details*]
(b)	Calculation Agent:	[*give name*]
(c)	Calculation Agent responsible for calculating the interest due:	[ ]
(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
(e)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
(g)	Additional Business Centre(s):	[ ]
(h)	Minimum Rate of Interest:	[ ] per cent. per annum

	(i) Maximum Rate of Interest:	[ ] per cent. per annum
	(j) Day Count Fraction:	[ ]
19.	Dual Currency Interest Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(b) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[ ]
	(c) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
	(d) Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

20.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[ ]
	(ii) Maximum Redemption Amount:	[ ]
	(d) Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal paying Agent or the Trustee*)
21.	Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]

(c)	Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee*)

22. Final Redemption Amount

[ ] per Calculation Amount

(In case of a denomination in INR, the below is to be included)

[The Final Redemption Amount per Calculation Amount will be payable in U.S.$ and determined by the Calculation Agent on the Rate Fixing Date in respect of the Maturity Date, as follows:

Calculation Amount *divided by* the Reference Rate

Where:

Calculation Agent means [ ].

Reference Rate means the rate used on each Rate Fixing Date which will be the U.S.$/INR spot rate, expressed as the amount of Indian Rupees per one United States Dollar, for settlement in two Fixing Business Days, reported by the Reserve Bank of India, which is displayed on Reuters page **RBIB** (or any successor page) at approximately 1:30 p.m., Mumbai time, on each Rate Fixing Date. If a Price Source Disruption Event occurs on the Scheduled Rate Fixing Date, then the Reference Rate for such Rate Fixing Date shall be determined by the Calculation Agent in accordance with the Fallback Provisions set out below.

Rate Fixing Date means the Scheduled Rate Fixing Date, subject to a Valuation Postponement.

Scheduled Rate Fixing Date means the date which is two Fixing Business Days prior to the Interest Payment Date or the Maturity Date or such other date on which an amount in respect of the Notes is due and payable. If the Scheduled Rate Fixing Date is an Unscheduled Holiday, the

Rate Fixing Date shall be the next relevant Fixing Business Day, subject to the Deferral Period for an Unscheduled Holiday set out below.

Unscheduled Holiday means a day that is not a Fixing Business Day, a fact of which the market was not aware (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Mumbai, two Fixing Business Days prior to the relevant Rate Fixing Date.

Adjustments to the Interest Payment Date and Maturity Date:

If a Scheduled Rate Fixing Date is adjusted for an Unscheduled Holiday or if Valuation Postponement applies, then the Interest Payment Date or Maturity Date relating to such Scheduled Rate Fixing Date shall be two Payment Business Days after the date on which the Reference Rate for such Interest Payment Date or Maturity Date is determined. If any Interest Payment Date or Maturity Date is adjusted in accordance with the preceding sentence, then such adjustment (and the corresponding payment obligations to be made on such dates) shall apply only to such Interest Payment Date or the Maturity Date, as applicable, and no further adjustment shall apply to the amount of interest payable.

Fallback Provisions:

Price Source Disruption Event means it becomes impossible to obtain the Reference Rate on a Rate Fixing Date.

Applicable Price Source Disruption Fallbacks:

In the event of a Price Source Disruption Event, the Calculation Agent shall apply each of the following Price Source Disruption Fallbacks for the determination of the Reference Rate, in the following order, until the Reference Rate can be determined:

Valuation Postponement	(As defined below)
Fallback Reference Price	SFEMC INR Indicative Survey Rate (INR02)

Fallback Survey Valuation Postponement	(As defined below)
Calculation Agent Determination of Reference Rate	[ ]

Cumulative Events has the following meaning:

Notwithstanding anything to the contrary, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 14 consecutive calendar days in the aggregate.

Accordingly, (x) if, upon the lapse of any such 14 calendar day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Fixing Business Day, then such day shall be deemed to be a Rate Fixing Date, and (y) if, upon the lapse of any such 14 calendar day period, a Price Source Disruption Event shall have occurred or be continuing on the day following such period on which the Reference Rate otherwise would be determined, then Valuation Postponement shall not apply and the Reference Rate shall be determined in accordance with the next Price Source Disruption Fallback.

Valuation Postponement means that the Reference Rate will be determined on the Fixing Business Day first succeeding the day on which the Price Source Disruption Event ceases to exist, unless the Price Source Disruption Event continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption Event, would have been the Rate Fixing Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Reference Rate will be determined on the next Fixing Business Day after the Maximum Days of Postponement (which will, subject to the provisions relating to Fallback Survey Valuation Postponement, be deemed to be the applicable Rate Fixing Date) in accordance with the next applicable Price Source Disruption Fallback.

Maximum Days of Postponement means 14 calendar days.

SFEMC INR Indicative Survey means a methodology, dated as of 1 December 2004 and as amended from time to time, for a centralised industry-wide survey of financial institutions that are active participants in the Indian Rupee/U.S. Dollar markets for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02).

SFEMC INR Indicative Survey Rate (INR02) means that the Reference Rate for a given Rate Fixing Date will be the Indian Rupee/U.S. Dollar Specified Rate for U.S. Dollars, expressed as the amount of Indian Rupees per one U.S. Dollar, for settlement in two Fixing Business Days, as published on the website of the Singapore Foreign Exchange Market Committee (**SFEMC**) at approximately 3:30 p.m. (Singapore time), or as soon as practicable thereafter, on such date. The Reference Rate shall be calculated by SFEMC (or aservice provider SFEMC may select in its sole discretion) pursuant to the SFEMC INR Indicative Survey (as defined below) for the purpose of determining the SFEMC INR Indicative Survey Rate.

Fallback Survey Valuation Postponement means that, in the event that the Fallback Reference Price is not available on or before the third Fixing Business Day (or the day that would have been a Fixing Business Day but for an Unscheduled Holiday) succeeding the end of either (i) a Valuation Postponement for a Price Source Disruption Event, (ii) a Deferral Period for an Unscheduled Holiday, or (iii) Cumulative Events, as applicable, then the Reference Rate will be determined in accordance with the next Applicable Price Source Disruption Fallback on such day (which will be deemed to be the applicable Rate Fixing Date). For the avoidance of doubt, Cumulative Events, if applicable, do not preclude postponement of valuation in accordance with this provision.

Payment Business Day means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, New York and Mumbai.

Fixing Business Day means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Mumbai.

Deferral Period for an Unscheduled Holiday:

In the event that the Scheduled Rate Fixing Date is postponed due to the occurrence of an Unscheduled Holiday, and if the Rate Fixing Date has not occurred on or before the 14th calendar day after the Scheduled Rate Fixing Date (any such period being a **Deferral Period**), then the next day after the Deferral Period that would have been a Fixing Business Day but for the Unscheduled Holiday shall be deemed to be the Rate Fixing Date.]

23. Early Redemption Amount payable on redemption for taxation reasons or on event of default:

[[ ] per Calculation Amount/*specify other*/see Appendix]

(*In case of a denomination in INR, the below is to be included*)
[The Final Redemption Amount as determined in accordance with item 22 above; provided that, for the purposes of such determination, the Scheduled Rate Fixing Date shall be the date that is two Fixing Business Days prior to the date on which the Notes become due and payable.]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

[Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice given at anytime/only upon an Exchange Event]]

[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:

		"[€ 100,000] and integral multiples of [€ 1,000] in excess thereof up to and including [€ 199,000]. No Notes in definitive form will be issued with a denomination above [€ 199,000]". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Bearer Notes.) [Registered Notes: Registered Global Note ([ ] nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream (*specify nominal amounts*)]
25.	Additional Financial Centres:	[Not Applicable/*give details*] *(Note that this item relates to the place of payment and not Interest Period end dates to which items 16(c) and 18(f) relate)*
26.	Talons for future Coupons to be attached to Definitive Notes in bearer form (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B. a new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues*]
28.	Details relating to Instalment Notes:	[*Not Applicable*]
	(a) [Instalment Amount(s):	[*give details*]]
	(b) [Instalment Date(s):	[*give details*]]
29.	Redenomination applicable:	Redenomination [not] applicable *(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*
30.	Permitted Security Interest Date:	[ ] *(See Condition 4)*
31.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

32.	(a) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b) Stabilising Manager(s) (if any):	[Not Applicable/*give name(s)*]

33.	If non-syndicated, name of relevant Dealer:	[ ]
34.	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA not applicable]
[35.	Additional U.S. Federal Income Tax Considerations:	[The Notes are [not] Specified Securities for the purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986. [Additional information regarding the application of Section 871(m) to the Notes will be available from [*give name(s) and address(es) of Issuer contact*].]] [As at the date of this Pricing Supplement, the Issuer has not determined whether the Notes are Specified Securities for the purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively, it considers that they will [not] be Specified Securities for these purposes. This is indicative information only, subject to change, and if the Issuer's final determination is different then it will give notice of such determination. [Please contact [*give name(s) and address(es) of Issuer contact*] for further information regarding the application of Section 871(m) to the Notes.]] (*The Notes will not be Specified Securities if they (i) are issued prior to 1 January 2018 and provide a return that differs significantly from the return on an investment in the underlying, or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Notes are issued on or after 1 January 2018 and reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis would be required.*)]
36.	Whether Category 1 or Category 2 applicable in respect of the Notes offered and sold in reliance on Regulation S:	[Category 1/Category 2] [(Notes offered in reliance on Category 1 must be in registered form)]
37.	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

38.	Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]

39.	Delivery:	Delivery [against/free of] payment
40.	Additional Paying Agent(s) (if any):	[ ]

ISIN:	[ ]
Common Code:	[ ]

[**LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$1,000,000,000 Medium Term Note Programme of Power Finance Corporation Limited.]

RESPONSIBILITY

[The Singapore Exchange Securities Limited (the **SGX-ST**) [and the London Stock Exchange's International Securities Market (the **ISM**)] assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. The admission of the Notes to the Official List of the SGX-ST [and the admission of the Notes to the ISM] is not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.]

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ________________________________

Duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following, subject to alteration and except for the paragraph in italics, are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Power Finance Corporation Limited (the **Issuer**) and constituted by a Trust Deed (as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 18 October 2012 made between the Issuer and The Bank of New York Mellon, London Branch (the **Trustee** which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes represented by a global Note (a **Global Note**), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Global Note in bearer form (a **Bearer Global Note**);

(iii) any Global Note in registered form (a **Registered Global Note**);

(iv) definitive Notes in bearer form (**Definitive Bearer Notes**, and together with Bearer Global Notes, the **Bearer Notes**) issued in exchange for a Bearer Global Note; and

(v) definitive Notes in registered form (**Definitive Registered Notes**, and together with Registered Global Notes, the **Registered Notes**), whether or not issued in exchange for a Registered Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 18 October 2012 and made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and as transfer agent (the **Transfer Agent**, which expression shall include any substitute or any additional transfer agents appointed in accordance with the Agency Agreement) and The Bank of New York Mellon (Luxembourg) S.A. as registrar (the **Registrar**, which expression shall include any successor registrar and together with the Paying Agents and Transfer Agents, the **Agents**).

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions (**Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the **applicable Pricing Supplement** are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose names the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Trustee acts for the benefit of the Noteholders, the Receiptholders and the Couponholders, in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions which are the same in all respects save for the amount and date of first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being, at One Canada Square, 40th Floor, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying Agent and the other Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of the Principal Paying Agent and the corporate office of the Issuer save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes may be in bearer form (**Bearer Notes**) and/or in registered form (**Registered Notes**) as specified in the applicable Pricing Supplement and, in the case of definitive Notes, will be serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**), specified in the applicable Pricing Supplement. Save as provided in Condition 2, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement, which Interest Basis shall be as per the applicable laws including but not limited to the ECB Guidelines.

This Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery. Title to Registered Notes will pass upon registration of transfers in the books of the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee, the Principal Paying Agent, any Paying Agent, the Registrar and the Transfer Agent will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and any person in whose name a Registered Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held by a common depositary on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream**), each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, any Paying Agents, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer or registered holder of the relevant Global Note shall be treated by the Issuer, the Trustee, any Paying Agent, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes, as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, as the case may be. References to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Trustee and the Principal Paying Agent.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of Interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Registered Notes Generally

Registered Notes may not be exchanged for Bearer Notes and vice versa.

Holders of Definitive Registered Notes may exchange such Definitive Registered Notes for interests in a Registered Global Note of the same type at any time.

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer: (i) the holder or holders must (a) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Trustee, the Registrar, or as the case may be, the relevant Transfer Agent from time to time may prescribe (such initial regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of Transfer upon Partial Redemption

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Registered Note, or a part Registered Note, called for partial redemption.

2.4 Costs of Registration

Registration of transfers will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to it provided that the Issuer shall not be responsible for any documentary stamp tax payable on the transfer of Notes effected in the Republic of India (**India**) unless the Issuer is the counterparty directly liable for that documentary stamp tax.

3. STATUS

The Notes and any relative Receipts and Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject to the provisions of Condition 4) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will ensure that no Relevant Indebtedness (as defined below) of the Issuer or any of its Subsidiaries (as defined below) will be secured by any Security Interest (as defined below) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer or any of its Subsidiaries unless the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than three-fourths of the votes cast thereon) of the Noteholders.

4.2 Interpretation

For the purposes of these Conditions:

(a) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any loan or other borrowed money or any liability under or in respect of any acceptance or acceptance credit (together, **Indebtedness for Borrowed Money**) which (a) by their terms are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside of India by or with the authorisation of the Issuer and (b) are for the time being, or are intended to be, or capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness;

(b) **Security Interest** means any mortgage, charge, pledge, lien or other security interest; and

(c) **Subsidiary** means, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

5. REDENOMINATION

5.1 Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders or the Couponholders, on giving 30 days' prior notice to the Trustee, the Principal Paying Agent, Euroclear and/or Clearstream as applicable, and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of 0.01 with a nominal amount in euro for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent and the Trustee, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes are for the time being listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than 1,000 or such smaller denominations as the Issuer in conjunction with the Principal Paying Agent may determine) euro 0.01 and such other denominations as the Issuer shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

    (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); and

    (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

(g) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and

(h) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Trustee and the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

5.2 Definitions

In these Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

euro and **€** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph 5.1 (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

Treaty means the Treaty on the Functioning of the European Union, as amended.

6. INTEREST

All interest payable on the Notes shall be subject to applicable laws including but not limited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations 2000 and circulars issued thereunder by the RBI including the Master Circular on External Commercial Borrowings and Trade Credits dated 1 July 2014, as amended from time to time (the ***ECB Guidelines****) and in accordance with any specific approval received by the Issuer from the RBI or any other regulatory authority.*

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest is required to be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Each Fixed Rate Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or any other regulatory authority.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

(a) if **Actual/Actual (ICMA)** is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if **30/360** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; or

(c) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Accrual Period divided by 365.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement. The Rate of Interest shall be in accordance with Indian regulatory requirements (including the ECB Guidelines) or any specific approval received by the Issuer from the RBI or any other regulatory authority.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as of 11.00 a.m. (London time, in case of LIBOR, or Brussels, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or such other party specified in the applicable Pricing Supplement. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as of the time specified in the preceding paragraph.

(c) Minimum and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

The Rate of Interest shall not exceed the rate of interest as specified under the ECB Guidelines or any specific approval received by the Issuer from the RBI or any other regulatory authority.

(d) Determination of Rate of Interest and Calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same. If required to be calculated by it, the Principal Paying Agent or, as the case may be, the Calculation Agent shall cause the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and the rules of such stock exchange or other relevant authority so require, such stock exchange or other relevant authority as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Each Floating Rate Note or Index Linked Interest Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or any other regulatory authority.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

(i) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if **Actual/365 (Sterling)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if **30E/360** or **Eurobond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if **30E/360 (ISDA)** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(f) Determination or Calculation by Trustee

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(g) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Registrar, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

Each Dual Currency Interest Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or any other regulatory authority.

6.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

Each Partly Paid Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or any other regulatory authority.

6.5 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from and including the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6.6 Definitions

In these Conditions, if a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Pricing Supplement; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is

Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor system (the **TARGET2 System**) is open.

7. PAYMENTS

7.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

7.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America and its possessions).

Payments of Instalment Amounts (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

7.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Trustee, or the Registrar or any Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, as the case may be, for his share of each payment so made by the Issuer in respect of such Global Note to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States only if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 11) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

  (i) in the case of Notes in definitive form only, the relevant place of presentation; and

  (ii) any Additional Financial Centre specified in the applicable Pricing Supplement; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

7.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.4); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7.8 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 9, in the place of payment, (ii) any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of

1986 (the Code); and (iii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

8. REDEMPTION AND PURCHASE

8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

8.2 Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Notes are neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Note) or on any Interest Payment Date (if the Notes are either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes for such Series; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee to make available at its specified office (during the hours of 9:30 am to 3 pm, Mondays to Fridays (except public holidays)) to the Noteholders (1) a certificate signed by an authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.4 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

*ECB Guidelines require the Issuer to obtain the prior approval of the RBI or designated authorised dealer bank appointed in accordance with the ECB Guidelines (**AD Bank**), as the case may be, before providing notice for or effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.*

8.3 Redemption upon Change of Control

Within 15 days following any Change in Control, the Issuer will give notice to the Noteholders, the Trustee and the Principal Paying Agent in accordance with Condition 15 stating that a Change in Control has occurred.

Following the occurrence of a Change in Control, each Noteholder will have the right to require the Issuer to redeem any of the Notes held by such Noteholder at their principal amount outstanding together with interest (including additional amounts pursuant to Condition 9 if any) accrued to (but excluding) the date of redemption.

To exercise the right to require redemption of any Notes, the holder of the Notes must deliver such Notes at the specified office of any Paying Agent, in the case of Bearer Notes, or of any Transfer Agent or the Registrar, in the case of Registered Notes, on any business day (being, in relation to any place, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in that place) at the place of such specified office falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current and which may, if this Note is held in a clearing system, be any form acceptable to the clearing system delivered in a manner acceptable to the clearing system) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this paragraph accompanied by such Notes or evidence satisfactory to the relevant Paying Agent, Transfer Agent or the Registrar, as the case may be, that such Notes will, following the delivery of the Put Notice, be held to its order or under its control.

Subject to the receipt of RBI approvals, the Issuer is obliged to redeem any such Notes on the first business day in the place where such redemption notice is deposited falling 30 days after such deposit.

A Put Notice given by a holder of any Note shall be irrevocable and no Note deposited with a Paying Agent, Transfer Agent or the Registrar pursuant to this Condition 8.3 may be withdrawn without the prior written consent of the Issuer.

The right of any Noteholder to require the Issuer to redeem any Note upon a Change in Control is not conditional upon a Change in Control notice having been given by the Issuer, but will, if such notice is given by the Issuer, be exercised by such Noteholder within 45 days of the giving of such notice.

A **Change in Control** will have occurred if the Government of India will at any time cease to own, directly or indirectly, more than 50 per cent. of the voting securities of the Issuer.

In this Condition 8.3, **voting securities** means stock (or equivalent interests) having voting power for the election of directors, commissioners, managers or trustees of a company (or otherwise the power to control the management and policies of such corporation or other entity).

ECB Guidelines require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, before providing notice for or effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

8.4 Early Redemption Amounts

For the purpose of Conditions 8.2 and 8.3 above and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^{y}$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365),

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

8.5 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.4 above.

8.6 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

8.7 Purchases

The Issuer or any Subsidiary (as defined in the Trust Deed) of the Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent and/or the Registrar for cancellation.

8.8 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.7 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent (which shall notify the Registrar of such cancelled Notes in the case of Registered Notes) and may not be reissued or resold.

8.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 8.1, 8.2 or 8.3 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.4(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee or the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

9. TAXATION

9.1 Payment without Withholding

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction (the **Additional Amounts**); except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6); or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or

(e) presented for payment by or on behalf of a holder of such Note, Receipt or Coupon who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or

(f) where such withholding or deduction is required pursuant to (i) Section 871(m) of the Code or (ii) agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

Any payments made by the Issuer are required to be within the all-in-cost ceilings prescribed under the ECB Guidelines and in accordance with any specific approvals from the RBI in this regard.

9.2 Interpretation

As used herein:

(i) **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or, as the case may be, the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15; and

(ii) **Tax Jurisdiction** means India or any political subdivision or any authority thereof or therein having power to tax in respect of payments made by the Issuer of principal and interest in respect of the Notes, Receipts and Coupons.

10. PRESCRIPTION

The Notes (whether bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of seven years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

11. EVENTS OF DEFAULT AND ENFORCEMENT

11.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly, subject to receipt of prior RBI or AD Bank approval, as the case may be, forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money of the Issuer or any of its Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; (iii) any security given by the Issuer or any of its Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph 11.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least U.S.$100,000,000 (or its equivalent in any other currency); or

(d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(e) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer or any of its Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company is not discharged within 14 days; or

(g) if the Issuer or any of its Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) if any government authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer or any of its Subsidiaries without fair compensation; or

(i) if at any time the Government of India ceases to own (directly or indirectly) more than 50.0 per cent. of the voting securities of the Issuer; or

(j) a moratorium (which expression shall not include any deferral of principal originally contemplated and made in accordance with the terms of any loan or other financing related agreement) is agreed or declared by the Issuer in respect of any Indebtedness for Borrowed Money (including any obligations arising under guarantees) of the Issuer or any of its Subsidiaries; or

(k) if the Issuer or any of its Subsidiaries is or becomes entitled or subject to, or is declared by law or otherwise to be protected by, immunity (sovereign or otherwise) and Condition 20.4 is held to be invalid or unenforceable; or

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(m) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (h) inclusive, (k) and (l).

Material Subsidiary means at any time a Subsidiary of the Issuer:

(i) whose net profit before tax and extraordinary items (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 5 per cent. of the consolidated net profit before tax and extraordinary items of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that:

    (A) if the then latest audited consolidated accounts of the Issuer and its Subsidiaries show a net loss before tax and extraordinary items for the relevant financial period then there shall be substituted for the words "net profit before tax and extraordinary items" the words "total income" for the purposes of this definition; and

    (B) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material

Subsidiary pursuant to this subparagraph (ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate net profit before tax and extraordinary items equal to) not less than 5 per cent. of the consolidated net profit before tax and extraordinary items of the Issuer, or represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate net profit before tax and extraordinary items equal to) not less than 5 per cent. of the consolidated net profit before tax and extraordinary items of the Issuer, or its assets represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

ECB Guidelines require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, before effecting a redemption of Notes prior to their stated maturity even in case of an event of default and such approval may not be forthcoming.

11.2 Enforcement

Notwithstanding the provisions of Condition 16 requiring the Trustee to convene a meeting of Noteholders on the occurrence of an Event of Default or Potential Event of Default, the Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

Payments of any amounts outside India by the Issuer under an indemnity clause may require the prior approval of the RBI.

12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. PAYING AGENTS, REGISTRAR AND TRANSFER AGENTS

The names of the initial Paying Agents, the initial Registrar and the other initial Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled, after consultation with the Trustee, to vary or terminate the appointment of the Principal Paying Agent, Paying Agent, Registrar or Transfer Agent and/or appoint additional or other Paying Agents, Registrar or Transfer Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be the Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent, which may be the Principal Paying Agent, and Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(c) the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other law implementing or complying with, or introduced in order to conform to, such Directive; and

(d) so long as the Notes are listed on the SGX-ST, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Notice of any variation, termination, appointment or change in Paying Agents will be given promptly to the Noteholders by the Issuer in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents, Registrar and the Transfer Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. NOTICES

Notices to holders of Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by air mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth day after the date of such mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will be made in the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If, in the opinion of the Trustee, publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, be substituted for such publication in such newspaper(s) or such mailing the delivery by electronic mail of the relevant notice to Euroclear and/or Clearstream for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition 15.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and the Trustee (subject in each of the instances referenced below to it being indemnified and/or secured and/or prefunded to its satisfaction) shall upon (a) a request in writing of one or more Noteholders holding not less than one-tenth of the nominal amount of the Notes for the time being outstanding; or (b) the receipt of notice from the Issuer pursuant to Clause 13(vi) of the Trust Deed of the occurrence of an Event of Default or a Potential Event of Default, convene a meeting of the Noteholders for the purpose of obtaining instructions from the Noteholders as to the actions (if any) to take in connection with the matters in respect of which the Noteholders have requested a meeting or such Event of Default or Potential Event of Default in a manner more specifically provided in the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons or the Trust Deed (including, *inter alia*, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders by the Issuer in accordance with Condition 15 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of any Subsidiary, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders are not materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 15.

17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Repatriation of proceeds outside India by the Issuer under an indemnity clause may require the prior approval of the RBI in accordance with the extant laws and regulations.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

20.2 Submission to jurisdiction

(a) Subject to Condition 20.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) This Condition 20.2(c) is for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders only. To the extent allowed by law, the Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 Appointment of Process Agent

The Issuer irrevocably appoints the State Bank of India, London Branch at its specified office for the time being at 15, King Street, London EC2V 8EA as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of State Bank of India, London Branch being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute with written notice to the Trustee. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 Waiver of Immunity

To the fullest extent permitted by law, the Issuer irrevocably and unconditionally:

(a) submits to the jurisdiction of the English courts in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts in relation to any Dispute (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf;

(b) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any other jurisdiction in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agrees to ensure that no such claim is made on its behalf; and

(c) consents to the enforcement of any order or judgment made or given in connection with any Dispute and the giving of any relief in the English courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation: (i) relief by way of interim or final injunction or order for specific performance or recovery of any property; (ii) attachment of its assets; and (iii) enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use) and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer to finance power projects in accordance with the approvals granted by the RBI from time to time in relation to this and in accordance with the ECB Guidelines or as may be stated in the applicable pricing supplement, which could include financing of Eligible Green Projects (as defined hereinafter).

THE ISSUER'S GREEN BOND FRAMEWORK

Overview

The Issuer is committed to promoting the development of renewable energy projects in view of the critical importance of such projects to the development of the Indian economy. Furthermore, in light of various environmental considerations and India's Energy Security Policy of , the Government has decided to procure the future power requirements of the country mainly from renewable energy projects. In order to meet this objective, the Government has formulated various plans and incentives to help increase the share of renewable energy sources in the procurement of power, with the goal of procuring 175 GW of power through renewable energy sources by the end of 2022 including 100 GW from solar energy and 60 GW of energy from wind energy. In order to facilitate the achievement of this target, various state regulators have established renewable purchase obligations in respect of both solar and non-solar forms of energy, which it is proposed will increase with each passing year.

As of 31 March 2017, India's, renewable power capacity was 57,245 MW, or approximately 18 per cent. of India's total installed capacity, including 32,280 MW from wind power, 12,289 MW from solar power, 4,380 MW from small hydro power, 8,182 MW from biomass and cogeneration and 114 MW from waste products.

As of the date of this Offering Circular, the Issuer has been promoting and financing power projects that optimise the use of multiple energy resources with innovative eco-friendly technologies, thereby contributing to India's economic development, social enhancement and the promotion of a healthy environment.

In line with the Issuer's aim to promote the use of renewable energy sources, it has formulated and implemented corporate social responsibility and sustainable development initiatives designed to integrate the Issuer's business operations with the interests of society as well as those of the Issuer's stakeholders. These initiatives include, among others, promoting (a) environmental sustainability, (b) access to drinking water facilities and (c) the use of solar smart micro grid lights in select Indian villages without, or with limited access to, electricity.

The Issuer's Green Bond Framework

The Issuer's "Green Bond Framework" (the **Green Bond Framework**) was established in accordance with the Climate Bonds Standard version 2.1 and also adheres to the Green Bond Principles, 2016 issued by the International Capital Markets Association.

The Issuer's Green Bond Framework broadly sets out the mechanism for the Issuer to raise funds for investment in renewable energy and energy efficient projects that are consistent with the Issuer's sustainable values and contains guidance for the construction of Eligible Green Projects (as defined below) in a manner consistent with the Issuer's sustainable values, and provides for transparency and relevant disclosure to investors for the purposes of making their investment decisions.

According to the Green Bond Framework the proceeds from the issuance of green bonds, if and when issued by the Issuer under the Programme, will be applied for on-lending to renewable energy projects (**Eligible Green Projects**). The Eligible Green Projects will broadly cover the following, subject to the availability of sector-specific technical criteria under the Climate Bonds Standard.

Renewable Energy

(a) Solar energy projects or assets relating to one or more of the following activities:

- photovoltaic solar electricity;
- concentrated solar power;
- infrastructure and manufacturing; and
- transmission.

(b) Wind energy projects or assets relating to one or more of the following activities:

- offshore and onshore wind farms;
- infrastructure and manufacturing; and
- transmission.

(c) Biomass energy projects or assets relating to one or more of the following activities:

- renewable feed stocks;
- infrastructure and manufacturing; and
- networks.

(d) Hydropower energy projects or assets relating to river and small hydro projects approved by the Government.

(e) Geothermal energy projects or assets relating to geothermal electricity and geothermal heat pump (**GHP**) technology.

(f) Other renewable energy projects or assets relating to sea and ocean-derived energy sources.

(g) Energy distribution and management projects or assets relating to one or more of the following activities:

- transmission and grid infrastructure;
- smart systems; and
- meters and heating management.

(h) Energy storage projects or assets relating to one or more of the following activities:

- hydro storage systems;
- thermal heat storage; and
- new technologies.

Energy Efficiency

Energy efficiency projects or assets relating to one or more of the following activities:

- technology and product manufacturing and supply;
- special purpose products needed to ensure buildings meet industry metrics;
- co-generation, tri-generation and combined heat and power;
- waste heat recovery; and
- electric vehicles.

Selection and Evaluation of Eligible Green Projects

As part of the Issuer's selection and evaluation process for Eligible Green Projects, the Issuer will appraise the projects on the basis of a defined set of guidelines which focus on assessing the projects and the promoters of such projects.

For private project financing proposals received from borrowers, a two-stage process will be followed. The first step would consist of conducting a preliminary appraisal through which the proposal is short-listed followed by a detailed appraisal by the project and entity appraisal departments before the final selection. While the Issuer's preliminary appraisal of various projects would rely on information provided by the borrower, at the next stage of the appraisal process the Issuer would undertake an in-depth independent analysis of each such project.

As stated above, a detailed appraisal of each project would first be carried out by the Issuer's project division team to assess the project's "techno financial viability" and this would then be followed by an appraisal by the Issuer's entity division if the strengths of the relevant promoters and borrowers on each project. Both quantitative and qualitative parameters will be used for project grading. While the quantitative parameters will evaluate a project on the grounds of cost of generation and debt service coverage ratio, the qualitative parameters will appraise the project on the basis of certain features that include but are not limited to engineering, procurement and construction, the contractor's strengths, offtaker's level of risk, a resource assessment, and details of operations and maintenance.

In relation to the assessment of any shortlisted project, an entity grading of the project would be obtained by rating the entity on, among others, upfront equity, pro-rata equity, the existing level of business, capacity to raise equity, and financial strength. Thereafter, an integrated rating of the project would be achieved through a defined matrix of project grading and entity grading.

In addition to the above, the Issuer also aims to provide financial assistance to various state sector renewable energy projects that meet the requirements for a utility rating and project viability.

All renewable energy projects sanctioned by the Issuer's relevant departments (as discussed above) and which satisfy the above criteria would be considered Eligible Green Projects and proceeds from the green bond issuance may then be allocated to such projects.

The Issuer will also appoint a third party verifier to evaluate and ensure that the proceeds from a green bond issuance by the Issuer are only utilised for the purposes of investment in Eligible Green Projects. The independent third party verifier who is proposed to be appointed at a later date will also provide assurance that the nominated projects fall within the definition of Eligible Green Projects and conform to the Issuer's Green Bond Framework.

Management of Proceeds

The Issuer has implemented an internal tracking system for managing the proceeds from a green issuance. The Integrated Power Financing System or Enterprise Resource Planning system will monitor, establish and account for the allocation of the proceeds of any green bond issuance and regularly provide data to reflect the loans refinanced or repaid by, and the new loans allocated from, the proceeds of green bond issuances.

Furthermore, unallocated proceeds from issuances of green bonds will be held in various forms of temporary investment instruments, including cash in current accounts, corporate term deposits, term deposits with commercial banks, units of debt mutual funds or government securities that are permitted for purposes in accordance with the Issuer's investment policy and the applicable guidelines of the RBI or any other statutory body.

Reporting

As long as green bonds issued by the Issuer remain outstanding, the Issuer will report the use of the proceeds by way of sector-wise information on the projects financed under each of the Issuer's green bond issuances through a separate section in the annual report. The annual report will also be published on the Issuer's website at *http://www.pfcindia.com/*.

Assurance

The Issuer's Green Bond Framework has been published on its website (*http://www.pfcindia.com/*) and will be reviewed by an independent third party reviewer and also be certified by the Climate Bonds Initiative.

The Issuer will also receive post-issuance certification from the Climate Bonds Initiative, as well as by the third-party independent verifier to assure continued adherence to the Issuer's Green Bond Framework with respect to allocation of proceeds, ongoing eligibility of the projects and assets, adequacy and output of the Issuer's internal control and systems, and use of unallocated funds. This post-issuance certification by the Climate Bonds Initiative is expected to be obtained within one year after issuance of the Notes and will be published on the Issuer's website at *http://www.pfcindia.com/*.

CAPITALISATION

The following table sets forth the unaudited non-consolidated indebtedness and capitalisation of the Issuer as of 30 June 2017. This table should be read in conjunction with the Issuer's reviewed non-consolidated financial statements as of 30 June 2017 and the schedules and notes presented elsewhere herein.

	As of 30 June 2017(1)	
	(₹ in millions)	(U.S.$ in millions)(3)
Debt:		
Short term(2)		
- Secured	1,747.8	27.0
- Unsecured	85,509.8	1,320.9
Total short term debt	87,257.6	1,347.9
Long-term		
- Secured	201,098.7	3,106.3
- Unsecured	1,759,289.5	27,175.6
Total long-term debt	1,960,388.2	30,281.9
Total debt	2,047,645.8	31,629.8
Shareholders' funds:		
Issued and fully paid up capital(4)	26,400.8	407.8
Reserves & surplus	353,381.9	5,458.6
Total capital and reserves	379,782.7	5,866.5
Total capitalisation	2,427,428.5	37,496.3

Contingent liabilities of the Issuer as of 31 March 2017 amounted to ₹20,612.1 million.

Notes:

(1) The Issuer's financial statements for the three months ended 30 June 2017 are based on the Issuer's reviewed, unaudited non-consolidated financial statements.

(2) Short term debt is debt maturing within the twelve months following 30 June 2017 and does not include current maturity of long-term debt amounting to ₹237,327.8 million.

(3) U.S. dollar translations have been made using the exchange rate of U.S.$1.00 = ₹64.7379 as of 30 June 2017, based on the reference rate of the RBI prevailing at that date.

(4) As of 30 June 2017, the Issuer's authorised capital was ₹100,000 million comprising 10,000 million ordinary shares of ₹10 each, of which 2,640.08 million shares were issued.

INVESTMENT CONSIDERATIONS

Investors should carefully consider the following investment considerations as well as the other information contained in this Offering Circular prior to making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of the Issuer and the terms of the offering of the Notes, including the merits and risks involved. The risks described below are not the only ones that may affect the Notes. Additional risks not currently known to the Issuer or that the Issuer, based on the information currently available to it, deems immaterial may also impair the Issuer's business, financial condition and results of operations. All of these risks are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. If any of the following or any other risks actually occur, the Issuer's business, prospects, results and financial condition could be adversely affected and the price of and the value of investment in the Notes could decline and all or part of the investments in the Notes may be lost.

Risk Relating to the Issuer's Business

The Issuer has a significant concentration of outstanding loans to certain borrowers, particularly public sector power utilities, many of which are historically loss-making, and if these loans become non-performing, the quality of the Issuer's asset portfolio may be adversely affected.

The Issuer is a public financial institution focused on the power sector in India, which has a limited number of borrowers, the most significant of them being SPUs and SEBs, many of which have been historically loss making. The Issuer's past exposure has been, and future exposure is expected to be, concentrated towards these borrowers. As of 31 March 2017, the Issuer's state sector, central sector, joint sector and private sector borrowers accounted for 66.0 per cent., 9.0 per cent., 8.0 per cent. and 17.0 per cent., respectively, of its total outstanding loans. Historically, public sector utilities have had a relatively weak financial position and have in the past defaulted on their indebtedness. Consequently, the Issuer has had to restructure some of the loans sanctioned to certain SPUs and SEBs, including the rescheduling of repayment terms. In addition, many of the Issuer's public sector borrowers, particularly SPUs, are susceptible to various operational risks including low metering at the distribution transformer level, high revenue gap, high receivables, low plant load factors and high AT&C losses, which may lead to further deterioration in the financial condition of such entities. Also see "*Investment Considerations — Some of the Issuer's SEB borrowers have been restructured and the Issuer has not yet entered into definitive loan agreements with such restructured entities, which could affect the Issuer's ability to enforce applicable loan terms and related state government guarantees*." and "*Investment Considerations — The escrow account mechanism and the trust and retention account arrangements implemented by the Issuer as a quasi-security mechanism in connection with the payment obligations of its borrowers may not be effective, which could adversely affect the Issuer's financial condition and results of operations*."

As of 31 March 2017, the Issuer's single largest borrower accounted for 9.8 per cent. (₹24,079.9 million) of its total outstanding loans, and the Issuer's top five and top ten borrowers accounted for, in the aggregate, 26.48 per cent. (₹650,078.7 million) and 42.62 per cent. (₹1,046,421.6 million), respectively, of its total outstanding loans. In addition, the Issuer has additional exposure to these borrowers in the form of non-fund based assistance. For further information, see section titled "*Selected Statistical Information*". Any negative trends or financial difficulties, or an inability on the part of such borrowers to manage operational, industry and other risks applicable to such borrowers, could result in an increase in the Issuer's non-performing assets and adversely affect its business, financial condition and results of operations.

The Issuer may not have obtained sufficient security or collateral in connection with its loans, or may be unable to recover, or experience delays in recovering, the expected value from such security or collateral.

Although the Issuer endeavours to obtain adequate security or implement quasi-security arrangements in connection with its loans, the Issuer has not obtained such security or collateral for all of its loans. In addition, in connection with certain of its loans, the Issuer has either been able to obtain only partial security or it has made disbursements prior to adequate security being created or perfected. There can be no assurance that any security or collateral that the Issuer has obtained will be adequate to cover repayment of its loans or interest payments thereon or that the Issuer will be able to recover the expected value of such security or collateral in a timely manner, or at all. As of 31 March 2017, 60.0 per cent. of the Issuer's outstanding loans were secured by a charge on the relevant project assets, 10.0 per cent. were unsecured (but guaranteed by the relevant state government), and 30.0 per cent. were unsecured.

The Issuer's loans are typically secured by various movable and immovable assets and/or other collateral. The Issuer generally seeks a first ranking *pari passu* charge on the relevant project assets for loans extended on a senior basis, while for loans extended on a subordinated basis, the Issuer generally seeks to have a second *pari passu* charge on the relevant project assets. In addition, some of the Issuer's loans may relate to imperfect security packages or negative liens provided by its borrowers. The value of certain kinds of assets may decline due to operational risks that are inherent to power sector projects, the nature of the asset secured in the Issuer's favour and any adverse market or economic conditions in India or globally. The value of the security or collateral obtained may also decline due to an imperfection in the title or difficulties in locating movable assets. See also "*Investment Considerations — The Issuer has granted loans to the private sector on a non-recourse or limited recourse basis, which increases the risk of non-recovery and may adversely affect the Issuer's financial condition*". Although several pieces of legislation in India provide for various rights of creditors for the effective realisation of collateral in the event of a default, there can be no assurance that the Issuer will be able to enforce such rights in a timely manner, or at all. There could be delays in implementing bankruptcy or foreclosure proceedings, general economic conditions adversely affecting the value of the relevant security or collateral, inadequate security documentation or imperfection in title to security or collateral, requirement of regulatory approvals for enforcement of security or collateral, or fraudulent transfers by borrowers. In addition, certain of the Issuer's loans have been granted as part of a syndicate, and joint recovery action implemented by a consortium of lenders may be susceptible to delay. Furthermore, in the event that any specialised regulatory agency assumes jurisdiction over a defaulting borrower, actions on behalf of creditors may be further delayed.

In addition, the RBI has developed a corporate debt restructuring (**CDR**) process to enable the timely and transparent debt restructuring of corporate entities that are beyond the jurisdiction of the Board of Industrial and Financial Reconstruction, the Debt Recovery Tribunal and other legal proceedings. The applicable RBI guidelines contemplate that, in the case of indebtedness aggregating ₹100.00 million or more, lenders for more than 75.0 per cent. of such indebtedness by value and 60.0 per cent. by number may determine the restructuring of such indebtedness and such determination is binding on the remaining lenders. In circumstances where other lenders account for more than 75.0 per cent. of such indebtedness by value and 60.0 per cent. by number and are entitled to determine the restructuring of the indebtedness of any of the Issuer's borrowers, the Issuer may be required by such other lenders to agree to such debt restructuring irrespective of the Issuer's preferred mode of settlement of its loan to such borrower. Furthermore, with respect to any loans made as part of a syndicate, a majority of the relevant lenders may elect to pursue a course of action that may not be favourable to the Issuer.

The CDR process is a voluntary non-statutory system based on debtor-creditor agreement and inter-creditor agreement. If 75 per cent. of creditors by value and 60 per cent. of the creditors by number agree to a restructuring package of an existing debt (i.e. an outstanding debt), the agreement is also binding on the remaining creditors. The CDR mechanism covers multiple banking accounts and syndication/consortium accounts where all banks and institutions together have an outstanding aggregate exposure of ₹ 100 million and above. As of the date of this Offering Circular, the Issuer is not a member of the CDR process.

The Issuer's ability to compete effectively is dependent on its ability to maintain a low effective cost of funds.

The Issuer's ability to compete effectively is dependent on its timely access to capital, the costs associated with raising capital and the Issuer's ability to maintain a low effective cost of funds in the future that is comparable or lower than that of its competitors. Historically, the Issuer has been able to reduce its cost of capital and reliance on commercial borrowings through the issuance of Rupee-denominated bonds and loans guaranteed by the GoI. The Issuer also benefits from certain tax benefits extended by the GoI. For further information on the applicability of prudential norms, see "*Description of the Issuer*". In addition, in respect of certain of the Issuer's foreign currency borrowings guaranteed by the GoI, the Issuer has been exempted from guarantee fees payable to the GoI, which has also enabled the Issuer to reduce its costs of funds. Furthermore, with effect from fiscal 2018, the Issuer has been allowed to issue taxable bonds under Section 54EC of the Indian Income Tax Act, which shall also help the Issuer to reduce its cost of funds. However, there can be no assurance that the Issuer will continue to benefit from any direct or indirect support from the GoI and any adverse development in GoI policies may result in an increase in its cost of funds.

Following a general decrease in the level of direct and indirect financial support by the GoI to the Issuer in recent years, the Issuer is fundamentally dependent upon funding from the equity and debt markets and commercial borrowings and is particularly vulnerable in this regard given the growth of the Issuer's business. The market for such funds is competitive and there can be no assurance that the Issuer will be able to obtain funds on acceptable terms, or at all. Many of the Issuer's competitors have greater and cheaper sources of funding than the Issuer. Furthermore, many of the Issuer's competitors may have larger resources or greater balance sheet strength than the Issuer and may have considerable financing resources. In addition, since the Issuer is a non-deposit taking NBFC, the Issuer may have restricted access to funds in comparison to banks and deposit taking NBFCs. While the Issuer has generally been able to pass any increased cost of funds onto its customers, the Issuer may not be able to do so in the future. If the Issuer's financial products are not competitively priced, there is a risk of its borrowers raising loans from other lenders and in the case of financially stronger SPUs and SEBs and private sector borrowers, the risk of their raising funds directly from the market. The Issuer's ability to raise capital also depends on its ability to maintain its credit ratings in order to access various cost competitive funding options. The Issuer is also dependent on its classification as an IFC which enables the Issuer, among other things, to diversify its borrowings through the issuance of Rupee-denominated infrastructure bonds that offer certain tax benefits to bondholders as and when such schemes are notified by the GoI and to raise, under the automatic route (without the prior approval of the RBI), ECBs of up to U.S.$750.00 million or its equivalent each fiscal year.

In addition, adverse developments in economic and financial markets or the lack of liquidity in financial markets could make it difficult for the Issuer to access funds at competitive rates. For example, the Issuer's funding strategy was adversely affected by the global financial crisis in fiscal 2009. Since September 2008, liquidity and credit concerns as well as volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. financial institutions.

These and other related events have resulted in increased borrowing costs and difficulty in accessing funds in a cost effective manner. If the Issuer is not able to maintain a low effective cost of funds, the Issuer may not be able to implement its growth strategy, competitively price its loans and, consequently, the Issuer may not be able to maintain the profitability or growth of its business, which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

An increase in the level of the Issuer's NPAs could adversely affect its financial condition.

In the past, the Issuer's gross NPAs have been as indicated below:

Particulars as of	(₹ million)	As % of total loan assets
31 March 2014.	12,277.1	0.65%
31 March 2015.	23,636.3	1.09%
31 March 2016.	75,190.2	3.15%
31 March 2017.	307,022.1	12.50%

The provisioning has been made in terms of prudential norms as notified by the RBI for "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies". For further information, see section titled "*Financial Statements — Significant Accounting Policies*" and "*Selected Statistical Information*". For further information on the applicability of prudential norms, see "*Description of the Issuer*". As the Issuer is required to follow a borrower-wise NPA determination policy for its government sector borrowers, the Issuer's NPA levels may increase substantially, which may have a material adverse effect on the Issuer's business, financial condition and results of operations. In addition, the Issuer may, from time to time, amend its policies and procedures regarding asset classification or rescheduling of its loans, which may also increase the Issuer's level of NPAs. Furthermore, the Issuer is required to assign a risk weight of 20.0 per cent. to those state government guaranteed loans which are not in default. However, if such loans default and remain in default for a period of more than 90 days, a risk weight of 100.0 per cent. is assigned. The Issuer's loans made to the private sector are generally consistent with the lending (exposure) norms stipulated by the RBI. For further information on RBI regulations and guidelines applicable to the Issuer, see "*Regulations and Policies in India*". As RBI provisioning norms have become applicable to the Issuer, the Issuer's level of NPAs and provisions with respect thereto have significantly increased for fiscal 2017. If the Issuer is not able to prevent increases in its level of NPAs, the Issuer's business and future financial condition could be adversely affected.

The Issuer has received an order from the Registrar of Companies (RoC) in relation to non-compliance of certain provisions of the Companies Act, which, if determined against the Issuer, could adversely impact its business and financial condition.

On 24 July 2013, the RoC issued an order to the Issuer requiring the Issuer to furnish information on certain issues pertaining to the Issuer's financial statements for fiscals 2008 to 2012. The RoC observed that the Issuer had *prima facie* contravened certain provisions of the Companies Act, including, among others, not preparing accounts on an accrual basis, providing incomplete disclosures in the balance sheet and overstating profits from business, classifying doubtful debts under the "good" category and failing to comply with certain instructions of the Institute of Chartered Accountants of India. While the Issuer has duly responded to the RoC's order, if the alleged contraventions are determined against the Issuer, the Issuer and its officers in default may be subjected to fines and penalties, including imprisonment, which may have a material adverse impact on the business and financial condition of the Issuer.

An inability to develop or implement effective risk management policies and procedures could expose the Issuer to unidentified risks or unanticipated levels of risk.

Although the Issuer follows various risk management policies and procedures to identify, monitor and manage risks, there can be no assurance that such policies and procedures will be effective in addressing all risks that the Issuer encounters in its business and operations or that such policies and procedures are as comprehensive as those implemented by banks and other financial institutions. The Issuer's risk management policies and procedures are based, among other considerations, on historical market behaviour, information regarding borrowers, and market knowledge. Consequently, these policies and procedures may not predict future risk exposures that could vary from or be greater than those indicated by historical measures. In addition, information available to the Issuer may not be accurate, complete, up-to-date or properly evaluated. Unexpectedly large or rapid movements or disruptions in one or more financial markets or other unforeseen developments could have a material adverse effect on the Issuer's results of operations and financial condition. The Issuer's risk management policies and procedures are also influenced by applicable GoI policies and regulations, and may prove inadequate or ineffective in addressing risks that arise as a consequence of any development in GoI policies and regulations that adversely affect the Issuer's business and operations.

In addition, the Issuer intends to continue to diversify its borrower portfolio and extend fund based and non-fund based financial and other assistance and services to projects that represent forward and backward linkages to the core power sector projects. These business initiatives may involve operational and other risks that are different from those the Issuer currently encounters or anticipates, and there can be no assurance that the Issuer will be able to effectively identify and address any additional risks that apply to such business initiatives. An inability to develop, modify and implement effective and dynamic risk management policies and procedures may adversely affect the Issuer's growth strategy. Management of operational, legal and regulatory risk requires, among others, policies and procedures to accurately record and verify transactions and events. There can be no assurance that the Issuer's policies and procedures will effectively and accurately record and verify such information. Failure of the Issuer's risk management policies and procedures or exposure to unanticipated risks could lead to losses and adversely affect the Issuer's business, financial condition and results of operations.

As an NBFC and an IFC, the Issuer is required to adhere to certain individual and borrower group exposure limits prescribed by the RBI.

The Issuer is a systemically important non-deposit taking NBFC and is subject to various regulations by the RBI as an NBFC. With effect from 28 July 2010, the Issuer has been classified as an IFC by the RBI, which classification is subject to certain conditions including (i) a minimum of 75.0 per cent. of the total assets of such NBFC should be deployed in infrastructure loans (as defined under the Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007); (ii) net owned funds of ₹3,000.00 million or more; (iii) a minimum credit rating of "A" or an equivalent credit rating of CRISIL, FITCH, CARE, ICRA or equivalent rating by any other accrediting rating agencies; (iv) a capital to risk-weighted asset ratio of 15.0 per cent. (with a minimum Tier I capital of 10.0 per cent.); and (v) a restriction which states that the Issuer cannot accept deposits. Tier I capital for such purposes means owned funds as reduced by an investment in the shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10.0 per cent. of the owned funds and perpetual debt instruments issued by a systemically important non-deposit taking NBFC in each year to the extent it does not exceed 15.0 per cent. of the aggregate Tier I capital of such company as of 31 March of the previous accounting year.

The maximum exposure ceilings as prescribed in respect of systemically important non-deposit taking NBFCs that are also IFCs under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are set out below:

Concentration of credit / investment	Loan company	Infrastructure Finance Company
Lending ceilings		
Lending to any single borrower	15% (+ 5*)	25%
Lending to any single group of borrowers	25% (+ 10*)	40%
Investing ceilings		
Investing in shares of a company	15% (+ 5*)	15% (+ 5*)
Investing in shares of a single group of companies	25% (+ 10*)	25% (+ 10*)
Loans and investment taken together		
Lending and investing to single party	25% (+ 5*)	30%
Lending and investing to single group of parties	40% (+ 10*)	50%

* Additional exposure applicable in case the same is due to an infrastructure loan and/or investment.

Furthermore, the Issuer is exempted from the applicability of RBI concentration of credit and investment limits in respect of its exposure towards Government entities (including state government entities) until 31 March 2022. Accordingly, in case of the Government sector, the Issuer is following the below MoP-approved credit concentration limits:

Concentration of credit / investment	Government sector Companies
• Lending to a single entity:	100%-150% (higher exposure up to 150% is permitted subject to certain conditions)
• Investment in shares:	15%
• Lending + Investment:	100%-150%

As of 31 March 2017, the Issuer's CRAR was 19.28 per cent. Any inability to continue to be classified as an IFC may impact the Issuer's growth plans by affecting its competitiveness. As an IFC, the Issuer has to constantly monitor its compliance with the necessary conditions, which may hinder the Issuer's future plans to diversify into new business lines. In the event that the Issuer is unable to comply with the eligibility condition(s), the Issuer may be subject to regulatory actions by the RBI and/or the cancellation of its registration as a systemically important non-deposit taking NBFC that is also an IFC. Any levy of fines or penalties or the cancellation of the Issuer's registration as an NBFC or IFC may adversely affect the Issuer's business, prospects, results of operations and financial condition.

In addition, the Issuer's ability to borrow from various banks may be restricted under guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs. For example, according to the RBI, the exposure (for both lending and investment, including off balance sheet exposures) of a bank to a single NBFC should not exceed 10.0 per cent. of the bank's capital funds as per its last audited balance sheet. A bank may, however, assume exposure on a single NBFC of up to 15.0 per cent. of its capital funds provided the exposure in excess of 10.0 per cent. is on account of funds on-lent by the NBFC to the infrastructure sector. Furthermore, exposure of a bank to IFCs should not exceed 15.0 per cent. of its capital funds as per its last audited balance sheet, with a provision to increase the limit to 20.0 per cent. if the same is on account of funds on-lent by the IFCs to the infrastructure sector. Banks may also set internal limits for their aggregate exposure to the power sector taken as a whole. Although the Issuer does not believe such exposure limits have had any adverse effects on its own liquidity, there is a possibility that individual lenders from whom the Issuer currently borrows may not be able to continue to provide funds to the Issuer.

As the Issuer grows its business and increases its borrowings, it may face similar limitations with other lenders, which could impair the Issuer's growth and interest margins. See also "*Investment Considerations — Material changes in the regulations that govern the Issuer and its borrowers could cause the Issuer's business to suffer*" and for further information on the applicability of prudential norms, see "*Description of the Issuer*".

The Issuer's contingent liabilities in the event they were to materialise could adversely affect the Issuer's business, financial condition and results of operations.

As of 31 March 2017, the Issuer had contingent liabilities of ₹20,612.1 million including non-funded contingent exposure of ₹1,901.1 million in the form of guarantees, ₹16,405.6 million in the form of letters of comfort issued to the borrowers' banks in connection with letters of credit and other contingent liabilities of ₹2,059.2 million and ₹246.2 million towards income and service tax demands. If these contingent liabilities materialise, the Issuer's financial condition could be adversely affected. For further information on the Issuer's contingent liabilities, see "*Description of the Issuer — Legal and Regulatory Proceedings*".

The Issuer is involved in a number of legal proceedings, including taxation related proceedings that, if determined against the Issuer, could adversely affect the Issuer's business and financial condition. In addition, any adverse finding by any regulatory or investigative agency could have a negative impact on the Issuer.

The Issuer is a party to various legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory, authorities/other judicial authorities and, if determined against the Issuer, could have an adverse impact on the Issuer's business financial condition and results of operations. For further information relating to outstanding litigation against the Issuer, see "*Description of the Issuer — Legal and Regulatory Proceedings*". No assurances can be given as to whether these legal proceedings will be decided in the Issuer's favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims. In addition, there have been some press reports in 2013 of a former senior management personnel of the Issuer being investigated by the Central Vigilance Commission of India (the **CVC**) in relation to the extension of certain loans by the Issuer. Thereafter the Issuer furnished a report to the CVC and also requested for closure of the complaint. No assurances can be given that the CVC investigation will not have an adverse impact on the Issuer.

See also "*Investment Considerations — The Issuer's contingent liabilities in the event they were to materialise could adversely affect the Issuer's business, financial condition and results of operations*".

The power sector in India and the Issuer's business and operations are regulated by, and are directly and indirectly dependent on, GoI policies and support, which makes the Issuer susceptible to any adverse developments in such GoI policies and support.

The Issuer is a majority Government-owned company operating in a regulated industry, and the GoI, acting through the MoP, exercises significant influence on key decisions relating to the Issuer's operations, including with respect to the appointment and removal of members of the Issuer's Board, and can determine various corporate actions that require the approval of the Issuer's Board or shareholders, including proposed budgets, transactions with other Government companies or GoI entities and agencies, and the assertion of any claim against such entities. The GoI has also issued directions in connection with the payment of dividends by Government companies.

The power sector in India and the Issuer's business and operations are regulated by, and are directly or indirectly dependent on, GoI policies and support for the power sector. The GoI has implemented various financing schemes and incentives for the development of power sector projects, and the Issuer, as is the case for other Government companies, is responsible for the implementation of, and providing support to, such GoI schemes and initiatives. The Issuer may therefore be required to follow public policy directives of the GoI by providing financing for specific projects or sub-sectors in the public interest which may not be consistent with the Issuer's commercial interests. In addition, the Issuer may be required to provide financial or other assistance and services to public sector borrowers, the GoI and other government agencies in connection with the implementation of such GoI initiatives, resulting in diversion of management focus and resources from the Issuer's core business interests. Any developments in GoI policies or in the level of direct or indirect support provided to the Issuer or its borrowers by the GoI in these or other areas could adversely affect the Issuer's business, financial condition and results of operations.

Risks inherent to power sector projects, particularly power generation projects, could adversely affect the Issuer's business, financial condition and results of operations.

The Issuer is a financial institution focused on providing financial and other assistance and related services to power sector projects. Power sector projects, particularly power generation projects, typically involve long gestation periods before they become operational and involve various project-specific risks as well as risks that are generally applicable to the power sector in India. Many of these risks are beyond the Issuer's control and include:

- political, regulatory, fiscal, monetary and legal actions and policies that may adversely affect the viability of power sector projects that the Issuer finances, including changes in any tariff regulations applicable to power plants;
- delays in the implementation of GoI policies and initiatives;
- changes in Government and regulatory policies relating to the power sector;
- environmental concerns and environmental regulations applicable to power sector projects that the Issuer finances, including, for example, relevant coal mining areas being classified as "no-go" areas;
- delays in obtaining environmental clearances or land for the projects that the Issuer finances;
- extent and reliability of power sector infrastructure in India;
- strikes, work stoppages or increased wage demands by employees or any other disputes with employees that affect the project implementation schedule or operations of the projects that the Issuer finances;
- adverse changes in demand for, or the price of, power generated or distributed by the projects that the Issuer finances;
- disruption of projects due to explosions, fires, earthquakes and other natural disasters, breakdown, failure or substandard performance of equipment, improper installations or operation of equipment, accidents, operational problems, transportation interruptions, other environmental risks and labour disputes;
- the willingness and ability of consumers to pay for the power produced by projects that the Issuer finances;
- shortages of, or adverse price fluctuations in, fuel and other raw materials and key inputs involved in power generation, including coal, oil and natural gas;
- increase in project development costs due to environmental challenges and changes in environmental regulations;
- changes in credit ratings of the Issuer's borrowers affecting their ability to finance projects;
- interruption or disruption in domestic or international financial markets, whether for equity or debt funds;
- delays in the construction and operation of projects that the Issuer finances;
- potential defaults under financing arrangements of project companies and their equity investors;

- failure of co-lenders (with the Issuer under consortium lending arrangements) to perform their contractual obligations;

- failure of third parties such as contractors, fuel suppliers, sub-contractors and others to perform their contractual obligations in respect of projects that the Issuer finances;

- adverse developments in the overall economic environment in India;

- failure to supply power to the market due to unplanned outages of any projects that the Issuer finances, failure in transmission systems or inter-regional transmission or distribution systems;

- adverse fluctuations in liquidity, interest rates or currency exchange rates; and

- economic, political and social instability or occurrences such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located in the markets they are intended to serve.

The long-term profitability of power sector projects, when commissioned, is partly dependent on the efficiency of their operation and maintenance of their assets. Delayed implementation, initial complications, inefficient operations, inadequate maintenance and similar factors may reduce the profitability of such projects, adversely affecting the ability of the Issuer's borrowers to repay the Issuer's loans or service interest payments thereon. Furthermore, power sector projects may be exposed to unplanned interruptions caused by catastrophic events such as floods, earthquakes, fires, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely affect the cash flows available from these projects. Furthermore, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in a permanent loss of customers, substantial litigation or penalties and/or regulatory or contractual non-compliance. To the extent the risks mentioned above or other risks relating to the power sector projects that the Issuer finances materialise, the quality of the Issuer's asset portfolio and the Issuer's results of operations may be adversely affected. Furthermore, as the Issuer continues to expand its operations, its loans to individual projects may increase, thereby increasing its exposure with respect to individual projects and the potential for adverse effects on the Issuer's business, financial condition and results of operations in the event these risks were to materialise.

Risks inherent to power generation companies, who comprise a significant portion of the Issuer's borrowers, could adversely affect its business, financial condition and results of operations.

Many of the Issuer's borrowers are power generation companies who face various industry-specific risks as well as risks that are generally applicable to the power sector in India. Many of these risks are beyond the Issuer's control and include the following:

- activities in the power generation business can be dangerous and can cause injury to people or property;

- power generation companies may have limited access to funding for the development and implementation of their power projects which may limit the expansion of their business;

- changes in technology may negatively impact power generation companies by making their equipment or power projects less competitive or obsolete;

- the provisions of the Electricity Act, 2003 have significantly increased competition in the power generation industry which may negatively impact individual power generation companies;

- changes to tariff regulations may adversely affect the revenues and results of operations for power generation companies;
- compliance with strict environmental regulations; and
- fluctuating fuel costs.

To the extent the risks mentioned above or other risks relating to power generation companies materialise, the quality of the Issuer's asset portfolio and the Issuer's results of operations may be adversely affected. Furthermore, as the Issuer continues to expand its operations, its loans to individual power generation companies may increase, thereby increasing its exposure with respect to individual power generation companies and the potential risk for adverse effects on the Issuer's business, financial condition and results of operations in the event these risks were to materialise.

Failure to manage any acquisition that the Issuer makes may cause its profitability to suffer.

As of the date of this Offering Circular, the Issuer is not evaluating any merger and acquisition opportunities however it may take advantage of merger and acquisition opportunities in the future if suitable opportunities arise. These may require significant investments which may adversely affect the Issuer's business and revenues. Furthermore, the Issuer, is not permitted to carry out any merger or acquisitions without prior approval from the GoI. Acquisitions involve additional risks, including the following:

- impact of unforeseen risks, such as contingent or latent liabilities relating to the acquired businesses that become apparent only after the merger or acquisition is finalised;
- success or failure of integration and management of the acquired operations and systems;
- success or failure of retention of select personnel; or
- impact of diversion of the Issuer management's attention from other ongoing business concerns.

If the Issuer is unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, its revenues and results of operations may be adversely affected.

If inflation increases, the Issuer's results of operations and financial condition may be adversely affected.

India has experienced high levels of inflation since 1980. The average annual inflation rate from January 2010 to December 2016 remained at 7.7 per cent. (*Source: IMF, http://www.imf.org/external/index.htm*) India's persistently high inflation has slowed recently due to favourable base effects, low crude prices and Government efforts to contain food inflation. CPI inflation has receded from 11.5 per cent. in November 2013 to 2.4 per cent. in July 2017 (Source: *https://www.rbi.org.in*). This slowing of inflation was underpinned by several policy actions, including the RBI raising the repo rate by a cumulative 75 basis points between September 2013 and January 2014, limited increases in agricultural procurement prices, release of food grain stocks, lower oil prices, and favourable base effects.

Further upside risks to inflation stem from the timing of the implementation of salary and allowances awards by various states, the implementation of farm loan waivers, and the price pressures affecting vegetables and animal proteins. There are, however, moderating forces at work. In the event that domestic inflation or global inflation increases, certain of the Issuer's costs, such as salaries, which are typically linked to general price levels, may increase. Furthermore, if the RBI increases interest rates, the Issuer may face increased costs of funding. To the extent the Issuer cannot pass these increases on to its borrowers, its results of operations could be adversely affected.

Volatility in interest rates affects the Issuer's lending operations and may result in a decline in the Issuer's net interest income and net interest margin and adversely affect the Issuer's return on assets and profitability.

The Issuer's business is primarily dependent on interest income from its lending operations, which contributed approximately 98.2 per cent. and 97.2 per cent. of the Issuer's total income in fiscal 2016 and fiscal 2017, respectively. In addition, as of 31 March 2017, 92.0 per cent. of the Issuer's borrowings were at fixed rates while the remaining were at floating rates (i.e., linked to the base rate and other market benchmarks), compared to a large part of the Issuer's loans which carry fixed interest rates with a three year reset clause. The primary interest rate-related risks the Issuer faces are from timing differences in the pricing of the Issuer's assets and liabilities, for example, if in an increasing interest rate environment, the Issuer's liabilities are priced prior to its assets being priced, the Issuer may incur additional liabilities at a higher interest rate and incur a repricing risk, or in the event that there is an adverse mismatch between the repricing terms of the Issuer's loan assets and its loan liabilities.

Interest rates are highly sensitive to many factors beyond the Issuer's control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. When interest rates decline, the Issuer is subject to greater re-pricing and pre-payment risks as borrowers may take advantage of the attractive interest rate environment. If the Issuer re-prices loans, the Issuer's results may be adversely affected in the period in which the re-pricing occurs. If borrowers prepay loans, the return on the Issuer's capital may be impaired as any prepayment premium the Issuer receives may not fully compensate the Issuer for the redeployment of such funds elsewhere. In addition, while the Issuer sets the interest rate under its loans and also typically has the option to reset the rate to the Issuer's prevailing lending rates in accordance with the terms of the relevant loans, typically every three years or ten years, this flexibility is also subject to the borrower's ability to prepay the loan and refinance with another lender. When interest rates rise, it results in an increase of interest rates for the Issuer's borrowings and given that a majority of the Issuer's loans are subject to three year re-set clauses, the Issuer may not be able to re-price the loans or increase the interest rates with respect to such loans during such period, which could have a material adverse effect on the Issuer's results of operations and financial condition. In addition, as a non-deposit taking NBFC, the Issuer may be more susceptible to such increases in interest rates than some of the Issuer's competitors such as commercial banks or deposit taking NBFCs that have access to lower cost funds.

The Issuer's results of operations are therefore dependent on various factors that are indirectly affected by the prevailing interest rate and lending environment, including disbursement and repayment schedules for the Issuer's loans, the terms of such loans including interest rate reset terms as well as the currency of such loans and any exchange gains or losses relating thereto. In addition, the value of any interest rate hedging instruments the Issuer may enter into in the future may be affected by changes in interest rates. There can be no assurance that the Issuer will be able to adequately manage its interest rate risk and be able to effectively balance the proportion and maturity of its interest earning assets and interest bearing liabilities in the future.

The funding requirements of the Issuer and the deployment of a portion of the net proceeds of the issue of any Notes are based on management estimates and have not been independently appraised by any bank or financial institution and may be revised from time to time.

The funding requirements of the Issuer and the deployment of the net proceeds of any issue of Notes are based on management estimates and have not been appraised by any bank, financial institution or other independent institution. The Issuer's management will have discretion in the application of the net proceeds of any issue of any Notes and investors will not have the opportunity, as part of their investment decision, to assess whether the Issuer is using the proceeds in a manner that they believe enhances the Issuer's market value. In view of the highly competitive nature of the industry in which the Issuer operates, the Issuer may have to revise its management estimates from time to time and, consequently, its funding requirements may also change. See "*Use of Proceeds*".

The Issuer currently funds its business in significant part through use of borrowings that have shorter maturities than the maturities of substantially all of the Issuer's new loan assets and the Issuer may be required to obtain additional financing in order to repay its indebtedness and grow its business.

The Issuer may face potential liquidity risks due to mismatches in its funding requirements and the financing the Issuer provides to its borrowers. In particular, a significant part of the Issuer's business is funded through borrowings that have shorter maturities than the maturities of substantially all of the Issuer's new loan assets. The Issuer's long-term loans represented 98.1 per cent., 98.2 per cent. and 97.3 per cent. of its total loan assets as of 31 March 2015, 2016 and 2017, respectively. As of 31 March 2017, the Issuer had outstanding borrowings amounting to ₹202,588.04 million, including ₹44,007.9 million in the form of bonds and rupee term loans, from Indian banks and financial institutions. The Issuer's other financial products may also have maturities that exceed the maturities of its borrowings. For additional information with respect to the Issuer's sources of funds, see "*Description of the Issuer — Resource Mobilisation and Rupee Resources*".

To the extent the Issuer funds its business through the use of borrowings that have shorter maturities than the loan assets the Issuer disburses, the Issuer's loan assets will not generate sufficient liquidity to enable the Issuer to repay its borrowings as they become due, and the Issuer will be required to obtain new borrowings to repay its existing indebtedness. Furthermore, in accordance with GoI directives, the Issuer is required to declare a minimum dividend on equity of 5.0 per cent. of net worth or a minimum dividend payout of 30.0 per cent. of its profit after tax each fiscal year, whichever is higher. However, this is subject to availability of disposable profits and the Issuer may declare a lower dividend with the consent of the GoI. As a result, the Issuer's retained earnings remain low and the Issuer may be unable to repay its loans from its retained earnings as and when they mature. There can be no assurance that new borrowings will be available on favourable terms, or at all. In particular, the Issuer is increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and the Issuer's ability to obtain funds on acceptable terms will depend on various factors including, in particular, the Issuer's ability to maintain its credit ratings. Furthermore, the Issuer's inability to effectively manage its funding requirements and the financing the Issuer provides may also be aggravated if the Issuer's borrowers pre-pay or are unable to repay any of the financing facilities the Issuer grants to them. The Issuer's asset-liability management framework categorises all interest rate sensitive assets and liabilities into various time period categories according to contracted residual maturities or anticipated re-pricing dates, as may be relevant in each case. The difference between the value of assets and liabilities maturing, or being re-priced, in any time period category provides the measure to which the Issuer is exposed to the risk of potential changes in the margins on new or re-priced assets and liabilities. Despite the existence of such measures, the Issuer's liquidity position could be adversely affected by the development of an asset-liability mismatch, which could have a material adverse effect on the Issuer's business, prospects, results of operations and financial condition.

An inability to effectively manage the Issuer's growth or successfully implement its business plan and growth strategy could adversely affect the Issuer's business, financial condition and results of operations.

The Issuer's total loan assets increased from ₹2,374,621.9 million as of fiscal 2016 to ₹2,401,690.2 million as of fiscal 2017. Furthermore, the Issuer's total income decreased from ₹275,643.1 million in fiscal 2016 to ₹270,185.7 million in fiscal 2017. The Issuer intends to continue to grow its business, which could place significant demands on its operational, credit, financial and other internal risk controls, making management of asset quality increasingly important. This may also exert pressure on the adequacy of the Issuer's capitalisation. The Issuer intends to fund its asset growth primarily through the issuance of Rupee-denominated bonds and commercial borrowings raised in India. There can be no assurance that the Issuer will be able to raise funding on attractive terms, or at all. Any adverse development in the Indian credit markets or any increase in interest rates may significantly increase the Issuer's debt service costs and its overall cost of funds. The Issuer's growth also increases the challenges involved in maintaining and improving its internal administrative, technological and physical infrastructure, and entails substantial senior level management time and resources. In addition, because of the long gestation period for power sector projects, the Issuer's historical financial statements may not be an accurate indicator of its future financial condition or results of operations.

As part of its growth strategy, the Issuer has expanded its focus areas to include renewable energy projects and projects that represent forward and backward linkages to core power sector projects, including capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development, as well as power trading initiatives. In addition, the Issuer intends to expand its business and service offerings in consultancy and other fee-based services, debt syndication and equity investments. The Issuer also intends to continue to develop strategic partnerships and alliances and evaluate new business opportunities related to the power sector in India. Pursuing any strategic business opportunities may require capital resources and additional regulatory approvals. The Issuer has limited knowledge and experience with respect to financing and other opportunities in these business expansion areas, and competition, applicable regulatory regimes and business practices applicable to these areas and opportunities may differ significantly from those faced by the Issuer in its current operations. In addition, if the Issuer decides to expand inorganically in these strategic areas, it may not be able to achieve expected synergies from, or achieve the strategic purpose of, any such acquisition, or achieve operational integration or the expected return on the its investment. There can be no assurance that the Issuer will be able to implement, manage or execute its growth strategy efficiently or in a timely manner, or at all, which could adversely affect its business, prospects, financial condition and results of operations.

Some of the Issuer's SEB borrowers have been restructured and the Issuer has not yet entered into definitive loan agreements with such restructured entities, which could affect its ability to enforce applicable loan terms and related state government guarantees.

The Issuer has granted long-term loans to various SEBs that were guaranteed by the respective state governments. Pursuant to certain amendments to the Electricity Act, the respective state governments have restructured these SEBs into separate entities formed for power generation, transmission and/or distribution activities. As part of such restructuring process, all liabilities and obligations of the restructured SEBs relating to the Issuer's loans were transferred, pursuant to a notification process, to the respective state government, which in turn transferred such liabilities and obligations to the newly formed state government-owned transmission, distribution and/or generation companies. However, the relevant notification transferring such liabilities and obligations under the Issuer's loans necessitates the execution of a transfer agreement between the Issuer, the respective state government and the relevant newly formed transferee entity. The Issuer has not yet executed such transfer agreements with respect to some of these loans. In such circumstances, as the state government guarantees have not been reaffirmed to cover the debt obligations of such newly formed transferee entities, the Issuer may not be able to enforce the relevant state guarantees in case of default on the Issuer's loans by such transferee entities. Although the Issuer intends to enter into such transfer agreements to ensure that the terms of the Issuer's original loan agreements entered into with the SEBs continue to apply to such transferee entities, there can be no assurance that the Issuer will be able to execute such transfer agreements in a timely manner, or at all. In addition, the relevant state government may not reaffirm such guarantees with respect to the debt obligations assumed by such restructured transferee entities. There may also be delay, due to factors beyond the Issuer's control with respect to the establishment of relevant trust and retention account arrangements with such restructured transferee entities. In addition, the Issuer has restructured loans sanctioned to certain SPUs and other SEBs, including rescheduling of repayment terms. Any negative trends or financial difficulties faced by such SPUs and SEBs could increase the Issuer's NPAs and adversely affect the Issuer's business, financial condition and results of operations.

The Issuer has granted loans to private sector borrowers on a non-recourse or limited recourse basis, which increases the risk of non-recovery and may adversely affect the Issuer's financial condition.

The Issuer commenced lending to private sector borrowers in fiscal 1997. As of 31 March 2017, ₹420,787.2 million, or 17.0 per cent. of the Issuer's total loans outstanding as of such date, were to private sector borrowers. Under the terms of the Issuer's loans to private sector borrowers, the term loan financings are secured through, among other things, a first priority *pari passu* charge on the relevant project assets, collateral such as pledges of shares held by promoters and/or personal or corporate guarantees and trust and retention arrangements. The Issuer expects to increase its exposure to private sector borrowers in the future. The ability of such borrowers to perform their obligations under the Issuer's loans will depend primarily on the financial condition and results of the relevant projects, which may be affected by many factors beyond the borrowers' control, including competition, operating costs, regulatory issues and other risks. If borrowers with non-recourse or limited recourse loans were to be adversely affected by these or other factors and were unable to meet their obligations, the value of the underlying assets available to repay the loans may become insufficient to pay the full principal and interest on the loans, which could expose the Issuer to significant losses.

The escrow account mechanism and the trust and retention account arrangements implemented by the Issuer as a quasi-security mechanism in connection with the payment obligations of the Issuer's borrowers may not be effective, which could adversely affect the Issuer's financial condition and results of operations.

The Issuer uses escrow accounts as a credit enhancement mechanism for certain of its public sector borrowers that do not meet certain of the Issuer's credit risk criteria. As of 31 March 2017, 91.5 per cent. of the Issuer's outstanding loans to state and central sector borrowers involved such escrow account mechanism. Similarly, in the case of private sector borrowers, security is typically obtained through a first priority *pari passu* charge on the relevant project assets, and through a trust and retention mechanism. For further information, see "*Description of the Issuer — Security Risk*" for a description of the trust and retention account arrangement and the escrow account mechanism.

The escrow account mechanism and the trust and retention account arrangements are effective in the event that revenue from the end users or other receipts, as applicable, is received by the Issuer's borrowers and deposited in the relevant escrow account or trust and retention account. The Issuer does not have any arrangement in place to ensure that such revenue is actually received or deposited in such accounts and the effectiveness of the escrow account mechanism and the trust and retention account arrangements is limited to such extent. In the event that end users do not make payments to the Issuer's borrowers, the escrow account mechanism and the trust and retention account arrangements will not be effective in ensuring the timely repayment of the Issuer's loans, which may adversely affect the Issuer's financial condition and results of operations. In addition, as the Issuer diversifies its loan portfolio and enters into new business opportunities, the Issuer may not be able to implement such or similar quasi-security mechanisms or arrangements and there can be no assurance that even if such mechanisms and arrangements are implemented, they will be effective.

Insurance of relevant project assets obtained by the Issuer's borrowers may not be adequate to protect them against all potential losses, which could indirectly affect the Issuer's ability to recover its loans to such borrowers.

Under the Issuer's loan agreements, where loans are extended on the basis of a charge on assets, the Issuer's borrowers are required to create a charge on their assets in the Issuer's favour in the form of hypothecation or mortgage, or both. In addition, terms and conditions of the loan agreements require the Issuer's borrowers to maintain insurance against damage caused by any disasters including floods, fires and earthquakes or theft on the assets charged, primarily as collateral against the loan granted by the Issuer. However, the Issuer's borrowers may not have obtained the required insurance coverage, or may not renew the insurance policies, or the amount of insurance coverage may be less than the replacement cost of the relevant assets and therefore insufficient to cover all financial losses that the Issuer's borrowers may suffer. In the event the assets charged in the Issuer's favour are damaged, it may affect the Issuer's ability to recover the loan amounts due to the Issuer.

The Issuer's insurance may not be adequate to protect against all potential losses to which the Issuer may be subject.

The Issuer maintains insurance for its physical assets such as its office and residential properties against standard fire and special perils (including earthquake), amounting to ₹1,584.3 million. In addition, the Issuer maintains group personal accident insurance as well as directors' and officers' insurance policies. However, the amount of the Issuer's insurance coverage may be less than the replacement cost of such property and may not be sufficient to cover all financial losses that the Issuer may suffer should a risk materialise. If the Issuer were to incur a significant liability for which it was not fully insured, it could have a material adverse effect on the Issuer's results of operations and financial position. Should an uninsured loss or a loss in excess of insured limits occur, the Issuer would lose its invested capital and the anticipated revenue from the affected property. The Issuer would also remain liable for any debt or financial obligations related to that property.

In addition, in the future, the Issuer may not be able to maintain insurance of the types or in the amounts which the Issuer deems necessary or adequate or at premiums which the Issuer considers acceptable. The occurrence of an event for which the Issuer is not adequately or sufficiently insured or the successful assertion of one or more large claims against the Issuer that exceeds available insurance coverage, or changes in the Issuer's insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material and adverse effect on the Issuer's business, financial condition, results of operations, and cash flows.

The Issuer might not be able to recover costs incurred on the UMPPs and ITPs and the Issuer's failure to do so may adversely affect its financial condition and results of operations.

The Issuer has been appointed as the nodal agency for the development of UMPPs, each with a contracted capacity of 4,000 MW or more. As of 31 March 2017, the Issuer had 15 wholly-owned SPVs for these projects. These SPVs have been established to conduct the bidding process in accordance with the Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees, 2005, as amended. The SPVs undertake preliminary studies and obtain necessary linkages, clearances, land and approvals including for water, land and power sale arrangements, prior to transfer of the projects to successful bidders. The objective is to transfer these SPVs to successful bidders, through a tariff based international competitive bidding process, who will then implement these projects, on payment of development costs incurred by each SPV. The Issuer has incurred, and is likely to continue to incur, expenses in connection with these SPVs. There may be delays in the development of such UMPPs or the Issuer may be unable to transfer these UMPPs due to various factors, including environmental issues, resistance by local residents, changes in related laws or regulatory frameworks, or the Issuer's inability to find a developer for such projects. In addition, the Issuer may not be able to fully recover its expenses from the successful bidder, which may result in financial loss to the Issuer and adversely affect the Issuer's financial condition and results of operations.

The power sector financing industry is becoming increasingly competitive and the Issuer's growth will depend on its ability to compete effectively and maintain a low effective cost of funds.

The Issuer faces increasing competition from public and private sector commercial banks and from other financial institutions that provide funding to the power sector. For details of the Issuer's competitors, see "*The Power Industry in India*". Many of the Issuer's competitors may have access to greater and cheaper sources of funding than the Issuer. Competition in the Issuer's industry depends on, among other factors, the ongoing evolution of GoI policies relating to the industry, the entry of new participants into the industry and the extent to which there is consolidation among banks, financial institutions and NBFCs in India. The Issuer's primary competitors are public sector infrastructure finance companies, public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. Many of the Issuer's competitors may have larger resources or balance sheet sizes than the Issuer and may have considerable financing resources. In addition, since the Issuer is a non-deposit taking NBFC, the Issuer may have restricted access to funds in comparison to banks and deposit taking NBFCs. The Issuer's ability to compete effectively is dependent on its ability to maintain a low effective cost of funds. With the growth of its business, the Issuer is dependent on funding from the equity and debt markets and commercial borrowings. The market for such funds is competitive and the Issuer's ability to obtain funds on acceptable terms, or at all, will depend on various factors including the Issuer's ability to maintain its credit ratings. If the Issuer is unable to access funds at an effective cost that is comparable to or lower than that of its competitors, the Issuer may not be able to offer competitive interest rates for its loans to power projects. This is a significant challenge for the Issuer, as there are limits to the extent to which higher costs of funds can be passed on to borrowers, thus potentially affecting the Issuer's net interest income.

The Issuer may make equity investments in power sector projects in the future and such investments may not be recovered.

As part of its growth strategy, and subject to receipt of relevant approvals, the Issuer may evaluate potential equity investment opportunities in power sector projects. In addition, the Issuer may consider equity syndication opportunities for power sector projects, which the Issuer expects will also increase its fee-based income. The value of such investments will depend on the success and continued viability of these projects. In addition to project-specific risks, the Issuer will have limited control over the operations or management of these businesses. Therefore, the Issuer's ability to realise expected gains on its equity interest in a business is highly dependent on factors outside the Issuer's control. Write-offs or write-downs in respect of the Issuer's equity investments may adversely affect the Issuer's financial condition. The Issuer may also be unable to realise any value if the company in which the Issuer invests does not have a liquidity event, such as a sale of the business, recapitalisation or public offering, which would allow the Issuer to sell the underlying equity interest. In addition, the ability of these investee companies to make dividend payments is subject to applicable laws and regulations in India relating to payment of dividends. Furthermore, equity investments in power sector projects may be less liquid and involve a longer holding period than traditional private equity investments. Such investments may not have any readily ascertainable market value and the value of investments reflected in the Issuer's financial statements may be higher than the values obtained by the Issuer upon the sale of such investments. See also "*Investment Considerations — The Issuer may not be able to identify attractive financing or investment opportunities or provide financing to or make investments in such identified opportunities, which may adversely affect the Issuer's financial condition and results of operations*.".

The Issuer is subject to restrictive covenants under its credit facilities that could limit the Issuer's flexibility in managing its business.

There are restrictive covenants in the agreements the Issuer has entered into with certain banks and financial institutions for the Issuer's short term borrowings, long-term borrowings and bonds trust deeds. These restrictive covenants require the Issuer to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, selling, leasing, transferring or otherwise disposing of any part of the Issuer's business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion, taking up a new or allied line of business, forming a new subsidiary and in certain cases, consent for on-lending of the funds. Such restrictive covenants in the Issuer's loan and bond documents may restrict the Issuer's operations or ability to expand and may adversely affect the Issuer's business. Furthermore, a default on some of the Issuer's loans may also trigger cross-defaults under some of the Issuer's other loans. In addition, if the Issuer fails to meet its debt service obligations or if a default otherwise occurs, its lenders could declare the Issuer in default under the terms of its borrowings and accelerate the maturity of its obligations, or in some cases, could exercise step-in rights, or could enforce the security underlining their secured lending, such as security created on the secured long-term Rupee-denominated infrastructure bonds. Any acceleration of the maturity of the Issuer's obligations could have a material adverse effect on the Issuer's cash flows, business and results of operations. Furthermore, the Issuer's lenders may recall certain short-term demand loans availed of by the Issuer at any time. There can be no assurance that the Issuer will be able to comply with these financial or other covenants or that the Issuer will be able to obtain the consents necessary to take the actions the Issuer believes are required to operate and grow its business in the future.

The Issuer's agreements regarding certain of its joint venture arrangements or investments in other companies contain restrictive covenants, which limit the Issuer's ability on transfer its shareholding in such ventures.

The Issuer has entered into a joint venture arrangement, pursuant to which a joint venture company has been incorporated.

The Issuer has also entered into a share subscription and shareholders agreement with the NSE and National Commodity & Derivatives Exchange Limited subscribing to the equity shares of Power Exchange India Limited.

Furthermore, the Issuer has investments in the Small is Beautiful Fund, a venture capital fund established with the objective to invest in equity and equity-like instruments of special purpose vehicles involved in the development of power projects.

The Issuer has also jointly promoted various companies in which the Issuer holds a minority stake.

As the Issuer holds minority interests in the joint venture company, the Issuer's joint venture partners will have control over such joint venture companies (except to the extent agreed under the respective joint venture agreements). In addition, the Issuer has not made provisions for the decline in value of such investments which may have an adverse impact on the Issuer's financial condition. In addition, the Issuer may not be able perform or comply with its obligations under the joint venture agreement and its failure to do so may result in a breach of such agreement, which could affect the Issuer's rights under this agreement.

Furthermore, the success of the joint venture is dependent upon the cooperation of the Issuer's joint venture partners. The joint venture is subject to the risk of non-performance by the Issuer's joint venture partners of their obligations, including their financial obligations, in respect of the joint venture. Joint venture partners may have business interests or goals that may differ from the Issuer's business interests or goals, or those of the Issuer's shareholders. Any disputes that may arise between the Issuer and its joint venture partners may cause delays in completion or the suspension or abandonment of the venture. In addition, although the joint venture confers rights on the Issuer, its joint venture partners have certain decision-making rights that may limit the Issuer's flexibility to make decisions relating to such business, and may cause delays or losses.

The Issuer's success depends in large part upon its management team and skilled personnel and its ability to attract and retain such persons.

Many of the Issuer's employees, particularly senior management, have worked with the Issuer for significantly long periods. The Issuer's future performance depends on the continued service of its management team and skilled personnel. The Issuer may face a challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as the Issuer continues to grow. There is significant competition for management and other skilled personnel in the Issuer's industry. Furthermore, the Issuer's ability to meet future business challenges depends on its ability to attract and recruit talented and skilled personnel. The loss of any of the members of the Issuer's Board, senior management, or other key personnel or an inability to manage the attrition levels in the different employee categories may materially and adversely impact the Issuer's business, financial condition and results of operations.

The GoI has a majority control in the Issuer, which enables the GoI to influence the outcome of matters submitted to shareholders for approval.

As of 31 March 2017, the GoI controls, directly or indirectly, 66.35 per cent. of the Issuer's outstanding equity shares. As a result, the GoI, acting through the MoP, will continue to exercise significant control over the Issuer, including in matters relating to any sale of all or substantially all of its assets and the timing and distribution of dividends. The GoI also controls the composition of its Board and determines matters requiring shareholder approval or approval of its Board. The GoI may take or block actions with respect to the Issuer's business, which may conflict with the Issuer's interests or the interests of the Issuer's minority shareholders. By exercising its control, the GoI could delay, defer or cause a change of the Issuer's control or a change in the Issuer's capital structure, or a merger, consolidation, takeover or other business combination involving the Issuer, or discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Issuer. In addition, as long as the GoI continues to exercise control over the Issuer, it may influence the material policies of the Issuer in a manner that could conflict with the interest of the Issuer's other shareholders and may take positions with which the Issuer or the Issuer's other shareholders may not agree. In addition, the GoI significantly influences the Issuer's operations both directly and indirectly through its various departments and policies in relation to the power industry generally. In particular, given the importance of the power industry to the economy, the GoI could require the Issuer to take action designed to serve the public interest in India and not necessarily to maximise the Issuer's profits.

The Government may sell all or part of its shareholding in the Issuer that may result in a change in control of the Issuer.

Whilst the Government's shareholding in the Issuer is 66.35 per cent., it will continue to be classified as a Government company and will be subject to various regulations, regulatory exemptions and benefits generally applicable to public sector companies in India. As of the date of this Offering Circular, there is no legislation that places a mandatory requirement on the Government to hold a minimum 51.00 per cent. shareholding in the Issuer. Therefore the Government may sell all or part of its shares in the Issuer, which may result in a change in control of the Issuer and which may, in turn, disqualify the Issuer from benefiting from certain regulatory exemptions and other benefits that may be applicable to the Issuer due to it being a public sector company. If a change of control were to occur, the Issuer cannot assure investors that it will have sufficient funds available at such time to pay the purchase price of the outstanding Notes, as the source of funds for any such purchase will be its available cash or third party financing which it may not be able to obtain at the time.

The Issuer is subject to credit, market and liquidity risks and, if any such risk were to materialise, the Issuer's credit ratings and its cost of funds may be adversely affected.

The Issuer may not be able to effectively mitigate its risk exposures in particular market environments or against particular types of risks. The Issuer's revenues and interest rate risk are dependent upon its ability to properly identify, and mark-to-market, changes in the value of financial instruments caused by changes in market prices or rates. The Issuer's earnings are dependent upon its effectiveness in managing credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates and the adequacy of its allowances for loan losses. To the extent its assessments, assumptions or estimates prove inaccurate or are not predictive of actual results, the Issuer could incur higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing the Issuer's liquidity risk because it affects the evaluation of the Issuer's credit ratings by rating agencies. The Issuer currently holds credit ratings for its long-term domestic borrowings and its short term borrowings from CRISIL, ICRA and

CARE respectively. International credit rating agencies Moody's, Fitch and Standard & Poor's have also provided long-term foreign currency issuer ratings for the Issuer. However, rating agencies may reduce or indicate their intention to reduce the ratings at any time and there can be no assurance that the Issuer may not experience such downgrade in the future. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in the Issuer's ratings. Any reduction (or withdrawal) in the Issuer's ratings may make the Issuer ineligible to remain classified as an IFC, increase the Issuer's borrowing costs, limit the Issuer's access to capital markets and adversely affect the Issuer's ability to sell or market its products, engage in business transactions, particularly longer-term and derivatives transactions, or retain its customers. This, in turn, could reduce the Issuer's liquidity and negatively impact the Issuer's financial condition and results of operations.

The Issuer may fail to obtain regulatory approvals to operate or expand its business in a timely manner or at all, or to comply with the terms and conditions of its existing regulatory approvals and licenses, which may have a material adverse effect on the continuity of the Issuer's business and may impede its operations in the future.

The Issuer requires certain regulatory approvals, sanctions, licenses, registrations and permissions for operating and expanding its business. The Issuer may not receive or be able to renew such approvals in the time frames anticipated by the Issuer, or at all, which could adversely affect the Issuer's business. If the Issuer does not receive, renew or maintain the regulatory approvals required to operate its business, it may have a material adverse effect on the continuity of its business and may impede its effective operations in the future.

NBFCs in India are subject to strict regulations and supervision by the RBI. These laws and regulations impose numerous requirements on the Issuer, including those relating to asset classification and prescribed levels of capital adequacy, cash reserves and liquid assets. For applicability of prudential norms, see "*Description of the Issuer*" for more information. In addition to the numerous conditions required for the registration as an NBFC with the RBI, the Issuer is required to maintain certain statutory and regulatory permits and approvals for its business. In the future, the Issuer will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by the Issuer or at all. Failure by the Issuer to renew, maintain or obtain the required permits or approvals may result in the interruption of the Issuer's operations and may have a material adverse effect on its business, financial condition and results of operations.

Furthermore, the RBI has not provided for any ceiling on interest rates that can be charged by non-deposit taking NBFCs even though they have stated in circulars that NBFCs should lay out appropriate internal principles and procedures in determining interest rates and other charges. The Issuer fixes the interest rate based on average cost of funds, RBI's monetary policies, competitors' interest rate, certain percentage of margin and other markets conditions, which are subject to change from time to time. There may be future changes in the regulatory system or in the enforcement of laws and regulations or legal interpretations of existing regulations relating to or affecting interest rates, taxation, inflation or exchange controls, that could have an adverse effect on non-deposit taking NBFCs. In addition, the Issuer is required to make various filings with the RBI, the Registrar of Companies (**RoC**) and other relevant authorities pursuant to the provisions of the RBI regulations, the Companies Act and other regulations. If the Issuer fails to comply with these requirements, or if a regulator claims the Issuer has not complied with such requirements, the Issuer may be subject to penalties. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that the Issuer may be required to restructure its activities and incur additional expenses in complying with such laws and regulations, which could adversely affect the Issuer's business. In addition, any historical or future failure to comply with the terms and conditions of the Issuer's existing regulatory or statutory approvals may cause the Issuer to lose or become unable to renew such approvals. For further details, see "*Regulations and Policies in India*".

The Issuer benefits from certain tax benefits available to it as a lending institution. If these tax benefits are no longer available to the Issuer, it would adversely affect the Issuer's business, financial condition and results of operations.

The Issuer has received and currently receives tax benefits by virtue of its status as a lending institution, including as a result of its lending within the infrastructure sector, which have enabled the Issuer to reduce its effective tax rate. In fiscals 2015, 2016 and 2017, the Issuer's effective tax rate, calculated on the basis of its tax liability as a percentage of taxable profit, was 26.07 per cent., 26.65 per cent. and 27.56 per cent., respectively, compared to statutory corporate tax rates (including surcharge and cess) of 33.99 per cent. for fiscal 2015 and 34.61 per cent. for each of fiscals 2016 and 2017. The availability of such tax benefits is subject to the policies of the GoI, among other things, and there can be no assurance as to any tax benefits that the Issuer will receive in the future. If the laws or regulations regarding these tax benefits are amended, the Issuer's taxable income and tax liability may increase, which would adversely impact the Issuer's financial condition and results of operations.

The Issuer may incur shortfalls in the advance subsidy received under the Accelerated Generation and Supply Programme of the GoI, which may affect the Issuer's financial condition.

In fiscal 1998, the GoI started the AG&SP, a scheme for providing interest subsidies for various projects. While the scheme ended in April 2007, the Issuer currently receives interest income from the interest subsidy fund established in connection with the loans granted under this scheme. The scheme subsidised the Issuer's lending rates on loans to public sector power utilities. The subsidy was paid in advance directly to the Issuer from the central Government budget and was to be passed on to the borrowers against their interest liability arising in future under the AG&SP.

The Issuer maintains an interest subsidy fund account for the subsidy claimed from the GoI at net present value which is calculated at certain pre-determined and indicative discount rates, irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of the difference between the indicative discount rate and period considered at the time of claims and the time of the actual disbursement can be ascertained only after the end of the respective repayment period in relation to that particular loan. There may be instances where there is a shortfall or a surplus in the subsidy received from the GoI. In the event of a surplus in subsidy, the excess is refunded. In the event of there being a shortfall, the Issuer is required to bear the difference, which may adversely affect the Issuer's financial condition and results of operations.

The security of the Issuer's IT systems may fail and adversely affect the Issuer's business, operations, financial condition and reputation.

The Issuer is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems and the data such systems contain or transmit. An external information security breach, such as a hacker attack, fraud, a virus or worm, or an internal problem with information protection, such as a failure to control access to sensitive systems, could materially interrupt the Issuer's business operations or cause disclosure or modification of sensitive or confidential information. The Issuer's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The Issuer's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security. Although the Issuer maintains procedures and policies to protect its IT systems, such as a data back-up system, disaster recovery and a business continuity system, any failure of the Issuer's IT systems as mentioned above could result in business interruption, material financial loss, regulatory actions, legal liability and harm to the Issuer's reputation. Furthermore, any delay in implementation or disruption of the functioning of the Issuer's IT systems could disrupt its ability to track, record, process financial information or manage creditors/debtors or engage in normal business activities.

The Issuer may in the future conduct additional business through joint ventures and strategic partnerships, exposing the Issuer to certain regulatory and operating risks.

The Issuer intends to continue to pursue suitable joint venture and strategic partnership opportunities in India and internationally, in particular with companies/firms whose resources, capabilities and strategies are likely to enhance and diversify the Issuer's business operations in the power sector. The Issuer may not be able to identify suitable joint venture or strategic partners or the Issuer may not complete transactions on terms commercially acceptable to the Issuer, or at all. The Issuer may not be able to successfully form such alliances and ventures or realise the anticipated benefits of such alliance and joint ventures. Furthermore, such partnerships may be subject to regulatory approvals, which may not be received in a timely manner, or at all. In addition, the Issuer's expected strategic benefits or synergies of any future partnerships may not be realised. Furthermore, such investments in strategic partnerships may be long-term in nature and may not yield returns in the short to medium term. Such initiatives will place significant strains on the Issuer's management, financial and other resources and any unforeseen costs or losses could adversely affect the Issuer's business, profitability and financial condition.

A decline in the Issuer's capital adequacy ratio could restrict the Issuer's future business growth.

The Issuer is required under applicable laws and regulations to maintain a capital adequacy ratio of at least 15.0 per cent. of its risk-weighted assets, with the minimum requirement of Tier I capital being 10.0 per cent. The Issuer's capital adequacy ratio was 19.28 per cent. as of 31 March 2017, with Tier I capital comprising 16.20 per cent. as of the same date. If the Issuer continues to grow its loan portfolio and asset base, the Issuer will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios. There can be no assurance that the Issuer will be able to raise adequate additional capital in the future on terms favourable to the Issuer or that the Issuer will be able to retain its IFC classification, and this may adversely affect the growth of the Issuer's business.

The Issuer has entered and may enter into certain transactions with related parties, which may not be on an arm's length basis or may lead to conflicts of interest.

The Issuer has entered and may enter into transactions with related parties, including its Directors. There can be no assurance that the Issuer could not have achieved more favourable terms on such transactions had they not been entered into with related parties. Furthermore, it is likely that the Issuer will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on the Issuer's financial condition and results of operations. The transactions the Issuer has entered into and any future transactions with related parties have involved or could potentially involve conflicts of interest.

The Issuer's subsidiaries PFCCL and PFCCAS are engaged in the consultancy services and debt syndication services business respectively, and the Issuer's constitutional documents permit the Issuer to engage in similar business however there is no relationship agreement or similar arrangement currently in place between the Issuer and PFCCL or PFCCAS and the Issuer and it is possible this may result in potential conflicts of interest. However, as of the date of this Offering Circular, a merger of PFCCAS with PFCCL is in progress.

The Issuer's Directors may have business interests similar to those of the Issuer, which may result in a conflict of interest that may adversely affect future financing opportunity referrals.

Some of the Issuer's Directors have interests in other companies, which are in businesses similar to that of the Issuer and which may result in a potential conflict of interest.

For further information with respect to directorships of certain of the Issuer's Directors, see "*Management*". Accordingly, potential conflicts of interest may arise out of common business objectives shared by the Issuer and its Directors and there can be no assurance that these or other conflicts of interest will be resolved in an impartial manner.

The Issuer and its subsidiary PFCGEL are not in compliance with certain corporate governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Companies Act, which may result in imposition of a penalty that may adversely affect the Issuer's reputation and business.

The Issuer has not complied with certain provisions of Clause 49 of the Equity Listing Agreement relating to composition of its Board for fiscal 2017. As of the date of this Offering Circular, the Issuer's Board has five Directors, of which three are full-time functional directors, one is a Government nominee director and the other is an independent director.

The Equity Listing Agreement requires that at least half of the Board should be comprised of independent directors if the chairman of the Board is an executive director. However, as of the date of this Offering Circular, the Board of the Issuer does not have the requisite minimum number of independent directors. Furthermore, in accordance with the provisions of the Equity Listing Agreement and the Companies Act, the Issuer is yet to appoint a woman director to its Board.

As of the date of this Offering Circular, the Issuer is in receipt of a notice of penalty from each of the NSE and BSE, imposing a penalty of ₹0.05 million and ₹0.057 million, respectively, for non-compliance with the requirement to appoint a woman director to its Board. Additionally, the RoC has issued a show cause notice to PFCGEL and its directors for failing to appoint a woman director to its board.

The Issuer cannot assure that further penalties, fines, actions or trading suspension orders will not be imposed on the Issuer or PFCGEL for failure to comply with such provisions of the law, which in turn could adversely affect the Issuer's financial condition and business.

Some of the Issuer's agreements with its lenders and borrowers are not executed on stamp paper documents and therefore such agreements may be inadmissible as evidence in a court of law.

In the event that some of the Issuer's loan documents with its lenders and borrowers may not be executed on appropriate stamp paper documents such agreements cannot be admitted as evidence in a court of law or be acted upon by any person having consent of parties by law or the authority to receive any such evidence. Such agreements can only be used as evidence in a court of law upon payment of the applicable stamp duty, along with any additional penalty that may be levied (which penalty may be up to ten times the applicable stamp duty). Therefore, in cases of disputes among the lenders or borrowers where the agreements have not been executed on the correct stamp paper, such agreements may be inadmissible as evidence (unless the adequate stamp duty together with any penalty has been paid) and this may in turn have a material adverse effect on the Issuer's business, results of operations and financial position.

The Issuer has had negative cash flows from operations in recent periods. There is no assurance that such negative cash flows from operations shall not recur in the future.

The cash outflows relating to loans and advances that the Issuer disburses (net of any repayments the Issuer receives) are reflected in the Issuer's cash flow from operating activities whereas the cash inflows from external funding that the Issuer procures (net of any repayments of such funding) to disburse these loans and advances are reflected in the Issuer's cash flows from financing activities.

The net cash flows from investing activities primarily represent sale and purchase of fixed assets, other investments and interest received. The following table sets forth certain information with respect to the Issuer's historical cash flows, including certain negative cash flows, for the periods indicated:

	As of 31 March		
Particulars	**2015**	**2016**	**2017**
		(standalone)	
		(₹ million)	
Net cash from operating activities	(214,483.6)	(133,389.7)	19,202.3
Net cash from investing activities	(4,728.7)	(18,558.5)	(3,089.1)
Net cash from financing activities	268,819.8	102,034.4	14,753.6
Net increase/(decrease) in cash and cash equivalents	49,607.5	(49,913.8)	30,866.8

There can be no assurance that there will not be a negative cash flow in the future.

The Issuer may not be able to identify attractive financing or investment opportunities, or provide financing to or make investments in such identified opportunities, which may adversely affect the Issuer's financial condition and results of operations.

There can be no assurance that the Issuer will be able to identify attractive financing or investment opportunities that meet its financing and investment criteria, or provide financing to or make investments in such identified opportunities. The activity of identifying attractive financing and investment opportunities is highly competitive and providing financing to or making such investments may be subject to various factors beyond the Issuer's control. In addition, the Issuer may not be able to fully ascertain the risks involved in the power sector projects the Issuer finances or invests in due to limited information.

Furthermore, any investment that the Issuer makes in power sector projects may be subject to contractual, legal and other restrictions, such as pre-emption rights and the requirement to obtain consents and approvals on resale. The illiquidity of these investments may make it difficult to sell investments even if the Issuer determines that the sale is in its interest. In addition, if the Issuer is required to liquidate all, or a portion of its investment portfolio quickly, the Issuer may not realise an appropriate value for its investments. The Issuer may also face other restrictions on its ability to liquidate an investment in an investee company to the extent that the Issuer has material non-public information regarding such company. In addition, the large number of competitors compared to the limited number of attractive investment opportunities in the Indian power sector may increase the cost at which investments may be made and reduce potential profits. The Issuer may also incur significant expenses identifying, investigating and seeking to acquire potential investments, which are ultimately not acquired, including expenses relating to due diligence, transportation, extended competitive bidding processes, legal expenses and the fees of other third-party advisors. Furthermore, in case of equity investments in the power sector, the Issuer's competing entities may seek to sell assets at the same time as the Issuer, thereby resulting in a decline in the value of such assets.

Material changes in the regulations that govern the Issuer's borrowers and the Issuer could cause the Issuer's business to suffer.

The Issuer is under the administrative control of the MoP and a number of the Issuer's activities are subject to supervision and regulation by statutory authorities including the RBI, the Securities Exchange Board of India (**SEBI**) and IRDA. The Issuer is also subject to policies/procedures of GoI departments such as the MoF, MCA and DPE. In addition, the Issuer's borrowers in the power sector are subject to supervision and regulation by the CEA, CERC and SERCs. See "*Regulations and Policies in India*" for more information. Furthermore, the Issuer is subject to changes in Indian law as well as to changes in regulation and government policies and accounting principles. The Issuer also receives certain benefits and takes advantage of certain exemptions available to its classification as a public financial institution under Section 2(72) of the Companies Act, 2013 and as a systemically important non-deposit taking NBFC that are also IFCs under the RBI Act.

In addition, the statutory and regulatory framework for the Indian power sector has undergone a number of changes in recent years and the impact of these changes is yet to be seen. The Electricity Act puts in place a framework for major reforms in the sector. Furthermore, there could be additional changes in the manner of determination of tariff and other policies and licensing requirements for, and tax incentives applicable to, companies in the power sector. Presently, the Issuer is not aware of the nature or extent of any future review and amendment of the Electricity Act and rules and policies issued thereunder, and it is possible that any amendments may have an adverse impact on the Issuer's business, financial condition and results of operations. Applicable laws and regulations governing the Issuer's borrowers and the Issuer could change in the future and any such changes could adversely affect the Issuer's business, financial condition and results of operations.

Volatility in foreign exchange and un-hedged foreign currency could adversely affect the Issuer's financial conditions and results of operations.

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

The Issuer currently engages in borrowing from the international foreign currency markets. As an IFC, the Issuer is also eligible to raise, under the automatic route (without the prior approval of the RBI), ECBs up to U.S.$750.0 million each fiscal year. The Issuer is likely to avail of significant external commercial borrowings in the future. The enhanced level of borrowing will expose the Issuer to fluctuations in foreign exchange rates, which may have adverse effects on the Issuer's financial results. As of 31 March 2017, the Issuer had foreign currency borrowings outstanding of U.S.$895.0 million, JPY43,668.0 million and €16.0 million (aggregate equivalent to ₹84,438.8 million, or 4.1 per cent. of the Issuer's total borrowings as of such date). As of 31 March 2017, the Issuer had lent in foreign currency (U.S.$34 million) to cover approximately 2.6 per cent. of its foreign currency principal exposure. As of 31 March 2017, U.S.$280 million and U.S.$100 million have been hedged for exchange rate risk and interest rate risks respectively. Foreign currency liabilities not hedged by a derivative instrument or otherwise as of 31 March 2017 were U.S.$581.0 million, €16.0 million and JPY43,668 million. This however does not include partial hedges where only one currency leg has been hedged. Although the Issuer has in place the CRM policy to manage risk associated with foreign currency borrowings there is no assurance that it will remain effective over a period of time or that the Issuer will enter into effective hedging with respect to any foreign currency borrowing. The Issuer may be exposed to fluctuations in foreign currency rates with the increased foreign currency borrowings. Volatility in currency exchange rates could adversely affect the Issuer's business, financial condition and results of operations.

In addition, although the Issuer engages in hedging transactions to manage interest rate and foreign exchange currency rate risks, the Issuer's hedging strategy may not be successful in minimising its exposure to these fluctuations. The Issuer faces the risk that the counterparties to its hedging activities may fail to honour their contractual obligations to the Issuer. This may result in the Issuer not being able to net off its positions and hence reduce the effectiveness of the Issuer's hedges. Non-performance of contracts by counterparties may lead to the Issuer in turn not being able to honour its contractual obligations to third parties. This may subject the Issuer to, among others, legal claims and penalties.

Any dispute, proceeding or irregularity in title to properties leased or owned by the Issuer may adversely affect the Issuer's financial condition and result of operations.

The Issuer has taken certain properties on lease for its branch offices and it is possible that the lease for such properties may not be renewed on favourable terms. Certain of these properties may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements. In addition, there may be certain irregularities in title in relation to some of the Issuer's owned/leased properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the local authorities or the lease deeds may have expired and not yet been renewed. Since registration of land title in India is not centralised and has not been fully computerised, the title to land may be defective as a result of a failure on the part of the Issuer, or on the part of a prior transferee, to obtain the consent of all such persons or duly complete stamping and registration requirements. The uncertainty of title to land may impede the processes of acquisition, independent verification and transfer of title, and any disputes in respect of land title to which the Issuer may become party may take several years and considerable expense to resolve if they become the subject of court proceedings. Any such dispute, proceedings or irregularities may have an impact on the operation of the Issuer's business.

The Issuer may become liable for the acts or omissions of external consultants engaged by PFCCL.

The Issuer's wholly-owned subsidiary, PFCCL, provides consultancy services and undertakes execution of consultancy assignments in the power sector for its clients. For these purposes, PFCCL also engages external consultants. The Issuer also engages external consultants in the course of its business to assist in the conduct of the bidding process, among others. In the event that any acts or omissions of these external consultants may result in professional negligence or breach of contract, the Issuer may become liable to its clients or third parties for the acts or omissions of such external consultants, which could have an adverse affect on the Issuer's business, financial condition and results of operations.

The Issuer is subject to stringent labour laws and trade union activity or any work stoppage could have an adverse effect on the Issuer's business, financial condition and results of operations.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations on employers. This makes it difficult for the Issuer to maintain flexible human resource policies, discharge employees or downsize, which though not quantifiable, may adversely affect the Issuer's business and profitability.

The Issuer has a registered trade union under the Trade Unions Act 1926. As of the date of this Offering Circular, the Issuer is currently revising the pay scales with its unionised employees. Although the Issuer considers its relations with its employees to be stable, 21.98 per cent. of its employees are unionised and although the Issuer has not lost any time on account of strikes or labour unrest to date, the Issuer's failure to effectively re-negotiate wage revisions or other legitimate union activity could result in work stoppages. Any such work stoppage, though not quantifiable, could have an adverse effect on the Issuer's business, financial condition and results of operations.

Risks relating to the Power Sector and Power Sector Financing in India

Private participation in the power sector in India is dependent on the continued growth of the Indian economy and regulatory developments in India. Any adverse change in policy, implementation or industry demand may adversely affect the Issuer.

Although the power sector is a rapidly growing sector in India, the Issuer believes that further development of this sector is dependent upon the formulation and effective implementation of regulations and policies that facilitate and encourage private sector investment in power projects. Many of these regulations and policies are evolving and their success will depend on whether they are designed to adequately address the issues faced and are effectively implemented. In addition, these regulations and policies will need continued support from stable and experienced regulatory regimes that not only stimulate and encourage the continued investment of private capital into power projects, but also lead to increased competition, appropriate allocation of risk, transparency and effective dispute resolution. The availability of private capital and the continued growth of the private power sector in India are also linked to continued growth of the Indian economy. Many specific factors in the power sector may also influence the success of power projects, including changes in policies, regulatory frameworks and market structures. Any adverse change in the policies relating to the power sector may leave the Issuer with unutilised capital and interest and debt obligations to fulfill. If the central and state governments' initiatives and regulations in the power sector do not proceed in the desired direction, or if there is any downturn in the macroeconomic environment in India, the Issuer's business, prospects, results of operations and financial condition could be adversely affected. In addition, it is generally believed that demand for power in India will increase in connection with expected increases in India's GDP. However, there can be no assurance that demand for power in India will increase to the extent the Issuer expects, or at all. In the event demand for power in India does not increase as anticipated, the extent to which the Issuer is able to grow its business by financing the growth of the power sector would be limited and this could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Setting up and operating power projects in India requires a number of approvals and permits, and the failure to obtain or renew them in a timely manner may adversely affect the operations of the Issuer's borrowers and in turn adversely affect the quality of the Issuer's loans.

Setting up and operating power projects requires a number of approvals, licenses, registrations and permissions. Some of these approvals are subject to certain conditions, the non-fulfillment of which may result in revocation of such approvals. Moreover, some of the conditions may be onerous and may require the Issuer's customers to incur substantial expenditure, specifically with respect to compliance with environmental laws. Furthermore, certain of the Issuer's borrowers' contractors and other counterparties are required to obtain approvals, licenses, registrations and permits with respect to the services they provide to the Issuer's borrowers. The Issuer's borrowers, their contractors or any other party may not be able to obtain or comply with all necessary licenses, permits and approvals required for the power projects in a timely manner to allow for the uninterrupted construction or operation of the power plants, or at all. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to the Issuer's borrowers may adversely affect its operations. This in turn could adversely affect the quality of the Issuer's loans, may put the Issuer's customers in financial difficulties (which could increase the level of non-performing assets in the Issuer's portfolio) and adversely affect the Issuer's business and financial condition.

Significant shortages in the supply of crude oil, natural gas or coal could adversely affect the Indian economy and the power sector projects to which the Issuer has exposure, which could adversely affect the Issuer.

India imports approximately 75.0 per cent. of its requirements of crude oil. Although oil prices have shown a marked lack of volatility recently, volatility in oil prices is expected to increase, as the current compressed level in oil prices appears inconsistent with falling inventories, limited global spare capacity and an escalation in the number and connectedness of geopolitical risks. The GoI has deregulated retail prices of certain fuels, and prices have moderated in fiscal year 2014 due to concerns over a slowdown in global economic growth. The GoI has also deregulated the prices of certain oil products resulting in greater pass-through of international crude prices to domestic oil prices.

Any significant increase in oil prices could affect the Indian economy, including the power sector, and the Indian banking and financial system. High oil prices could also add to inflationary pressures in the Indian economy. In addition, increases in oil prices may have a significant impact on the power sector and related industries in which the Issuer has substantial exposure. This could adversely affect the Issuer's business including its ability to grow, the quality of its asset portfolio, its financial condition and its ability to implement its strategy.

Natural gas is a significant input for power projects. India has experienced interruptions in the availability of natural gas, which has caused difficulties in these projects. Continued difficulties in obtaining a reliable, timely supply of natural gas could adversely affect some of the projects the Issuer finances and could impact the quality of the Issuer's asset portfolio and the Issuer's financial condition. Prices of other key raw materials, for example steel, coal and cement, have also risen in recent years and if the prices of such raw materials approach levels that project developers deem unviable, this will result in a slowdown in the infrastructure sector and thereby reduce the Issuer's business opportunities, its financial condition and its ability to implement its strategy.

Continued shortages of fuel could adversely affect some of the projects the Issuer finances and could impact the quality of the Issuer's asset portfolio and the Issuer's financial condition. With regard to coal, while there are substantial proven reserves in India, significant investments are required to mine the reserves. There can be no assurance that such investments will be made. Domestic coal demand is expected to increase significantly, driven by significant Indian power capacity addition. High dependence on domestic coal could therefore expose power companies to potential price and availability risks. In the case of a shortage of coal, the productivity of the domestic coal-fired power stations could be reduced and their expansion plans hindered. Domestic power companies also import coal however there is no assurance that such sources of coal will continue to be available to the power companies at reasonable price or terms.

The Issuer is exposed to project execution and construction delays faced by domestic power companies.

Domestic power companies face significant project execution and construction delay risks which could adversely affect projects financed by the Issuer. Power companies could experience longer than expected construction periods due to delays in obtaining environmental permits and infrastructure related delays in connecting to the grid. Accessing offtake and finalising fuel supply agreements could cause further delays.

Changes in environment standards in relation to thermal power projects impose significant risks to the Issuer's business.

With the change in requirements and adoption of stricter norms by thermal power projects in order to bring such projects in line with global parameters of climate conservation, there may be delays in the execution of such thermal power projects, which in turn may adversely affect the Issuer's business and financial condition. This is because the companies engaged in the thermal power sector form one of the Issuer's primary borrowers and any delay in implementation of such projects may in turn lead to delay or impediments to future sanctions, disbursements and recovery from such sectors, which may adversely affect the Issuer's business and financial condition.

Risks relating to India

Political instability or changes in the Government could delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact the Issuer's financial results and prospects.

The Issuer is incorporated in India, derive its revenues from operations in India and all its assets are located in India. Consequently, the Issuer's performance may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. The Issuer's business, and the market price of any Notes issued under the Programme, may be affected by changes in the GoI's policies, including taxation.

Since 1991, successive Indian governments have pursued economic liberalisation policies and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant adverse change in the Government's economic policies and political instability in the future could affect the Issuer's business and financial condition.

Difficulties faced by other financial institutions or the Indian financial sector generally could cause the Issuer's business to suffer.

The Issuer is exposed to the risks consequent to being part of the Indian financial sector. This sector in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years, and some co-operative banks have also faced serious financial and liquidity difficulties. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect the Issuer's business and financial condition.

The effects of the planned convergence with IFRS and the adoption of "Indian Accounting standards converged with IFRS" (IND-AS) are uncertain.

The Ministry of Corporate Affairs in India has announced a road map for the adoption of, and convergence with, IFRS. The Issuer will be required to prepare its annual and interim financial statements under IFRS, which is proposed to be implemented in a phased manner. As there is a significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice from which to draw when forming judgments regarding its implementation and application, the Issuer has not determined with any degree of certainty the impact that such adoption will have on its financial reporting. Furthermore, the new accounting standards will change the Issuer's methodology for estimating allowances for probable loan losses. New accounting standards may require the Issuer to value its non-performing loans by reference to their market value (if a ready market for such loans exists), or to calculate the present value of the expected future cash flows realisable from its loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate) in estimating allowances for probable losses. This may result in the Issuer recognising higher allowances for probable loan losses in the future. Therefore, there can be no assurance that the Issuer's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. In the Issuer's transition to IFRS reporting, the Issuer may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of available IFRS-experienced accounting personnel as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that the Issuer's adoption of IFRS will not adversely affect its reported results of operations or financial condition.

The Issuer's business and activities are regulated by the Competition Act, 2002 (the Competition Act) and any application of the Competition Act to the Issuer may be unfavourable or have an adverse effect on the Issuer's business, financial condition and results of operations.

The Indian Parliament has enacted the Competition Act under the auspices of the Competition Commission of India to prevent business practices that have an appreciable adverse effect on competition in India, which (other than for certain provisions relating to the regulation of combinations) became effective in 2009. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market or number of customers in the market is presumed to have an appreciable adverse effect on competition. Furthermore, if it is proved that the contravention committed by a company took place with the consent or involvement or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of a contravention and liable to be punished.

If the Issuer is affected, directly or indirectly, by any provision of the Competition Act or its application or interpretation, including any enforcement proceedings initiated by the Competition Commission and any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission, it may have a material adverse effect on the Issuer's business, financial condition and results of operations.

A slowdown in economic growth in India could adversely impact the Issuer's business. The Issuer's performance and the growth of its business are necessarily dependent on the performance of the overall Indian economy.

Any slowdown in the Indian economy or in the growth of any of the industries to which the Issuer provides a financing facility, or a rise in volatility in global commodity prices could adversely affect the Issuer's borrowers and in turn the growth of the Issuer's business, results of operations and financial condition.

India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, and adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Furthermore, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

For example, (i) the global financial turmoil in 2008, which was an outcome of the sub-prime mortgage crisis that originated in the United States of America, led to a worldwide loss in investor confidence. The Indian financial markets also experienced the effect of the global financial turmoil, evidenced by the sharp decline in stock exchange indices; and (ii) the result of the referendum which led United Kingdom to opt out of the European Union membership (**Brexit**) has generated significant uncertainty as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. These issues and any other prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on Issuer's business, financial condition and results of operations.

Changes in legislation, including tax legislation, or policies applicable to the Issuer could adversely affect the Issuer's results of operations.

The Government has proposed two major reforms in Indian tax laws, namely the Goods and Services Tax (**GST**) and provisions relating to General Anti Avoidance Rules (**GAAR**).

The provisions of the GST have come into effect from 1 July 2017 and have replaced the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments.

As regards GAAR, the provisions have come into effect from assessment year 2018-2019. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the assessee. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty.

The risks to financial stability could adversely affect the Issuer's business.

As reported by the RBI in its financial stability report dated 26 June 2015, the gross non-performing assets in the banking system have grown, while stressed advances, including standard restructured loans, have risen since September 2014. This deterioration in asset quality is expected to continue into the next few quarters, however, profitability measured by return on assets and return on equity remained around the same level during the last two years and the banking stability map suggests that the overall risks to the banking sector have moderated marginally since September 2014. Nonetheless, concerns remain over the continued weakness in asset quality and profitability.

The Issuer has little or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact the Issuer's funding and adversely affect the Issuer's business, operations and financial condition and the market price of the Bonds.

Depreciation of the Rupee against foreign currencies may have an adverse effect on the Issuer's results of operations and financial conditions.

As of 31 March 2017, the Issuer had consolidated outstanding foreign currency borrowings of approximately U.S.$895.0 million, JPY43,668.0 million and €16.0 million, total U.S.$ equivalent of 1,302.0 million while substantially all of the Issuer's revenues are denominated in Rupees.

In 2013 there was a sharp depreciation in the Rupee against foreign currencies, including the U.S. dollar, as a result of growing concerns in relation to the current account deficit in India and a potential tapering of quantitative easing by the United States Federal Reserve. Accordingly, depreciation of the Rupee against these currencies will increase the Rupee cost to the Issuer of servicing and repaying the Issuer's foreign currency borrowings. The hedging arrangements of the Issuer for its foreign currency exposure may not fully protect the Issuer from foreign exchange fluctuations and the depreciation of the Rupee against foreign currencies may have an adverse effect on the Issuer's results of operation and financial conditions.

The Issuer's ability to raise foreign currency borrowings may be constrained by Indian law.

As an Indian company, the Issuer is subject to regulatory approvals and exchange controls that regulate borrowing in foreign currencies. In addition, there can be no assurance that the required approvals, including from the RBI, will be granted to the Issuer for issuances under the Programme, if at all. Such regulatory restrictions limit the Issuer's financing sources and hence could constrain the Issuer's ability to obtain financing in a timely manner and on competitive terms and may adversely impact the Issuer's ability to refinance existing indebtedness. Limitations on raising foreign debt may have an adverse effect on the Issuer's business, financial condition and results of operations. See also "*Investment Considerations — Risks Relating to the Issuer's Business and Regulations and Policies*" for further information.

Economic developments and volatility in securities markets in other countries may negatively affect the Indian economy.

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The collapse of the sub-prime mortgage loan market in the United States that began in September 2008 led to increased liquidity and credit concerns and volatility in the global credit and financial markets in following fiscal years. The European sovereign debt crisis has led to renewed concerns for global financial stability and increased volatility in debt and equity markets. Furthermore, on 29 March 2017, pursuant to Brexit, there is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union, and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments and this may also adversely affect the Bank's ability to raise medium-/long-term funding in the international capital markets. These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in China's economic growth and Renminbi, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States and global credit and financial markets.

In the event that the current difficult conditions in the global financial markets continue or if there are any significant financial disruptions, this could have an adverse effect on the Issuer's cost of funding, loan portfolio, business, future financial performance and the trading price of any Notes issued under the Programme. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have a material adverse effect on the Issuer's business, financial condition and results of operations.

India has from time to time experienced social and civil unrest and hostilities both internally and with neighbouring countries. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armament and Kashmir. India has also experienced terrorist attacks in some parts of the country, which resulted in the loss of life, property and business. These hostilities and tensions could lead to political or economic instability in India and possible adverse effects on the Issuer's business, its future financial performance and the trading price of any Notes issued under the Programme. Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on the Issuer's business, future financial performance and the trading price of any Notes issued under the Programme. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could negatively impact the Indian economy.

There may be less company information available in Indian securities markets than in securities market in other more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities market and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. The SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies.

As a result, investors may have access to less information about the business, results of operations and financial conditions, and those of the competitors that are listed on the BSE and the NSE and other stock exchanges in India on an on-going basis than you may find in the case of companies subject to reporting requirements of other more developed countries. There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants than in certain organisations for economic cooperation and development (**OECD**) countries. The SEBI received statutory powers in 1992 to assist it in carrying out its responsibilities for improving disclosure and other regulatory standards for the Indian securities market. Subsequently, the SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets. However, there may still be less publicly available information about Indian companies than is regularly made available by public companies in certain OECD countries.

Natural calamities, climate change and health epidemics could have a negative impact on the Indian economy and could cause the Issuer's business to suffer and the trading price of the Notes to decrease.

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, affecting the Issuer's business and potentially causing the trading price of the Notes to decrease. Because the Issuer's operations are located in India, the Issuer's business and operations could be interrupted or delayed as a result of a natural disaster in India, which could affect the Issuer's business, financial condition and results of operations.

Health epidemics could also disrupt the Issuer's business. In fiscal year 2010, there were outbreaks of swine flu, caused by the H1N1 virus, in certain regions of the world including India and several other countries in Asia, and similarly in 2012 there were outbreaks of the Middle East respiratory syndrome coronavirus in several countries. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may in turn adversely affect the Issuer's business, and potentially cause the trading price of the Notes to decrease.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Issuer's business.

The Issuer is rated by international rating agencies namely, Standard & Poor's, Fitch and Moody's for its foreign currency borrowings. Standard & Poor's which maintained a negative outlook since April 2012 revised India's credit outlook in September 2014, to "stable". Similar revision in credit outlook was made by Fitch.

There can be no assurance that these ratings will not be further revised, suspended or withdrawn by Standard and Poor's or Fitch or that any other global rating agency will also not downgrade India's credit ratings.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact the Issuer's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on the Issuer's business and future financial performance, the Issuer's ability to obtain financing for providing finance to the power sector, and the trading price of any Notes issued under the Programme.

Direct capital market access by the Issuer's borrowers could adversely affect the Issuer.

The Indian capital markets are developing and maturing and, as such, there may be a shift in the pattern of power sector financing. Financially stronger state power utilities might source their fund requirements directly from the market. The Issuer has a large exposure to state power utilities and such changes may have an adverse impact on the Issuer's business, financial condition and results of operations.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact the Issuer's financial condition.

A decline in India's foreign exchange reserves could impact the value of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect the Issuer's future financial condition. Alternatively, high levels of foreign funds inflow could add excess liquidity to the system, leading to policy interventions, which would also allow slowdown of economic growth. In either case, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect the Issuer's business, prospects, financial condition and results of operations.

Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect the Issuer's tax liability include: central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. In addition, a new GST regime was introduced on 1 July 2017, and has now replaced the indirect taxes on various goods and services. While currently there are talks of reducing the applicable corporate income tax, this change may be accompanied by phasing out some or all of the applicable tax exemptions as may be available as of the date of this Offering Circular. Any such amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect the Issuer's business and results of operations.

Risks Relating to an Investment in the Notes

Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Uncertainty relating to the LIBOR calculation process and potential phasing out of LIBOR after 2021 may adversely affect the value of the Notes.

Actions by the British Bankers' Association, regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined or the establishment of alternative reference rates. For example, in July 2017, the chief executive of the United Kingdom's Financial Conduct Authority announced that it does not intend to continue to encourage, or use its power to compel, panel banks to provide rate submissions for the calculation of the LIBOR benchmark to be set beyond the end of 2021 and that, as a result, there can be no guarantee that LIBOR will be determined after 2021 on the same basis as presently, if at all. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere. Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for LIBOR-based securities, including any LIBOR-based Notes.

The Notes are not guaranteed by the Republic of India.

The Notes are not the obligations of, or guaranteed by, the Republic of India. Although the Government owned 66.35 per cent. of the Issuer's issued and paid up share capital as of 31 March 2017, the Government is not providing a guarantee in respect of the Notes. In addition, the Government is under no obligation to maintain the solvency of the Issuer. Therefore, investors should not rely on the Government ensuring that the Issuer fulfils its obligations under the Notes.

Early redemption of the Notes prior to its stated average maturity may require the prior approval of the RBI or other approvals in accordance with the ECB Guidelines.

Any early redemption of the Notes (whether due to certain tax events described in Condition 8.2 or due to change of control events described in Condition 8.3 or due to an Event of Default as specified in Condition 11.1 or otherwise) will be subject to limitations on the ability of the Issuer to redeem the Notes prior to the their stated maturity date, including obtaining the prior written approval of the RBI or other approval, and compliance with any conditions that the RBI or other relevant Indian authorities may impose in accordance with ECB Guidelines at the time of such approval. Prior approval of the RBI may be required by the Issuer for the payment of withholding tax in any Tax Jurisdiction (as defined in Condition 9) other than India in a foreign currency. There can be no assurance that the RBI or other relevant Indian authorities will provide such approval in a timely manner, or at all.

Remittances of funds outside India pursuant to indemnification by the Issuer in relation to the Notes requires prior RBI approval.

Remittance of funds outside India by the Issuer pursuant to indemnity clauses under the Terms and Conditions of the Notes, the Trust Deed or any other agreements in relation to the Notes requires prior RBI approval under the Foreign Exchange Management (Guarantees) Regulations, 2000. Any approval, if and when required, for the remittance of funds outside India is at the discretion of the RBI and the Issuer can give no assurance that it will be able to obtain such approvals.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Modification, waivers and substitution

The Terms and Conditions of the Notes and the Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes, (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default shall not be treated as such, or (iii) any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law, in the circumstances described in the "*Terms and Conditions of the Notes*".

The Notes are subject to the risk of change in law.

The Terms and Conditions of the Notes are based on English law in effect as of the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes and any such change could materially and adversely impact the value of any Notes affected by it.

The price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions and interest rates, could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

The Notes may have limited liquidity.

The Notes constitute a new issue of securities for which there is no existing market.

Approval-in-principle has been granted for the listing and quotation of the Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. The offer and sale of the Notes is not conditioned on obtaining a listing of the Notes on the SGX-ST or any other exchange.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop, or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- the Issuer's results of operations and financial condition;
- political and economic developments in and affecting India;
- the market conditions for similar securities; and
- the financial condition and stability of the Indian power sector.

Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Notes where denominations involve integral multiples: definitive Notes.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as specified in the applicable Pricing Supplement) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

Noteholders are required to rely on the procedures of the relevant clearing system and its participants while the Notes are cleared through the relevant clearing system.

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Noteholders' right to receive payments is junior to certain tax and other liabilities preferred by law.

The Notes are unsecured obligations of the Issuer and will rank subordinated to certain liabilities preferred by law, such as claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of the Issuer's business and will be effectively subordinated to the secured obligations of the Issuer. In particular, in the event of bankruptcy, liquidation or winding-up, the Issuer's assets will be available to pay obligations on the Notes only after all of the above liabilities that rank senior to these Notes have been paid (including liabilities which have the benefit of security). In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

Decisions may be made on behalf of all Noteholders that may be adverse to the interests of individual Noteholders.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Some of the information included in this Offering Circular has been prepared by third parties and may be inaccurate or outdated.

This Offering Circular includes information on the Republic of India, the Indian economy and the Indian power industry taken from third parties, which the Issuer believes are reliable. However, the information taken from third parties and included in this Offering Circular may be inaccurate and outdated, and the Issuer makes no representation or warranty, express or implied, as to the accuracy or completeness of this information. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Offering Circular. The Issuer also cannot provide any assurance that the third parties have used correct or sound methodology to prepare the information included in this Offering Circular.

Foreign Account Tax Compliance Act withholding may affect payments on the Notes.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. While the Notes are in global form and held by Euroclear or Clearstream (together, the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of the common depositary or common shopkeeper for, the ICSDs and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Furthermore, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. In the event any withholding would be required pursuant to FATCA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Prospective investors should refer to the section "*Taxation — Foreign Account Tax Compliance Act*".

Hiring Incentives to Restore Employment Act withholding may affect payments on the Notes.

The U.S. Hiring Incentives to Restore Employment Act imposes a 30 per cent. withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation — Hiring Incentives to Restore Employment Act*".

Risks relating to an Investment in Rupee denominated Notes

Rupee denominated Notes are subject to selling restrictions and may be transferred only to a limited pool of investors.

Rupee denominated Notes can only be issued to and held by investors resident in jurisdictions which are a member of the Financial Action Task Force (**FATF**) or a member of an FATF-style regional body and whose securities market regulator is a signatory to the International Organisation of Securities Commission's (**IOSCO**'s) multilateral memorandum of understanding (Appendix A Signatories) or a signatory to a bilateral memorandum of understanding with the Securities and Exchange Board of India (**SEBI**) for information sharing arrangements. Additionally, investors should not be residents of a country identified in the public statement of the FATF as: (i) a jurisdiction having strategic anti-money laundering or combating the financing of terrorism deficiencies to which countermeasures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies. Additionally, investors should not be classified as related parties of the Issuer under the Indian accounting standards.

Rupee denominated Notes are subject to exchange rate risks and exchange controls.

India maintains a managed floating exchange rate system under which market forces determine the exchange rate for INR. Under RBI's policies, the RBI may, however, intervene in the market to maintain orderly market conditions and limit sharp fluctuations in the exchange rate. Interventions by the RBI have taken the form of transparent measures and have included clearly delineated periods and amounts involved, as well as the explanations for these actions. RBI's foreign exchange policy objectives include maintaining price stability, promoting and maintaining monetary stability and the convertibility of the INR, protecting its international reserves during times of impending or ongoing exchange crises or national emergencies.

Rupee denominated Notes are denominated in INR and payable in foreign currency. This entails risks which are not associated with a similar investment in a foreign currency-denominated security. Such risks include, without limitation, the possibility of significant changes in the exchange rate between INR and the relevant foreign currency if such currency risk is unhedged by an investor, or the possibility of imposition or modification of exchange controls by the RBI. Such risks are usually dependent on various economic and political events over which the Issuer does not have any control. Recently, exchange rates have been volatile and such volatility is expected in the near future as well, so the risk pertaining to exchange rate fluctuation persists. However, the recent fluctuations in exchange rates are not indicative in nature. If INR depreciates against the relevant foreign currency the effective yield on the Rupee denominated Notes will decrease below the interest rate on the global bonds, and the amount payable on maturity may be less than the investment made by the investors. This could result in a total or substantial loss of the investment made by the investor towards the Rupee denominated Notes. Rates of exchange between the foreign currency and INR may be significantly varied over time. However, historical trends do not necessarily indicate future fluctuations in rates, and should not be relied upon as indicative of future trends. Political, economic or stock exchange developments in India or elsewhere could lead to significant and sudden changes in the exchange rate between INR and the relevant foreign currency.

Furthermore, the overseas investors are eligible to hedge the above-mentioned exchange rate risk only by way of permitted derivative products with: (i) AD Category Banks in India; (ii) the offshore branches or subsidiaries of Indian Banks; or (iii) branches of foreign banks having a presence in India.

INR "Non-convertibility".

The convertibility of a currency is dependent, *inter alia*, on international and domestic political and economic factors, and on measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation or revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency. The taking of any one or more of such measures could adversely affect the value of the Notes as well as any amount which may be payable upon redemption of the Notes.

Early redemption of Rupee denominated Notes prior to its stated average maturity or its stated maturity requires prior RBI or AD Bank approval, as the case may be.

Any early redemption of the Rupee denominated Notes (whether as a result of an event of default or any early redemption event) may require the prior approval of the RBI or the AD Bank. Compliance with any conditions specified in any such RBI or AD Bank approval will be required. There can be no assurance that the RBI or the AD Bank will provide such approval in a timely manner or at all.

Risks Relating to the Market Generally

Payments of principal and interest are subject to exchange rate risks and exchange controls.

The Issuer may face certain risks associated with exchange rate fluctuations and any modifications to exchange controls.

The Issuer will pay principal and interest on the Notes in the currency specified (the **Settlement Currency**). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Settlement Currency would decrease:

- the Investor's Currency-equivalent yield on the Notes;
- the Investor's Currency-equivalent value of the principal yield payable on the Notes; and
- the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The market value of the Notes may fluctuate.

Trading prices of the Notes are influenced by numerous factors, including the operating results, business and/or financial conditions of the Issuer, political, economic, financial and any other factors that can affect the capital markets, the business or the Issuer. Adverse economic developments, acts of war and health hazards in countries in which Issuer operates could have a material adverse effect on the Issuer's operations, operating results, business, financial position and performance. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

Investments in the Notes are subject to inflation risk.

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Notes are legal investments for it;
- the Notes can be used as collateral for various types of borrowings; and
- other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Investment in the Notes is subject to interest rate risks.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

DESCRIPTION OF THE ISSUER

Overview

The Issuer, a leading financial institution in India, has been in the power sector since its incorporation on 16 July 1986. The Issuer was established as an integral part of, and continues to play a strategic role in, the initiatives of the GoI for the development of the power sector in India. The Issuer works closely with GoI agencies, state governments, power sector utilities, other power sector intermediaries and private sector clients for the development and implementation of policies and structural and procedural reforms for the Indian power sector. In addition, the Issuer is involved in various GoI programmes relating to the power sector, including acting as the nodal agency for the UMPP programme, Integrated Power Development Scheme (**IPDS**), R-APDRP (now subsumed by the IPDS) and as a bid process coordinator for the ITP scheme.

The Issuer provides a comprehensive range of financial products and related advisory and other services to its clients. The services range from project conceptualisation to the post-commissioning stage, including generation (conventional and renewable), transmission and distribution projects and related renovation and modernisation projects. The Issuer provides various fund-based financial assistance, including but not limited to project finance (both Rupees and foreign currency), short-term loans, buyer's line of credit, bridge loans, corporate loans, and debt refinancing schemes, in addition to non-fund based assistance including default payment guarantees and letters of comfort. The Issuer also provides various fee-based technical advisory and consultancy services for its power sector projects.

The Issuer has well established relationships with the GoI and state governments, regulatory authorities, major power sector organisations, central and state power utilities, and private sector power project developers. The Issuer has strategically expanded its focus areas to include projects that represent forward and backward linkages to the core power sector projects, including procurement of capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development. The Issuer also funds power trading initiatives.

The Issuer's primary sources of funds include equity capital, internal resources and domestic and foreign currency borrowings. The Issuer currently has received credit ratings for its long-term domestic borrowings and its short-term borrowings from CRISIL (a subsidiary of Standard & Poor's), CARE and ICRA (an affiliate of Moody's). International credit rating agencies Moody's, Fitch and Standard & Poor's have also granted the Issuer long-term foreign currency issuer ratings.

The Issuer is a listed GoI company and a public financial institution under the Companies Act. The Issuer is registered with the RBI as a non-deposit taking systemically important NBFC and was classified as an IFC in July 2010. The Issuer believes that its NBFC and IFC classification enables it to effectively capitalise on available financing opportunities in the Indian power sector. In addition, as a GoI-owned NBFC, loans made by the Issuer to central and state entities in the power sector are exempt from the RBI's prudential lending (exposure) norms that are applicable to other non-government owned NBFCs until March 2022. With effect from 1 April 2016, the Issuer is required to follow the RBI prudential norms contained in the RBI master circular dated 1 July 2015 for "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies", as amended from time to time, and additional RBI directions, if any. The Issuer believes its classification as an IFC enhances its ability to raise funds on a cost-competitive basis (including through issuance of Rupee-denominated infrastructure bonds that offer certain tax benefits and tax free bonds to the bondholders), and increases its lending exposures to individual entities, corporations and groups, compared to other NBFCs that are not IFCs.

Awards and Recognitions

The Issuer was granted the *Navratna* status by the GoI in 2007, and has received an "Excellent" rating from the GoI in each of the last five fiscal years between fiscal 2011 and fiscal 2016. Additionally the Issuer was listed in (i) the "Top 500 Global Financial Brands 2009" published by Brand Finance Plc (which is a leading independent global brand valuation consultancy), as being the only non-bank diversified financial services brand from India and (ii) the "Forbes Magazine list of World's Biggest 2000 Companies, 2009", which includes 47 Indian companies.

Since October 2012, the Issuer has also received the following awards for its consistent performance:

- the "CBIP Award 2017";
- the "One Globe Award for Excellence in Enabling a Mobile Economy", for the URJA App at the 6th Annual One Globe Forum held on 10 February 2017;
- a featured listing in Fortune's List of India's 500 largest corporations;
- the "Dun & Bradstreet PSUs Award 2016", in the category of "Financial Services";
- the "SCOPE Meritorious Award for Corporate Governance";
- the "Governance Now PSU Award 2016";
- the "ICC PSE Excellence Award 2015", instituted by the Indian Chamber of Commerce in the categories of "Corporate Governance" and "Operational Performance Excellence";
- the "Dalal Street Investment Journal PSU Award 2015", in the category of "Navratna PSU of the Year — Non-Manufacturing";
- the "DainikBhaskar — India Pride PSU Award", in the category of "Financial Services -NBFC";
- felicitated during the "Third Annual Economic Times Power Focus Meet", for the Issuer's remarkable contribution to the power sector;
- recipient of the second prize at the "Rajbhasha Kirti Pratham Puraskar", for the year 2015-2016 for promotion of Rajbhasha;
- the "CBIP Award 2016", in the category of "Best Power Financing Company";
- the "Governance Now PSU Award 2015", in three different categories, namely: the "Overall Best Financial Performance", "Strategic Performance" and "Employee Productivity";
- the "Dun & Bradstreet Infra Award 2015", in the "Leading Infrastructure Finance Company" category;
- the "Rajbhasha Award" for the year 2014-2015 in the category of "Rajbhasha Kirti Puruskar";
- felicitation during the "Second Annual Economic Times Power Focus Meet", for the Issuer's remarkable contribution to the power sector.
- the "CBIP Award 2015", in the category of "Best Power Financing Company".

- recipient of the first prize under the category of “Public Sector Undertakings of the Indira Gandhi Rajbhasha Award for the year 2013-14”;

- the “SCOPE Gold Trophy for the year 2012-2013”, in the category of “Best Managed Bank, Financial Institution or Insurance Company”;

- the “SKOCH Award 2014”, for the Issuer’s role in implementing the “R-APDRP”;

- adjudged the “Best Power Sector Financing Company” at the eighth Enertia Awards 2014;

- the “Dalal Street Investor Journal PSU Award 2013”, in the category of “Best Value Creating Navratna” of the year 2013;

- the “Danik Bhaskar India Pride PSU Award 2013-2014”, in the category of “Financial Sector Government NBFC”;

- the “Dalal Street Investor Journal PSU Award 2012”, in the category of “Mighty Masters — Largest Balance sheet and Topline non-manufacturing Navratna”;

- the “Dainik Bhaskar India Pride PSU award 2012-2013”, in the category of special recognition for contribution in power distribution;

- the “JGBS- Top Rankers Excellence Award”, in the category of “Best Organisation of the Year by Top Rankers”;

- the “Dun & Bradstreet PSU Award 2012”, in the NBFC category;

- the “SCOPE Gold Trophy” in the category of “Best Managed Bank, Financial Institution or Insurance Company” for the year 2010-2011;

- the “Dun & Bradstreet Award 2014”, in the category of “Infrastructure Finance Company”;

- the “DSIJ PSU Award 2013”, in the category of “Best Value Creating Navratna of the year”;

- the “Performance Excellence Award” for the year 2011-12 instituted by the Indian Institution of Industrial Engineering, Mumbai at the 17th annual CEO’s conference;

- the “Enertia Award” for the years 2012 and 2013 and in the category of “Best Power Financing Company” at a function organised by Falcon Media;

- the “India Power Award 2012” in the category of “Large Financial Institution” at a function organised by the council of power utilities on 29 November 2012;

- the “ICC PSE Excellence Award 2012” in the category of “Best Human Resource Management” instituted by the Indian Chamber of Commerce in association with the Department of Public Enterprises, GoI;

- the “India Pride Award“ for the years 2012-13 and 2013-14 in the category of “Special Recognition for Contribution in Power Distribution” at a function organised by Dainik Bhaskar Group on 28 January 2012; and

- the “6th India Power Award 2013” in the category of “Outstanding and Noteworthy Accomplishments in the Sector” in a function organised by the Council of Power Utilities.

Financial Highlights of the Issuer

As of the date of this Offering Circular, the shareholding of the GoI is 66.35 per cent. of the paid-up equity capital of the Issuer.

The Issuer has an established track record of consistent financial performance and growth:

- the Issuer's total loan assets increased from ₹2,374,621.9 million as of 31 March 2016 to ₹2,401,690.2 million as of 31 March 2017. As of 31 March 2017, the Issuer's total loans sanctioned pending disbursement (net of any loan sanctions cancelled) was ₹1,505,086.8 million.

- the Issuer's total income decreased from ₹275,643.1 million in fiscal 2016 to ₹270,185.70 million in fiscal 2017, while the Issuer's profit after tax decreased from ₹61,134.8 million in fiscal 2016 to ₹21,263.9 million in fiscal 2017.

- the Issuer had gross NPAs of ₹23,636.3 million, ₹75,190.2 million and ₹307,022.1 million as of 31 March 2015, 2016 and 2017, respectively, which represented 1.09 per cent., 3.15 per cent., and 12.50 per cent. of the Issuer's total loan assets, respectively, as of such dates.

- the Issuer's profit after tax as a percentage of average total assets and as a percentage of average net worth were 0.8 per cent. and 5.8 per cent., respectively, in fiscal 2017.

- the Issuer's net worth, according to the Companies Act as of 31 March 2017 was ₹364,702.1 million.

- the Issuer's capital adequacy ratio was 19.28 per cent. as of 31 March 2017.

Competitive Strengths

The Issuer believes that the following are its primary strengths:

Comprehensive financial assistance platform focused on the Indian power sector

The Issuer provides a comprehensive range of financial products and related advisory and other services to its clients in the power sector, ranging from project conceptualisation to the post-commissioning stage, including generation (conventional and renewable), transmission and distribution projects as well as related renovation and modernisation projects. The Issuer also provides its clients with fee-based technical advisory and consultancy services for power sector projects. The Issuer offers various fund-based financial products including long-term project finance, short-term loans, buyer's lines of credit and debt refinancing schemes, as well as non-fund based assistance including default payment guarantees and letters of comfort.

Strategic role in GoI initiatives and established relationships with power sector participants

The Issuer was established as an integral part of, and has continued to play a strategic role in, the GoI's initiatives for the promotion and development of the power sector in India for more than two decades. The Issuer has been involved in the development and implementation of various policies and structural and procedural reforms for the power sector. The Issuer has been involved in various GoI programmes for the power sector, including acting as the nodal agency for the UMPP and IPDS, the R-APDRP (now subsumed by the IPDS) and as a bid process coordinator for the ITP scheme.

As a result, the Issuer has developed strong relationships with central and state governments, various regulatory authorities, significant power sector organisations, central and state power utilities, private sector project developers, as well as other intermediaries in the power sector. The Issuer believes that its wide experience in implementing government policies and programmes provides the Issuer with industry expertise allowing it to leverage its project risk assessment capabilities to effectively evaluate projects, structure appropriate financing solutions, develop effective loan disbursement and project monitoring methodologies, as well as provide regulatory and related advisory services. The Issuer believes that it provides value to its clients in various ways, by supporting their operations as well as providing assistance with long-term reform and restructuring programmes. It believes that this unique positioning enables it to leverage its power sector expertise, its existing large client base and continuing relationships with government agencies and instrumentalities to be a preferred financing provider for the power sector in India.

Operational flexibility to capitalise on both fund raising and lending opportunities

The Issuer is registered with the RBI as an NBFC and has also been classified as an IFC. The Issuer believes that its NBFC and IFC classification enables it to be operationally more flexible than some of its competitors and effectively capitalise on available financing opportunities.

As an NBFC, the Issuer is governed by regulations and policies that are generally less stringent than those applicable to commercial banks, including provisions relating to liquidity requirements and the requirement to hold a significant portion of funds in relatively low yield assets, such as GoI and other approved securities and cash reserves.

In addition the RBI has exempted the Issuer as a GoI owned NBFC, from the application of its circular (except for the provisions of paragraph 19) on prudential reserve norms, the Non-banking Financial (Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

In fiscal 2007, the RBI directed the Issuer to submit a roadmap for compliance with RBI prudential norms. Accordingly, the Issuer has submitted roadmaps to the RBI from time to time and, based on the roadmaps, the RBI has given exemptions to the Issuer from the application of various RBI prudential norms but not, for example, the exposure norms for private sector utilities. Subsequently, the RBI directed the Issuer to follow borrower asset classification in respect of GoI sector utilities (the Issuer had already been following borrower asset classification in private sector utilities). With effect from 1 April 2016, the Issuer is required to follow the RBI prudential norms contained in the RBI master circular dated 1 July 2015 for "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies", as amended from time to time, and additional RBI directions, if any. The latest norms have been issued by way of the RBI Master Directions dated 1 September 2016.

Prudential norms are generally set out and enforced by the financial sector regulator. The norms, among others, define aspects like asset classification, income recognition and credit concentration.

As the RBI allowed Government companies to follow prudential norms as prescribed by their respective administrative ministries, the Issuer has been following the prudential norms as last approved by the MoP in the year 2012, which were stated to be valid until 31 March 2012 or until further orders. However, in light of the RBI advice that systemically important NBFCs submit a roadmap for compliance with various elements of the NBFC regulations as notified by RBI, the Issuer has been submitting such roadmaps to the RBI, and based on such submission the RBI has been issuing directions to the Issuer from time to time.

With effect from 1 April 2015 the Issuer has realigned itself in accordance with the mandate of the RBI prudential norms for loans that have been sanctioned up to 31 March 2015 and has accordingly made relevant provisions. With the exception of the RBI credit concentration norms for government utilities (for which specific exemption is available for the Issuer until 31 March 2022), as of the date of this Offering Circular, the Issuer is following all applicable RBI prudential norms. With regard to credit concentration norms for government utilities the Issuer is following the MoP-approved credit concentration norms that are applicable until 31 March 2022. Therefore, with the exception of the credit concentration norms, all other provisions of MoP-approved prudential norms have ceased to be applicable to the Issuer.

Furthermore, all project loans which were sanctioned up to 31 March 2015 were realigned in accordance with the RBI prudential norms with effect from 1 April 2015, and relevant provisions have accordingly been made in relation to such state sector loans. Furthermore, as regards most of such loans, relevant fuel supply agreements and power purchase agreements have been executed and, as of the date of this Offering Circular, such loans are being regularly serviced. The Issuer has also completed the stage of balance sheet funding in these projects and such funding is supported by way of an escrow mechanism. The realignment of such project loans with the RBI's restructuring, rescheduling and renegotiation norms amongst others has resulted in the creation of an additional provision of ₹34,270.0 million, an interest income reversal to the tune of ₹5,270.0 million, a negative impact of ₹37,860.0 million on the profit after tax for fiscal 2017, an increase in the level of the gross non-performing assets by 12.50 per cent. of the gross loan assets for fiscal 2017 as compared to 3.15 per cent. for fiscal 2016. Alternatively, in the absence of such realignment with RBI's restructuring, rescheduling and renegotiation norms, the Issuer's profit after tax for fiscal 2017 would have been ₹62,400.0 million and gross NPAs would have stood at 3.01 per cent.. The details of the impact of such realignment with the RBI's restructuring, rescheduling and renegotiation norms are available at the Issuer's website under the heading "*Investor's Presentation-Performance Highlights for fiscal 2017*".

In July 2010, the Issuer was classified as an IFC, which is a distinct category of NBFCs that are primarily engaged in infrastructure financing. The Issuer believes its classification as an IFC enables the Issuer to increase its lending exposures to individual entities, corporations and groups, compared to other NBFCs that are not IFCs. The Issuer believes that this results in significant competitive advantages in providing project financing for large, long-gestation power sector projects. For example, an IFC is entitled to lend up to 25.0 per cent. of its owned funds to a single borrower in the infrastructure sector, compared to 20.0 per cent. of owned funds by other NBFCs categorised as a "loan company". As an IFC, the Issuer is also eligible to raise, under the automatic route (without the prior approval of the RBI), ECBs up to U.S.$750.00 million each fiscal year. As an IFC, the Issuer is also required to maintain CRAR of 15.0 per cent. (with a minimum Tier I capital of 10.0 per cent.). For further information relating to the IFC category of NBFCs and differences with non-IFC classified NBFCs, see "*Regulations and Policies in India*".

Favourable credit rating and access to various cost-competitive sources of funds

The Issuer's primary sources of funds include equity capital, internal resources and domestic and foreign borrowings. CRISIL, ICRA and CARE have granted the Issuer with credit ratings for its long-term domestic borrowings and its short-term borrowings. International credit rating agencies Moody's, Fitch and Standard & Poor's have also provided the Issuer with long-term foreign currency issuer ratings.

The Issuer believes that its financial strength and its favourable credit ratings facilitate it to access various cost-competitive funding options. The Issuer's borrowings reflect various sources, maturities and currencies, and include bonds, term loans and commercial paper. In addition to the above mentioned sources, the Issuer also depends on Rupee-denominated bonds and commercial borrowings raised in India. As an IFC, the Issuer is able to further diversify its borrowings through the issuance of Rupee-denominated infrastructure bonds that offer certain tax benefits and tax exemption on interest to the bonds holders. Furthermore, subject to certain conditions, the Issuer is also eligible to raise, under the automatic route (without the prior approval of the RBI), ECBs up to U.S.$750.0 million each fiscal year. The Issuer has also accessed various international funding sources including the World Bank, the Asian Development Bank and KfW Development Bank. The Issuer's cost of funds in fiscal 2015, 2016 and 2017 was 8.99 per cent., 8.62 per cent. and 8.41 per cent., respectively, which the Issuer believes is competitive. Historically most of the Issuer's borrowings have been on an unsecured basis.

Comprehensive credit appraisal and risk management policies and procedures

The Issuer has developed extensive knowledge and experience in the Indian power sector, and believes it has comprehensive credit appraisal policies and procedures which enable it to effectively appraise and extend financial assistance to various power sector projects. The Issuer follows a systematic institutional and project appraisal process to assess and mitigate project and credit risk. The Issuer believes its internal processes and credit review mechanisms reduce the number of defaults on its loans and contribute to its profitability.

The comprehensive credit appraisal and project monitoring process also result in strong collection and recovery. As of 31 March 2017, 91.50 per cent. of the Issuer's outstanding loans to central and state sector borrowers provide for an escrow mechanism, which ensures that in case of default in payment of dues to the Issuer by such borrowers, the escrow agent is required to make available the default amount to the Issuer on demand.

The Issuer had gross NPAs of ₹23,636.3 million, ₹75,190.2 million and ₹307,022.1 million as of 31 March 2015, 2016 and 2017, respectively, which represented 1.09 per cent., 3.15 per cent. and 12.50 per cent. of the Issuer's total loan assets, respectively, as of such dates.

Track record of consistent financial performance and growth

The Issuer believes that it has an established track record of consistent financial performance and growth, which enables it to capitalise on attractive financing opportunities in the Indian power sector. The Issuer's total loan assets increased from ₹2,374,621.9 million as of 31 March 2016 to ₹2,401,690.2 million as of 31 March 2017. As of 31 March 2017, the Issuer's total loans sanctioned pending disbursement (net of any loan sanctions cancelled) was ₹1,505,086.8 million. In addition, the Issuer's loan asset portfolio has increasingly diversified by sector and customer base. As of 31 March 2017, 66.00 per cent., 9.00 per cent. and 8.00 per cent. of the Issuer's total loan assets related to state sector, central sector and joint sector borrowers, respectively, while 17.00 per cent. related to private sector borrowers. As of 31 March 2017, 74.69 per cent., 6.76 per cent., 2.63 per cent. and 15.92 per cent. of the Issuer's total loan assets related to power generation projects, transmission projects, distribution projects and others (including various aspects such as transitional finance, short term loans, buyer lines of credit, studies and funding of regulatory assets), respectively. As of 31 March 2017, the Issuer's top five, ten and 20 borrowers represented 26.48 per cent., 42.62 per cent. and 62.52 per cent., respectively, of its total loan assets.

The Issuer's total income decreased from ₹275,643.1 million in fiscal 2016 to ₹270,185.7 million in fiscal 2017, and the Issuer's profit after tax decreased from ₹61,134.8 million in fiscal 2016 to ₹21,263.9 million in fiscal 2017. The Issuer's profit after tax as a percentage of average total assets and as a percentage of average net worth were 0.8 per cent. and 5.8 per cent., respectively, in fiscal 2017. Net interest margin was 4.28 per cent. in fiscal 2017, while spread was 2.73 per cent. in fiscal 2017.

The Issuer's net worth, according to the Companies Act, as of 31 March 2017 was ₹364,702.1 million, while the Issuer's capital adequacy ratio was 19.28 per cent. as of 31 March 2017.

Experienced and committed management and employee base with in-depth sector expertise

The Issuer believes it has an experienced, qualified and committed management and employee base. Many of the Issuer's employees, especially senior management, have worked with the Issuer for significantly long periods. The Issuer believes that it has an efficient and lean organisational structure relative to the size of its operations and profitability. The Issuer's personnel policies are aimed towards recruiting talented employees and facilitating their integration into the company and encouraging the development of their skills.

The Issuer's management has significant experience in the power sector and the financial services industry, which has enabled it to develop a comprehensive and effective project appraisal process, implement a stringent risk management framework, identify specific requirements of power sector projects and offer comprehensive financing solutions and advisory assistance to such projects. The managerial experience along with their strong relationships with GoI agencies and instrumentalities and other power sector intermediaries have enabled the Issuer to successfully identify attractive financing opportunities. The Issuer believes that its experienced management team has been key to its success and will assist the Issuer to capitalise on future opportunities.

Strategy

Continue to leverage industry expertise and relationships to capitalise on the expected growth in the Indian power sector

The Issuer intends to continue to leverage its industry experience and relationships to provide comprehensive financing solutions for power sector projects in India. The Indian power sector has historically been characterised by power shortages and relatively low per capita consumption. Consequently, the Government has prioritised investment in the power sector in a number of ways, including through: (a) the implementation of the Electricity Act in June 2003, in order to address the systematic deficiencies in the Indian power sector and to attract capital for large-scale power projects, (b) the notification of the National Electricity Policy in February 2005, in order to accelerate the development of the power sector, (c) the implementation of the RGGVY from April 2005, (d) the launch of the DDUGJY scheme (subsuming the ongoing RGGVY scheme) in order to increase the pace of rural electrification and to provide access to electricity to all Indian rural households, (e) the launch of the Integrated Power Development Scheme (**IPDS**) for urban areas primarily aimed at strengthening the sub-transmission and distribution network, and (f) the metering of feeders, distribution transformers, and/or consumers and IT in order to provide sustained loss reduction to India's transmission and distribution infrastructure. The earlier ongoing scheme of R-APDRP has, at the date of this Offering Circular, been subsumed into the IPDS and both the DDUGJY and IPDS schemes were launched in December 2014. On the distribution reforms front, the Government introduced the UDAY scheme to turn around Discoms in November 2015. Although the continued prioritisation of the power sector will need to be met by increased funding, there are various investment opportunities in this sector, including investment in power projects, power equipment manufacturing, wind and solar power, coal mining, natural gas, liquefied natural gas, gas pipelines, carbon trading and CDM projects. The Issuer intends to employ its industry expertise and ability to develop, supervise and implement structured financial assistance packages based on specific operational and financial performance standards to assist otherwise financially weak SPUs and public sector projects and improve their financial position. The Issuer aims to continue contributing to the development and implementation of GoI policies relating to the power sector in India and play an integral role in the supervision of the implementation of reforms by SPUs and GoI agencies.

Strategically expand business and service offerings

Consultancy and other fee-based services

The Issuer and its subsidiary PFCCL intend to continue to increase focus on its fee-based technical and consultancy services to SPUs, power distribution licensees, IPPs, public sector undertakings and SERCs. The Issuer proposes to continue providing fee-based services for various GoI programmes for the power sector in India, including acting as a nodal agency for UMPP and R-APDRP (now subsumed by the IPDS) projects and as a bid process coordinator for the ITP scheme.

Debt syndication

The Issuer intends to enhance its focus on debt syndication activities in the power sector. The Issuer has had the opportunity to act as the lead financial institution for several projects, and has carried out syndication activities for various projects including with members of the Power Lenders Club, a group which the Issuer, in association with the Life Insurance Corporation of India and other banks, had established in August 2005 to provide single window financing solutions to clients in the private power sector and to achieve expeditious financial closure. The Issuer plans to continue targeting debt syndication opportunities as it considers that its technical expertise, industry experience, project appraisal capabilities and relationship with commercial banks and other financial institutions ensure timely financial closure for such projects. Furthermore, PFC Capital Advisory Services Limited (**PFCCAS**) was incorporated as a wholly-owned subsidiary of the Issuer on 18 July 2011 to focus on sectoral requirements for financial advisory services, including syndication services. However, as of the date of this Offering Circular, a merger of PFCCAS with PFCCL is in progress.

Equity investments

The Issuer is in the process of evaluating equity investment opportunities. It aims to leverage its financial strength, large debt providing capability and power sector expertise to invest in the equity of various power projects. Furthermore, the Issuer is evaluating the possibility of entering into equity syndication so as to expedite early financial closure of projects leading to faster capacity addition. This would help the Issuer to enhance its fee-based income. Over a period of time, the Issuer plans to build an equity portfolio of power assets which could provide consistent gains in the form of dividend and/or capital appreciation. In this direction, the Issuer has recently established an Equity Funding Group to facilitate and develop this business area.

The Issuer's plans to increase its disbursements will require the Issuer to raise more funds from new as well as existing sources. The Issuer aims to become a major player in the financing of private power projects in India. Given its expansion plans, the Issuer seeks to tap new markets and diversify sources for raising resources for on-lending purposes.

As a financial institution involved in development, the Issuer is concerned with the balanced development of the Indian power sector and looks to involve itself in the progress of the Indian power sector's policy and regulatory framework. The Issuer aims to enhance its role in influencing grass root reforms to set the basis for overall privatisation.

Broaden loan asset base and borrower profile

Private sector projects

As of 31 March 2015, 2016 and 2017, 17.00 per cent., 16.00 per cent., and 17.00 per cent., respectively, of the Issuer's total loan assets related to private sector projects. The Issuer intends to continue to provide financial assistance to private sector generation, transmission and distribution projects to further diversify its borrower profile.

Hydro projects and renewable energy

The Issuer intends to continue to focus on providing financial assistance to hydro projects to facilitate an optimal mix of thermal and hydro projects in its loan asset portfolio. The Issuer has extended loan repayment periods of state sector loans up to 20 years after moratorium for hydro projects, effectively increasing the loan tenor for such projects.

The Issuer believes that the renewable energy space in India provides significant untapped potential. According to the MNRE, as of 31 March 2017, India had an aggregate installed capacity of 57,260.23 MW of grid interactive renewable energy projects out of an estimated potential 900,000 MW. Furthermore, the Government has up-scaled the target of renewable energy capacity to 175,000

MW by the year 2022, which includes 100,000 MW from solar sources, 60,000 MW from wind sources, 10,000 MW from bio-power and 5,000 MW from small hydro sources. The GoI has also launched the JNNSM, with a target of 20,000 MW grid connected solar power by fiscal 2022. The Issuer has strategically increased its focus on renewable energy projects, including solar, wind, biomass and small hydro projects, to capitalise on the GoI's various renewable energy initiatives. These initiatives include certain minimum specified percentages of state distribution utilities' total power requirements required to be met from renewable energy sources and special tariffs for renewable energy projects.

The Issuer has formed a wholly-owned subsidiary called PFC Green Energy Limited (**PFCGEL**) to focus on financing opportunities in renewable energy projects and promote renewable energy initiatives.

The Issuer continues to provide financing for public and private sector renewable energy generation projects. The Issuer's total loan assets outstanding with regard to renewable energy projects aggregated ₹50,915.7 million as of 31 March 2017. As of 31 March 2017, around 2.07 per cent. of the Issuer's total loan assets and around 4.46 per cent. of its total loans sanctioned pending disbursement (net of any sanctions cancelled), related to renewable energy projects.

Forward and backward linkages to core power sector projects

As of 31 March 2017, 74.69 per cent., 6.76 per cent. and 2.63 per cent. of the Issuer's loan assets related to power generation projects, transmission projects and distribution projects respectively. The Issuer has strategically expanded its focus areas to include projects that represent forward and backward linkages to the core power sector projects, including capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development, as well as power trading initiatives.

Capital equipment manufacturers. The Indian power sector requires augmentation of equipment manufacturing capacities for capital equipment for all segments of the power sector from generation to transmission and distribution. The Issuer intends to provide financial assistance for manufacturers of equipment used in the power sector, including transmission and distribution equipment and solar and wind energy generation equipment.

Fuel sources and related infrastructure development. The GoI has introduced various reforms for the development of fuel sources for thermal power generation projects, including allocation of coal blocks to public and private sector entities as well as the development of related infrastructure facilities for the transportation of coal and other fuel sources such as natural gas. The Issuer intends to provide financing assistance to fuel supply projects and related infrastructure development projects.

Power trading. The Issuer intends to continue to strategically focus on power trading initiatives in India. The Issuer has made a strategic investment in Power Exchange India Limited (**PXIL**), which is promoted by the NSE and the NCDEX, and operates as a national power exchange in India. PXIL has nationwide presence and provides for electronic exchanges for trading of power. Additionally PXIL provides for transmission clearance and a transparent, neutral and efficient electronic platform for power trading to its members. The Issuer funds non-speculative purchases of power through such exchanges by some of its borrowers, particularly public sector power distribution companies.

Continue to develop strategic partnerships and evaluate new business opportunities

The Issuer proposes to continue to develop partnerships and alliances and evaluate new business opportunities related to the power sector in India. The Issuer is an equity shareholder in PTC, which is involved in power trading and related activities. The Issuer has also invested in PXIL to encourage power trading initiatives in India since commencing its operation in October 2008. The Issuer has also invested in the Small is Beautiful fund, which is a SEBI-registered venture capital fund that invests in power generation projects, operated by KSK Investment Advisor Private Limited, a private sector power project developer. The Issuer has also promoted Power Equity Capital Advisors Private Limited (**PECAP**) with various industry experts to provide advisory services related to equity investments in the power sector in India. However, as of the date of this Offering Circular PECAP has not yet transacted any business due to lack of business proposals. The Issuer has sought an approval from the MoP for the dissolution of PECAP and the removal of its name from the records of Registrar of Companies under the provisions of Section 560 of the Companies Act, 1956. The approval is yet to be received by the Issuer. The Issuer has also jointly promoted EESL with other GoI companies focused on the Indian power sector to develop energy efficiency products and services and provide consultancy services related to CDM, carbon markets and energy efficiency initiatives. In addition to the above efforts, in October 2010, the Issuer entered into a memorandum of understanding with NPCIL to explore potential financing opportunities for nuclear power generation projects.

The Issuer incorporated a wholly-owned subsidiary called PFCCAS on 18 July 2011 which is exclusively focused on debt syndication services for the power sector including the identification of lenders, the preparation of information memorandum and term sheets. PFCCAS also assists in the preparation of documentation for power generation projects, such as thermal, hydro, wind and solar.

The Issuer also incorporated a wholly-owned subsidiary named PFCGEL, which has received its certificate of registration to function as an NBFC from the RBI. It commenced its business operations from March 2013. The company intends to capture a substantial market share of the renewable energy sector. As of the date of this Offering Circular, a merger of PFCCAS with PFCCL is in progress.

Investment Considerations

The Issuer's ability to successfully implement its business plan and growth strategies continue to be subject to various factors, including the following: concentration on the power sector, which has a limited number of borrowers and which are mainly SPUs and SEBs, many of which have been historically loss making; volatility in interest rates; an inability to obtain sufficient security or collateral on the Issuer's loans; the Issuer's ability to maintain a low effective cost of funds; the Issuer's ability to implement effective risk management policies and procedures; changes in applicable regulations and policies that adversely affect the Issuer's business and industry; various risks associated with the projects the Issuer finances and the Issuer's ability to compete effectively. For further discussion on weaknesses and threats, and of factors that could adversely affect the Issuer's future financial condition and results of operations, see "*Investment Considerations*".

Products

The Issuer provides a comprehensive range of fund based and non-fund based financial products and services from project conceptualisation to the post-commissioning stage to its clients in the power sector.

The Issuer's fund based financial assistance includes primarily project finance (both Rupee and foreign currency denominated term loans), short-term loans, equipment lease financing, buyers' lines of credit, debt refinancing schemes, bridge loans, transitional loans and line of credit for import of coal and other fuel.

The non-fund based assistance includes default payment guarantees and letters of comfort.

Fund Based

The Issuer's loan assets are presented as adjusted for any provisions for contingencies made in the respective fiscal periods.

The following table sets forth certain information relating to the Issuer's total loan assets as of the dates indicated:

Particulars	As of 31 March					
	2015		2016		2017	
	₹ million	% of total	₹ million	% of total	₹ million	% of total
Rupee loans	2,105,947.1	97.1	2,305,833.8	97.1	2,310,968.80	96.2
Short-term loans	28,872.2	1.3	38,039.6	1.6	59,592.0	2.5
Foreign currency loans	2,423.2	0.1	2,062.6	0.1	1,016.2	0.1
Others(1)	33,179.7	1.5	28,685.9	1.2	30,113.2	1.2
Total.	2,170,422.2	100.0	2,374,621.9	100.0	2,401,690.2	100.0

(1) Others, without any limitation, includes loans in relation to buyers' line of credit, lease financing to borrowers, providing Rupee term loans to equipment manufacturers and bonds.

The following table sets forth certain information relating to the Issuer's total disbursements in the periods indicated:

Particulars	Fiscal					
	2015		2016		2017	
	₹ million	% of total	₹ million	% of total	₹ million	% of total
Term loans	403,791.0	89.2	424,723.6	89.3	464,937.3	69.7
Short-term loans	42,924.6	9.5	41,016.2	8.6	87,541.8	13.1
Others(1)	192.9	0.0	138.10	0.0	75,500.0	11.3
Total.	**446,908.5**	**98.7**	**465,877.9**	**97.9**	**627,979.1**	**94.1**
R —APDRP	5,784.7	1.3	9,948.2	2.1	39,135.0	5.9
Grand -Total	**452,693.2**	**100.0**	**475,826.1**	**100.0**	**667,114.1**	**100.0**

(1) Others, without any limitation, includes disbursements in relation to power exchange credit, metering, studies, loans against receivables, computerisation and small hydro.

Rupee Term Loans

Rupee term loans accounted for 97.1 per cent., 97.1 per cent. and 96.2 per cent. of the Issuer's total loan assets as of 31 March 2015, 2016 and 2017, respectively. The Issuer generally disburses funds either directly to a supplier of project equipment or services or by way of a reimbursement to the borrower against satisfactory proof of eligible expenditure on the relevant project, or through the trust and retention account.

The Issuer generally implements security and quasi-security arrangements in relation to its Rupee term loans. The Issuer's Rupee term loan financings are generally secured in the case of public sector clients, including state utilities, either through a charge on the project assets or by a state government guarantee, or both. In addition to such security or guarantee, most of the Issuer's loans to central and state sector borrowers provide for an escrow mechanism. For private sector clients, the Issuer's term loan financings are secured through, among other things, a first priority *pari passu* charge on the relevant project assets, collaterals such as pledges of shares held by promoters and/or personal or corporate guarantees and trust and retention account arrangements. For further information, see "*Description of the Issuer — Security Risk*".

Interest rates on Rupee term loans are notified to the borrower from time to time. Specific interest rates may be offered to certain borrowers based on the merit of the borrower and the relevant project. Typically, there is an option to select interest rates with a reset option after every three years or ten years. The Issuer believes that its comprehensive credit appraisal and project monitoring process, and its ability to manage the security and repayment profiles of its loan assets have resulted in strong collection and recovery.

Transitional loans. The Issuer provides transitional financing to state sector distribution companies in specified states to meet any temporary liquidity shortfall they may experience due to various reasons such as non-adjustment of fuel surcharge, inadequate GoI support, cash/revenue gap, insufficient capacity addition and purchase of expensive power so as to provide the distribution companies with an opportunity to resolve its liquidity position over a specified period. The Issuer also provides financial support to newly formed power generating companies, transmission companies and distribution companies incorporated out of bifurcation or reorganisation of a state in order to meet any liquidity shortfall experienced by such entities during their initial years due to various reasons such as inadequate cash flow, immediate payment requirements for purchase of fuel or power, meeting other revenue expenditure for the running of the plant, transmission network or distribution network.

Debt refinancing scheme. Under this scheme, the Issuer assists borrowers who have borrowed funds from other lending institutions at a higher rate of interest to refinance their loans at a lower interest rate. The refinancing facility is available only for commissioned projects.

Funding of Regulatory Assets. The Issuer provides loans to distribution companies for the purposes of funding regulatory assets. In order to be awarded a loan under this facility, the borrower needs to provide state government guarantee and must have a business plan in place. Furthermore, SERC must specify certain conditions such as time bound recovery plan, recovery of carrying cost of the regulatory assets, among others.

Corporate loans. The Issuer provides corporate loans to the majority of entities in the power sector, whether government or private, for the purposes of equity infusion into new power projects or for the acquisition of existing power projects including generation, transmission and distribution projects.

Loans to grid connected solar PV power generation projects. The Issuer provides loans to grid connected solar PV power generation projects that have been approved by the MNRE.

Short-term Loans

The Issuer provides short-term loan finance to borrowers to meet their immediate funding requirements. Short-term loans accounted for 1.3 per cent., 1.6 per cent. and 2.5 per cent., and of the Issuer's total net loan assets as of 31 March 2015, 2016 and 2017, respectively. These loans are Rupee-denominated and primarily relate to the purchase of fuel for power plants; the purchase of consumables and essential spares; emergency procurement/works for generation plants and transmission and distribution networks in the nature of repair and maintenance works; and the purchase of power. The Issuer also extends short-term loans against receivables from distribution companies to transmission companies on account of wheeling/transmission charges.

The Issuer also provides short term loans of up to one year and medium term loans of more than one year and up to five years to equipment and material manufacturers who have been awarded orders for executing contracts in power projects in India by power utilities. The financial assistance must be utilised to meet the cost of equipment and other expenses covered under the contract.

Foreign Currency Loans

The Issuer sanctions foreign currency loans based on the capital expenditure requirements of the relevant project, subject to the availability of foreign currency for lending. The Issuer provides foreign currency loans to power sector projects for end uses that are permitted under applicable RBI regulations relating to ECBs. Foreign currency loans represented 0.1 per cent., 0.1 per cent. and 0.1 per cent. of the Issuer's total loan assets as of 31 March 2015, 2016 and 2017, respectively.

The Issuer's foreign currency loans are generally secured by, among other securities, a first priority *pari passu* charge on the relevant project assets, collaterals such as pledges of shares held by promoters and/or personal or corporate guarantees.

Other Fund Based Financial Assistance

The Issuer's product portfolio includes providing a comprehensive range of other fund based financial assistance, including but not limited to providing financial assistance for purposes of computerisation, studies, equipment manufacturing, loans against receivables, buyers' line of credit and loans for renewable energy business, including renewable energy produced from biomass and bagasse. These other fund based financial assistance represented, in the aggregate, 1.5 per cent., 1.2 per cent. and 1.2 per cent. of the Issuer's total loan assets as of 31 March 2015, 2016 and 2017, respectively.

Equipment lease financing. The Issuer provides lease financing to fund the purchase of major capital equipment and machinery essential for power sector projects and associated infrastructure projects. Equipment lease financing is extended to various core power sector projects, renewable energy projects, as well as associated infrastructure development projects. Equipment lease financing may be provided for up to the entire cost of the relevant equipment.

Buyers' line of credit. The Issuer provides non-revolving Rupee lines of credit for power sector projects in connection with purchase of machinery, equipment and other capital goods (including accessories and spare parts) on a deferred payment basis.

Bill discounting scheme. The Issuer operates a bill discounting scheme which enables equipment manufacturers to sell their equipment, machinery, turnkey projects and capital goods (including accessories and spares supplied along with the machinery to the extent deemed reasonable) on deferred payment terms to power sector projects.

Non Fund Based

The Issuer also provides non-fund based assistance including default payment guarantees and letters of comfort.

Deferred Payment Guarantees. The Issuer issues guarantees on behalf of certain projects to guarantee their payment obligations for the debt availed for power sector projects. As of 31 March 2017, default payment guarantees issued by the Issuer included ₹1,901.1 million Rupee denominated guarantees.

Letters of Comfort. The Issuer provides letters of comfort against its sanctioned term loans to enable borrowers to establish a letter of credit with their banks. The letter of comfort is issued only in cases where it is a pre-requisite for EPC contracts or equipment supply contracts of projects financed by the Issuer. The letter of comfort is issued after all other pre-disbursement conditions have been complied with. As of 31 March 2017, the Issuer had outstanding letters of comfort aggregating ₹16,405.6 million.

Projects Funded

The Issuer's project financing activities have been focused primarily on thermal and hydro generation projects, including financing of renovation and modernisation of existing thermal and hydroelectric plants. Transmission and distribution projects financed by the Issuer include system improvements and projects involving provision of shunt capacitors and meters. The Issuer also focuses on the promotion and development of other energy sources, including alternate and renewable fuels. As of 31 March 2017, 74.69 per cent., 6.76 per cent., 2.63 per cent. and 15.92 per cent. of the Issuer's loan assets related to power generation projects, transmission projects, distribution projects and others (including transitional finance, computerisation, funding of regulatory assets, equipment manufacturer loan, loan against receivables, short term loans, buyer lines of credit, etc.), respectively.

The Issuer has strategically expanded its focus areas to include projects that represent forward and backward linkages to the core power sector projects, including the procurement of capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development, as well as power trading initiatives.

The following table provides state-wise information relating to the Issuer's loan assets as of 31 March 2017:

S. No.	Name of state	Net Outstanding
		(₹ million)
1	Andhra Pradesh	253,454.3
2	Assam	4,051.8
3	Bihar	61,884.5
4	Chhattisgarh	217,965.8
5	Delhi	86,692.7
6	Goa	370.3
7	Gujarat	14,111.4
8	Haryana	50,469.9
9	Himachal Pradesh	14,876.8
10	Jammu and Kashmir	19,678.5
11	Jharkhand	28,649.8
12	Karnataka	87,310.8
13	Kerala	14,409.3
14	Madhya Pradesh	156,240.6
15	Maharashtra	251,360.7
16	Meghalaya	9,335.1
17	Nagaland	63.7
18	Orissa	41,889.6
19	Puducherry	165.0
20	Punjab	46,495.8
21	Rajasthan	314,207.5
22	Sikkim	39,823.4
23	Tamil Nadu	204,204.2
24	Telangana	111,473.9
25	Tripura	15,271.8
26	Uttar Pradesh	158,048.0
27	Uttarakhand	25,218.0
28	West Bengal	173,967.1
	Grand Total	**2,401,690.2**

The following table sets forth certain information relating to the Issuer's loan assets as of the dates indicated, presented according to the type of project:

Particulars	As of 31 March					
	2015		2016		2017	
	₹ million	% of total	₹ million	% of total	₹ million	% of total
Generation						
- Thermal	1,275,577.9	58.8	1,405,046.9	59.2	1,482,575.4	61.7
- Hydro	154,959.1	7.1	130,715.4	5.5	108,619.0	4.5
- Wind	7,117.4	0.3	16,682.3	0.7	20,062.8	0.8
- Solar	7,135.5	0.3	5,568.8	0.2	25,121.7	1.0
Corporate term loan	106,883.2	4.9	116,190.6	4.9	117,842.1	4.9
Renovation and modernisation (generation)						
- Thermal generation	37,790.1	1.7	42,589.7	1.8	43,456.8	1.8
- Hydro generation	3,867.8	0.2	4,156.2	0.2	4,255.0	0.2
Transmission (including R&M)	135,381.1	6.2	146,133.0	6.2	166,074.5	6.9
Distribution (including shunt capacitor and metering)	70,511.4	3.2	73,873.1	3.1	64,434.7	2.7
Short-term loans	28,872.2	1.3	38,039.6	1.6	59,592.0	2.5
Transitional finance	314,141.3	14.5	364,794.8	15.4	232,668.0	9.7
Others[(1)]	28,185.2	1.3	30,831.6	1.3	76,988.0	3.2
Total	**2,170,422.2**	**100.0**	**2,374,621.9**	**100.00**	**2,401,690.2**	**100.00**

(1) Others, without any limitation, includes loans in relation to computerisation, studies, buyers' line of credit, equipment manufacturing, loans against receivables, and loans for renewable energy business, including renewable energy produced from biomass and bagasse.

The following table sets forth certain information relating to loans disbursed in the periods indicated, presented according to project type:

Particulars	Fiscal					
	2015		2016		2017	
	₹ million	% of total	₹ million	% of total	₹ million	% of total
Generation						
- Thermal	209,540.1	46.3	226,902	47.7	214,511.2	32.2
- Hydro	15,611.3	3.4	8,130.7	1.7	2,917.8	0.4
- Solar	2,162.6	0.5	-	-	18,279.9	2.7
- Bagasse & Biomass	154.0	0.0	108.9	0.0	30.2	0.0
- Wind	3,749.8	0.8	11,569.2	2.4	6,396.5	1.0
Corporate term loan	752.7	0.2	8,907.4	1.9	10,351.5	1.6
Renovation and modernisation (generation)						
- Thermal generation	9,331.4	2.1	7,350.5	1.5	4,653.8	0.7
- Hydro generation	349.9	0.1	754.4	0.2	527.0	0.1
Transmission (including R&M transmission)	30,634.4	6.8	21,600.6	4.5	36,051.4	5.4
Distribution (including shunt capacitor and metering)	6,950.4	1.5	11,499.7	2.4	10,653.7	1.6
Counter part funding for R-APDRP	2,993.5	0.7	3,963.3	0.8	5,145.8	0.8
Short-term loans	42,924.6	9.5	41,016.2	8.6	87,541.8	13.1
Equipment manufacturing loan	855.1	0.2	254.7	0.1	314.7	0.0
Transitional finance	113,389.6	25.0	105,350.0	22.1	3,250	0.5
Regulatory asset	5,000.0	1.1	11,000.0	2.3	3,000	0.4
Medium term loan	-	-	-	-	141,490.0	21.2
Buyers' line of credit	2,316.3	0.5	7,332.2	1.5	7,363.6	1.1
Others[(1)]	192.9	0.0	138.1	0.0	75,500.0	11.3
Sub - Total	**446,908.5**	**98.7**	**465,877.8**	**97.9**	**627,979.1**	**94.1**
R-APDRP Part-A	2,117.5	0.5	1,110.5	0.2	6,548.8	1.0
R-APDRP Part-B	3,466.9	0.8	5,310.3	1.1	9,257.6	1.4
R-APDRP Part-A SCADA	200.3	0.0	257.5	0.1	-	-
IPDS	-	0.0	3,269.8	0.7	23,328.6	3.5
Sub - Total	**5,784.7**	**1.3**	**9,948.1**	**2.1**	**39,135.0**	**5.9**
Total	**452,693.2**	**100.00**	**475,825.9**	**100.00**	**667,114.1**	**100.0**

(1) Others, without any limitation, includes loans disbursed in relation to power exchange credit, metering, studies and computerisation.

The following table sets forth certain information relating to the Issuer's loan sanctions pending disbursement (net of any sanctions cancelled) as of 31 March 2017, presented according to project type:

Particulars	As of 31 March 2017
	(₹ million)
Generation	
Thermal	667,690.08
Hydro-electric	190,671.9
Gas	9,017.1
Renewable	67,072.5
Corporate Loans	3,048.8
IPDS/R-APRDP (counter party funding)	62,030.0
Transmission	315,290.7
Distribution	81,270.1
Short/Medium Term Loan	40,640.0
Others[(1)]	68,355.0
Total	**1,505,086.18**

(1) "Others", without any limitation, includes sanctioned loans pending disbursement among other, in relation to computerisation, project settlement, pre-investment fund, technical assistance project, studies, working capital, buyers' line of credit, equipment manufacturing, redemption of bonds, asset acquisition, decentralised management, bills discounting, purchase of power through PXI, fuel source development and promoters' equity.

The following table sets forth information relating to the Issuer's top ten borrowers (primarily generation companies) in terms of loans outstanding as of 31 March 2017:

Borrower	Loans outstanding	% of total outstanding loans as of 31 March 2017
	(₹ in million, except percentages)	
Borrower 1	240,798.7	9.8
Borrower 2	108,675.6	4.4
Borrower 3	101,799.1	4.1
Borrower 4	100,242.4	4.1
Borrower 5	98,562.9	4.0
Borrower 6	96,042.1	3.9
Borrower 7	82,218.6	3.3
Borrower 8	78,547.1	3.2
Borrower 9	70,785.1	2.9
Borrower 10	68,750.0	2.8
Total	1,046,421.6	42.5

Thermal generation projects. The Issuer provides finance for thermal energy generation projects in the public and private sector. Such projects include coal and gas based power plants.

Hydro generation projects. The Issuer provides finance for hydro generation projects in the public and private sector. This facilitates an optimal mix of thermal and hydro projects in its loan asset portfolio. In this regard, the Issuer has extended loan repayment periods of state sector loans for hydro projects to 20 years, effectively increasing the loan tenor to 25-26 years.

Renewable energy projects. The Issuer provides finance to various public and private sector renewable energy generation projects, including solar, wind, biomass and small hydro projects.

Renovation, modernisation and life-extension scheme. The Issuer provides finance for renovation, modernisation and life-extension projects for old thermal and hydro power plants.

Transmission projects and schemes. The Issuer provides financing assistance to several kinds of power transmission projects, including transmission and sub-transmission schemes, power evacuation lines and transmission links. Transmission projects and schemes funded by the Issuer involve the transmission of power within various states and from one region in India to another, assistance in the distribution of power within a particular state and transmission loss reduction schemes. These schemes include construction of new transmission lines, reinforcement of existing transmission lines, new substations, augmentation of transformer capacities of existing substations, replacement of old and obsolete equipment, and bay extensions.

Distribution, capacitor and metering schemes. The Issuer has extended financial assistance to various projects and entities that establish and upgrade sub-stations and distribution networks in various distribution circles, including the instalment of capacitors and meters to reduce losses and improve revenue generation, and to improve the quality and reliability of power supply to consumers.

Sector-wise Loan Portfolio

The Issuer provides financial assistance to the public sector, which includes central, state and joint (i.e., companies that have both state and central sector participation) sector; and to private sector projects.

The following table sets forth certain information relating to the Issuer's total loan assets as of the dates indicated, presented according to sector:

	As of 31 March					
Particulars	**2015**		**2016**		**2017**	
	₹ million	**% of total**	**₹ million**	**% of total**	**₹ million**	**% of total**
A. Public sector comprising:						
(i) State sector	1,492,477.4	69	1,642,246.6	68.7	1,611,375.0	66
(ii) Central sector	178,697.6	8	210,272.4	8.8	229,307.1	9
(iii) Joint sector	139,653.7	6	155,448.2	6.5	193,783.4	8
B. Private sector	364,328.0	17	381,234.9	16	420,787.2	17
Total	**2,175,156.7**	**100**	**2,389,202.1**	**100**	**2,455,252.7**	**100**

The following table sets forth certain information relating to disbursements made in the periods indicated, presented according to sector:

	Fiscal					
Particulars	**2015**		**2016**		**2017**	
	₹ million	**% of total**	**₹ million**	**% of total**	**₹ million**	**% of total**
A. Public sector comprising:						
(i) State sector	319,641.5	72	323,544.5	69	457,571.7	73
(ii) Central sector	10,837.6	2	46,601.2	10	46,589.5	7
(iii) Joint sector	21,467.8	5	26,530.7	6	47,297.9	8
B. Private sector	94,961.6	21	69,201.6	15	76,520.1	12
Total	**446,908.5**	**100**	**465,877.9**	**100**	**627,979.1**	**100**

Institutional Development Role and GoI Programmes

The GoI and various state governments have undertaken various programmes and initiatives for the reform and restructuring of the power sector in India to ensure the adequate supply of electricity at reasonable rates, to encourage private sector participation and to make the Indian power sector self-sustaining and commercially viable. These institutional, structural and procedural reforms are aimed at achieving operational and commercial efficiency and improved viability of state power utilities; improving delivery of services and achieving cost effectiveness through technical, managerial and administrative restructuring of utilities; creating an environment that will attract private capital, both domestic and foreign, to supplement public sector investment; operating state power utilities in a manner that enables them to generate sufficient returns to meet operational and investment requirements; and achieving energy conservation through integrated resource planning, demand side management and minimising waste.

The Issuer was established as an integral part of, and continues to play a strategic role in, the GoI's initiatives for the development of the power sector in India. The Issuer works closely with GoI instrumentalities, state governments and power sector utilities, other power sector intermediaries and private sector clients for the development and implementation of policies and structural and procedural reforms for the power sector in India. In addition, the Issuer is involved in various GoI programmes for the power sector, including acting as a nodal agency for the UMPP and the R-APDRP (subsumed by the IPDS) and as a bid process coordinator for the ITP scheme.

Restructured Accelerated Power Development and Reform Programme (R-APDRP)

In July 2008, the MoP launched the R-APDRP. The R-APDRP, among others, aims to reduce the AT&C losses through the strengthening and upgrading of sub transmission and distribution networks and the adoption of IT based energy accounting, audit and customer service. The R-APDRP project areas are towns and cities that, according to the 2001 census, had a population of more than 30,000 in general states or 10,000 in special category states. In rural areas, where the load of the required power supply is more as compared to the capacity of transmission lines to supply such power, "feeder segregation" methods are used to ensure that proper supply loads are channeled through the transmission lines. Projects under the scheme are divided into three parts, being Parts A, B and C. Part A includes the gathering of baseline data and the establishment of IT applications for the purposes of energy accounting or auditing and IT-based consumer service centres; Part B includes regular distribution and strengthening of projects, and covers system improvement, strengthening and augmentation; and Part C aims to improve the capacity of utility personnel and the development of franchises. The programme was started in the Eleventh Plan and will be continued in the Twelfth Plan and Thirteenth Plan (according to the MoP order dated 8 July 2013). However, after the implementation of IPDS, the R-APDRP scheme has been subsumed into it.

Integrated Power Development Reforms Scheme (IPDS)

IPDS was launched by the MoP on 3 December 2014 with the objectives of:

(a) strengthening the sub-transmission and distribution network in urban areas;

(b) metering distribution transformers, feeders and consumers in urban areas; and

(c) IT enablement of distribution sector and strengthening such distribution network in accordance with the CCEA approval dated 21 June 2013 for completion of targets laid down under the R-APDRP under the Twelfth Plan and Thirteenth Plan by carrying forward the approved outlay for R-APDRP to IPDS.

The scheme aims to reduce the AT&C losses, establish IT-enabled energy accounting and auditing systems and improve metered consumption based on proper billing of such consumption, and improve efficiency in the collection of revenues.

The estimated cost of the scheme with the components of strengthening the sub-transmission and distribution networks, including metering of consumers in urban areas, is ₹326,120.0 million, which includes a sum of ₹253,540.0 million as budgetary support from the Government over the entire implementation period.

The component of IT enablement of the distribution sector and strengthening of the distribution network, as approved by the CCEA in June 2013 in the form of the R-APDRP for the Twelfth and Thirteenth Plans, will get subsumed in this scheme and the CCEA-approved scheme outlay of ₹440,110.0 million, including budgetary support of ₹227,270.0 million, will be carried over to the IPDS scheme.

During fiscal 2017, the Issuer sanctioned a sum of ₹30,175.3 million and a disbursement of ₹23,328.6 million, resulting in the cumulative sanction and disbursement amount rising to a sum of ₹260,331.5 million and ₹26,598.4 million, respectively, as of 31 March 2017. Furthermore, as of 31 March 2017, the IPDS sanctions, pending disbursement (net of any cancellations), stood at ₹233,733.1 million.

Ujwal Discom Assurance Yojna (UDAY)

The UDAY scheme, which was notified by the Government on 20 November 2015, is a scheme that aims to bring about a financial turnaround of power Discoms and applies to state Discoms. The broad objectives of the scheme, among others, are to:

(a) reduce the AT&C losses to 15 per cent. by the year 2019;

(b) reduce the gap between the average cost of supply and average revenue to zero by the year 2019;

(c) reduce the cost of power generation through various administrative measures, namely the increase of supply of coal, coal linkage rationalisation and swaps, and supply of improved quality coal etc;

(d) take over 75 per cent. of the debt of state Discoms, as of 30 September 2015 over a period of two years (namely 50 per cent. in fiscal 2016 and 2 per cent. in fiscal 2017) through the issue of non-statutory liquidity ratio and state development loan bonds;

(e) convert 50 per cent. of the balance debt remaining with state Discoms at the end of 2016 into bonds that are to be offered by banks and other financial institutions for an interest rate of not more than 1 per cent. in addition to the bank's base rate;

(f) offer for subscription the bonds to be issued against the loans of financial institutions (including REC and PFC) to the market and any unsubscribed portion shall be taken over by banks in proportion of their lending to state Discoms;

(g) avoid any levy of prepayment charge on the debt of state Discoms; and

(h) allow for waiver of any unpaid overdue interest and penal charges on the debt of state Discoms and refund and adjust any such overdue and penal interest paid since 1 October 2013.

As of 30 September 2015, the Issuer's exposure under the UDAY scheme was ₹486,925.5 million and, as of 31 March 2017, an amount of ₹330,733.1 million was prepaid under the scheme. Furthermore, the principal outstanding as of 31 March 2017 under the UDAY scheme was ₹105,742.8 million. In total, 27 Indian states and union territories have signed the memorandum of understanding under the UDAY scheme, as of 31 March 2017.

Ultra Mega Power Projects (UMPP)

The Government introduced the UMPP programme with the objective of developing large capacity power projects in India. The Issuer has been designated to act as a nodal agency by the Government for the development of UMPPs, each with a contracted capacity of about 4,000 MW. These UMPPs, among others, utilise (a) the principle of economies of scale, and (b) the mechanics of supercritical technology to reduce emissions and lower tariff costs through international competitive bidding processes adopted for the selection of developers.

The CEA is the technical partner while the MoP is involved as a facilitator for the development of these UMPPs. As of 31 March 2017, 15 UMPPs had been identified including, among others, one located in each of the states of Madhya Pradesh, Karnataka, Maharashtra, Andhra Pradesh, Uttar Pradesh and Bihar, two in each of the states of Gujarat, Jharkhand and Tamil Nadu, and three in the state of Odisha. As of the date of this Offering Circular, the Issuer had incorporated a total of 13 wholly-owned SPVs for these UMPPs. In relation to such SPVs, the Issuer, in conjunction with the MoP and the CEA, is required to undertake preliminary site investigations and obtain fuel linkages and appropriate regulatory and other approvals necessary to conduct the bidding process for these projects. As of the date of this Offering Circular, four of these SPVs have been transferred to successful bidders, (as detailed in the below table) and the remaining SPVs are proposed to be transferred in due course to successful bidder(s) selected through a tariff based international competitive bidding process in accordance with the guidelines notified by the Government under section 63 of the Electricity Act, 2000.

As of the date of this Offering Circular, the following four SPVs have been transferred to successful bidders:

Name of SPV	UMPPs	Transferee	Date of Transfer
Coastal Gujarat Power Limited	Mundra, Gujarat	Tata Power Company Limited	22 April 2007
Sasan Power Limited.	Sasan, Madhya Pradesh	Reliance Power Limited	7 August 2007
Coastal Andhra Power Limited	Krishnapatnam, Andhra Pradesh	Reliance Power Limited	29 January 2008
Jharkhand Integrated Power Limited*	Tilaiya, Jharkhand	Reliance Power Limited	7 August 2009

* On 28 April 2015, Reliance Power Ltd/Jharkhand Integrated Power Limited (**JIPL**) issued a termination notice in relation to the Tilaiya UMPP. Post-termination, JIPL shall be taken over by the Issuer for purposes of rebidding.

In addition to the above, five SPVs created for the development of infrastructure facilities were incorporated by the Issuer for the purposes of facilitating the holding of land and coal blocks for domestic coal-based UMPPs in the states of Odisha, Bihar and Jharkhand (namely Deoghar and Tilaiya) and also for holding land in cases of imported coal-based UMPPs in the state of Tamil Nadu (namely Cheyyur). These SPVs would be transferred to the respective procurers of power from these projects and the successful bidders would then be expected to develop and implement these projects.

As of the date of this Offering Circular, the subsidiaries promoted as SPVs for UMPPs are as follows:

Name of the State	No of UMPPs	Name of the SPVs	Date of Transfer
Madhya Pradesh .	1	Sasan Power Limited	7 August 2007
Gujarat	1	Coastal Gujarat Power Limited	22 April 2007
	1	SPV yet to be created	—
Andhra Pradesh. .	1	Coastal Andhra Power Limited	29 January 2008
	1*	Tatiya Andhra Mega Power Limited*	—

Name of the State	No of UMPPs	Name of the SPVs	Date of Transfer
Jharkhand	1	Jharkhand Integrated Power Limited	7 August 2009
	1	• Deoghar Mega Power Limited • Deoghar Infrapower Limited • Jharkhand Infrapower Limited	
Karnataka	1	Coastal Karnataka Power Limited	—
Maharashtra	1	Coastal Maharashtra Mega Power Limited	—
Chhattisgarh	1*	Chhattisgarh Surguja Power Limited*	—
Tamil Nadu	1	Coastal Tamil Nadu Power Limited	—
	1	Cheyyur Infra Limited	—
	1	Orissa Integrated Power Limited	—
Odisha	1	Odisha Infrapower Limited	—
	1	• Sakhigopal Integrated Power Company Limited	
		• Ghogarpali Integrated Power Company Limited	—
Bihar	1	• Bihar Infra Power Limited	—
		• Bihar Mega Power Limited	—
Uttar Pradesh . . .	1	SPV yet to be created	—
Total.	**15 ****	**13 *****	

* Under liquidation

** Excluding under liquidation

*** Excluding under liquidation, SPVs already transferred and SPVs yet to be created

As of the date of this Offering Circular, the Government has decided to close down two of the UMPPs, namely the Chhattisgarh Surguja Power Limited UMPP and the Tatiya Andhra Mega Power Limited UMPP. Furthermore, the bidding process for selection of a developer for the Odisha and Cheyyur UMPPs has been initiated after the revision of the standard bidding documents by the Government, and the Issuer is in the process of conducting site studies and obtaining the applicable regulatory and other clearances with respect to the remaining UMPPs.

Independent Transmission Projects (ITP)

In April 2006, the MoP introduced a tariff based competitive bidding process for the ITPs, for the development of transmission systems by way of private sector participation. The Issuer and its subsidiary PFCCL have been nominated as the coordinators for the bidding process by the MoP for the development of certain ITPs.

As of the date of this Offering Circular, 25 SPVs have been incorporated by the Issuer and its subsidiary PFCCL to develop ITPs. These SPVs, among others, undertake preliminary survey work, identify transmission routes, prepare survey reports and initiate processes for land acquisition and forest clearances. PFCCL conducts the bid processes for the selection of developers for the ITPs and earns revenue from its involvement in the various ITP projects in a manner similar to the UMPPs. Out of the 25 SPVs, Bokaro-Kodarma Maithon Transmission Company Limited was liquidated in December 2010 and 17 SPVs have been transferred to various successful bidders on the dates indicated below:

S. No	Name of SPV	Successful Bidder	Date of Transfer
1.	East North Interconnection Company Limited	Sterlite Transmission Projects Private Limited	31 March 2010
2.	Jabalpur Transmission Company Limited	Sterlite Transmission Projects Private Limited	31 March 2011
3.	Bhopal Dhule Transmission Company Limited	Sterlite Transmission Projects Private Limited	31 March 2011

S. No	Name of SPV	Successful Bidder	Date of Transfer
4.	Nagapattinam Madhugiri Transmission Company Limited	Power Grid Corporation of India Limited	29 March 2012
5.	Purulia and Kharagpur Transmission Company Limited	Sterlite Grid Limited	9 December 2013
6.	Patran Transmission Company Limited	Techno and Electric Engineering Company Limited	13 November 2013
7.	Darbhanga - Motihari Transmission Company Limited	Essel Infraprojects Limited	10 December 2013
8.	RAPP Transmission Company Limited	Sterlite Grid Limited	12 March 2014
9.	DGEN Transmission Company Limited	Instalaciones Inabensa, S.A., Spain	17 March 2015
10.	Chhattisgarh-WR Transmission Limited	Adani Power Limited	23 November 2015
11.	Sipat Transmission Limited	Adani Power Limited	23 November 2015
12.	Raipur-Rajnandgaon-Warora Transmission Limited	Adani Power Limited	23 November 2015
13.	Odisha Generation Phase II Transmission Limited	Sterlite Grid 3 Limited	8 April 2016
14.	Warora-Kurnool Transmission Limited	Essel Infraprojects Limited	6 July 2016
15.	Gurgaon-Palwal Transmission Ltd	Sterlite Grid 4 Limited	14 July 2016
16.	Medinipur-Jeerat Transmission Ltd	PGCIL	28 March 2017
17.	Kohima-Mariani Transmission Ltd	Kalpatru Power Transmission Limited	31 March 2017

Furthermore, the schemes "Northern Region System Strengthening Scheme — XXXIII" and "Northern Region System Strengthening Scheme-XXXV" have been de-notified from the tariff-based bidding process and, as of the date of this Offering Circular, the two SPVs are under liquidation.

On 9 October 2015, a letter of intent was issued to the successful bidders of Tanda Transmission Company Ltd, and accordingly the SPV will be transferred after a transmission service agreement is signed by all relevant beneficiaries.

As of the date of this Offering Circular, the process of bidding is also underway for the three ITPs, namely in relation to the "Transmission System for the Ultra Mega Solar Park in Fatehgarh, Jaisalmer Rajasthan".

Accelerated Generation and Supply Programme (AG&SP)

In fiscal 1998, the GoI introduced the AG&SP scheme, which provided for interest subsidies for projects involving the renovation, modernisation and life extension of old thermal and hydro plants, the completion of on-going generation projects, the construction of transmission links, system improvements and grants for various studies. In fiscal 2002, the scheme was modified to restrict it to renovation, modernisation and life extension schemes and generation projects.

The AG&SP scheme was an MoP scheme that was overseen and operated by the Issuer. The MoP subsidised the Issuer's normal lending rates on loans to SPUs. The subsidy was paid in advance directly to the Issuer out of the GoI's budget on the basis of disbursements made during the period. The AG&SP scheme ended in April 2007 and no new sanctions have been made since then under the scheme.

Independent Company for Power Reforms

Pursuant to the Electricity Act 2003, which mandated the establishment of an independent, secure and reliable power operation entity at national level, the Government set up the Power System Operation Corporation (**POSOCO**) as an independent Government company. POSOCO operates the National Load Despatch Centre and the Regional Load Despatch Centre, which are responsible for operating the Indian electricity market. POSOCO is also designated as the central agency for major reforms in the power sector.

North Eastern Region Power System Improvement Project (NERPSIP)

The NERPSIP was established for the benefit of six Indian states namely Assam, Manipur, Meghalaya, Mizoram, Tripura and Nagaland, and to strengthen the intra-state transmission and distribution system at an estimated cost of ₹51,113.3 million (including a capacity-building expenditure of ₹890 million). The scheme was to be implemented with the assistance of a loan from the World Bank and funding from the MoP. Implementation of this project aims to create a reliable state power grid and improve the grid's connectivity to the upcoming load centres, thereby extending the benefit of the power grid to all consumers. This project is considered a major step towards meeting the national objective of "power to all" through enhancement of the access of consumers to power grid supply, which, in turn, would lead to an increase in the per capita power consumption of these states.

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

DDUGJY was launched in 2015 and envisages, among others, strengthening the sub-transmission and distribution networks (including providing a metering facility for power consumption at all levels) in rural areas of India. The major components of the scheme, among others, are (a) strengthening the sub-transmission and distribution network, (b) providing a metering facility for power consumption at all levels, including input points, feeders and distribution transformers, micro-grid and off-grid distribution networks, and (c) rural electrification to completed sanctioned projects. This scheme aims to help in providing round-the-clock power to rural households in India as well as to agricultural consumers. The estimated cost of the scheme is ₹430,330 million (which includes the requirement of budgetary support of ₹334,530.0 million from the Government over the entire implementation period).

Domestic Efficient Lighting Programme (DELP)

The DELP was announced on 5 January 2015. It promoted the use of light emitting diode (**LED**) bulbs in place of incandescent bulbs, tube lights and compact fluorescent light bulbs. Consequently, as of the date of this Offering Circular, all ministries and departments of the Government have been requested to promote the use of LED bulbs. Furthermore, the finance ministry has been requested to issue directives to all Government departments to procure LED bulbs instead of other forms of illumination. Similarly, the Director General of Supplies and Disposal has also been requested to include LED bulbs in their stock so as to ensure availability for Government procurement, and after the 2014 Hudhud cyclone in Vizakhapattanam, Energy Efficiency Services Limited has replaced 91,000 street lights with LED bulbs.

Power for All

The MoP aims to provide "24x7" power to all and in this context consultants engaged by the Issuer are required to prepare a state-specific roadmap in accordance with the direction of the MoP. Furthermore, the MoP had also formed a central committee comprising members from the MoC, MNRE, Bureau of Energy Efficiency, CEA, PFC, REC and PGCIL for providing necessary input for finalisation of the state-specific roadmap. The Issuer has been associated with finalisation of the documents in relation to the MoP's "power for all" initiative, for the states of Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Dadar and Nagar Haveli, Daman and Diu, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Lakshadweep, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Nagaland, NCT of Delhi, Odisha, Punjab, Rajasthan, Sikkim, Telangana and Uttarakhand. These documents have been uploaded on the MoP's website as well as on the "power for all" initiative website at http://vikaspedia.in/energy/policy-support/power-for-all-programme.

Amendments in the Tariff Policy

Amendments are made to the tariff policy to provide an incentive and accelerate the process of signing up to the "power for all" initiative for the various states, and to introduce efficiency and ease of doing business.

Discovery of Efficient Electricity Price (DEEP)

Under the DEEP initiative an "e-bidding and e-reverse auction portal" has been developed for procurement of short-term power by Discoms in order to promote uniformity, transparency and competition in power procurement.

Consultancy Services

In addition to the Issuer's lending activities, the Issuer, through its wholly-owned subsidiary PFCCL, provides various technical consultancy and advisory services for power sector projects. PFCCL provides consultancy and other fee-based services to state power utilities, power distribution licensees, IPPs, public sector undertakings and SERCs. The Issuer also provides fee-based services for various GoI programmes, including acting as a nodal agency for UMPP and R-APDRP projects and its subsidiary PFCCL acts as a bid process coordinator for ITP scheme projects. Other consultancy and advisory services include: bid process coordination for power procurement by distribution licensees through a tariff based competitive bidding process; renewable and non-conventional energy schemes; coal block joint ventures and selection of developers for coal blocks and linked power projects; preparation of detailed project reports and project management consultancy for distribution system improvement schemes, including those covered under the R-APDRP scheme; project advisory services including the selection of an EPC contractor; advisory services relating to policy reform, restructuring and regulatory aspects; and assistance in relation to capacity building and human resource development.

The Issuer also intends to focus on acquisition advisory services for power sector projects, including the identification of target projects and potential acquirers for acquisitions and consolidation opportunities, and also provide technical and commercial appraisals of target projects.

Resource Mobilisation

The Issuer's primary sources of funds include equity capital, internal resources and domestic and foreign borrowings. The Issuer's borrowings reflect various sources, maturities and currencies, and include bonds, term loans, and commercial paper. Historically, most of the Issuer's borrowings have been on an unsecured basis.

The following table sets forth certain information relating to the Issuer's Rupee-denominated and foreign currency denominated borrowings as of the respective dates indicated:

	As of 31 March					
	2015		2016		2017	
	₹ million	% of total	₹ million	% of total	₹ million	% of total
Rupee	1,780,424.9	94.8	1,897,088.7	94.6	1,941,441.6	95.8
Foreign currency[1]	97,306.6	5.2	107,755.7	5.4	84,438.8	4.2
Total	**1,877,731.5**	**100.0**	**2,004,844.4**	**100.0**	**2,025,880.4**	**100.0**

(1) The Rupee equivalent of foreign currency borrowings is based on the relevant bank's telegraphic transfer selling rate for fiscals 2015 and 2016 and the applicable FEDAI rate for 31 March 2017.

Rupee resources

The Issuer's primary sources of funds are from Rupee-denominated bonds and term loans taken in India.

A significant percentage of the Issuer's Rupee-denominated borrowings are raised through the issuance of privately placed bonds in India. As of 31 March 2017, the Issuer had outstanding borrowings aggregating ₹1,897,433.7 million and ₹44,007.9 million in the form of bonds and Rupee term loans including short-term borrowings, respectively, from Indian banks and financial institutions. In addition, the Issuer is classified as an IFC, which enables it to further diversify its borrowings through the issuance of Rupee-denominated infrastructure bonds that offer certain tax benefits to bondholders.

The following table sets forth certain information relating to the Issuer's Rupee resources as of the dates indicated:

	As of 31 March		
Particulars	**2015**	**2016**	**2017**
		₹ million	
Non-taxable bonds[(1)]	112,751.1	122,751.1	122,751.1
Taxable bonds[(2)]	1,481,179.7	1,588,621.9	1,774,682.6
Term loans from Indian banks and FIs	186,494.1	185,715.7	44,007.9
Interest subsidy from the GoI	1,113.5	1,074.7	1,096.9
Total	**1,781,538.4**	**1,898,163.4**	**1,942,538.5**

(1) Bonds that offer certain tax benefits to the bondholders.

(2) Bonds that do not offer any tax benefits to the bondholders.

Foreign currency resources

The Issuer has in the past raised foreign currency funds through syndicated loans, loans from multilateral agencies and other sources such as FCNR(B) loans, which are foreign currency loans for specific end uses (such as infrastructure) and at interest rates linked to LIBOR. The following table sets forth certain information relating to the Issuer's foreign currency borrowings by source, as of the dates indicated:

	As of 31 March		
	2015	**2016**	**2017**
		₹ million	
ADB New Loan	1,116	1,086	962
Credit National	741	738	599
KfW - Portion I	526	554	481
KfW - Portion II	30	—	—
USPP	11,351	12,019	11,673
Syndicated Bank Loan VIII	8,297	4,202	—
Syndicated Bank Loan IX	7,456	8,027	—
Syndicated Bank Loan XII	15,765	—	—
Syndicated Bank Loan XIII	7,883	8,346	—
Syndicated Bank Loan XVI	15,765	16,693	16,213
Syndicated Bank Loan XVII	28,377	30,047	29,183
Syndicated Bank Loan XVIII	—	26,044	25,328
Total	**97,307**	**107,756**	**84,439**

As an IFC, the Issuer is also eligible to raise, under the automatic route (without the prior approval of the RBI), ECBs of up to U.S.$750 million in each fiscal year.

Credit Ratings

CRISIL, ICRA and CARE have issued the Issuer credit ratings for its long-term domestic borrowings and its short-term borrowings. International credit rating agencies Moody's, Fitch and Standard & Poor's have also issued the Issuer long-term foreign currency ratings.

Risk Management

The Issuer has developed various risk management policies and procedures, with particular emphasis on actively managing and controlling its risk exposures. These processes include a detailed appraisal methodology, identification of risks and suitable structuring of credit risk mitigation measures.

The Issuer has set up a Risk Management Committee to monitor various risks, examine risk management policies and practices and initiate action for mitigation of risks relating to the Issuer's operations.

The Issuer has developed an integrated enterprise-wide risk management policy. The Risk Management Committee has set up a Risk Management Compliance Committee and a separate unit called the CRA unit to monitor certain risks identified by the Issuer.

As a financial institution, the Issuer is primarily exposed to the following types of risk: credit risk, security risk, liquidity risk, interest rate risk, foreign currency risk and operational risk, each described in further detail below.

Credit Risk

Credit risk involves the risk of loss arising from the diminution in credit quality of a borrower along with the risk that the borrower will default on contractual repayments under a loan or an advance. The Issuer follows a systematic institutional and project appraisal process to assess and mitigate credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Issuer uses a wide range of quantitative as well as qualitative parameters as a part of the appraisal process to make a sound assessment of the extent of underlying credit risk in a project. The Issuer evaluates the credit quality of the borrowers by assigning risk weightings on the basis of the various financial and non-financial parameters. The Issuer's lending policies evaluate borrowers' eligibility criteria with an emphasis on financial and operational strength, capability and competence. For further information, see "*Description of the Issuer — Project and Entity Appraisal Process*".

Although the Issuer encourages certain schemes through differential lending rates, the eligibility criteria and the Issuer's funding decision is guided by the merit of the project and no funds are pre-allocated. In addition, the Issuer has adopted its own prudential norms that provide guidance on aspects of its financial operations including asset classification, provisioning, income recognition, asset concentration and investment limits.

The Issuer's lending policies are set out in its operational policy statement, which is reviewed from time to time to align it with market requirements. In addition, the Issuer places emphasis on funding projects with short lead times as well as on-going projects.

The Issuer lends to projects that satisfy the following criteria:

- soundness from both a technical and a financial perspective with a financial or economic rate of return of not less than 12.0 per cent., other than in certain specific instances, such as projects involving environmental upgrading, meter installation, load dispatch, computerisation and communication, research and development and non-conventional energy projects;

- feasibility, technical soundness and provision of optimal cost solutions for the selected alternative;

- compatibility with integrated power development and expansion plans of the relevant state or region, and of India as a whole;

- compliance with environmental guidelines, standards and conditions;

- receipt of relevant regulatory, environmental and other approvals and clearances; and

- receipt of all inputs required for the implementation and operation of the relevant project and preparation of detailed procurement and implementation plans.

Furthermore, for the Issuer to be able to extend a loan or guarantee in relation to various power projects of private companies (including captive and debt refinancing), the Issuer must appraise the minimum project size of such undertakings, as the Issuer can only extend a loan or guarantee to such entities if the power projects meet the "minimum size" criteria. For example, (a) power projects in relation to generation from non-conventional energy sources (including small hydro projects) and other projects promoted by an existing company on its own balance sheet, or by forming an SPV with adequate collaterals on the revenues of the main company, should have a minimum size of 5 MW, (b) wind power generation projects promoted by Grade I-IV promoters can have a minimum size between 3 MW and 5 MW (which is to be determined on a case-by-case basis, (c) grid connected solar photovoltaic private sector power generation projects must have a minimum size of 1 MW and (d) all other projects must be at least 1 MW.

The Issuer evaluates the credit quality of all borrowers by assigning ratings on the basis of various financial and non-financial parameters. In addition, the Issuer assigns an integrated rating (which is a combination of entity rating and project rating) for private sector generation projects. The interest rates, requirement of collateral securities and exposure limits are calculated on the basis of such integrated ratings.

As of the date of this Offering Circular the amount of funding that the Issuer grants to various projects, as a percentage of project costs, is set out below:

SI No.	Projects	Central and State Sector Projects	Private Sector Projects
1. . . .	Studies, Consultancy and Training	100	50
2. . . .	Research & Development	90	50
3. . . .	Capacitors, Energy Meters, Computerisation, Communication and Load Dispatch	90	50
4. . . .	Urban Distribution System	90	50
5. . .	Transmission	90	50
6. . . .	R&M of Transmission & Distribution	90	50
7. . . .	Environmental Upgradation	80	50
8. . . .	R&M/R&U of Generation	80	50
9. . . .	Mini, Micro & Small Hydro Generation Projects	80	50
10. . .	Captive & Co-generation Plants	80	50
11. . .	Non Conventional Energy Source	80	50
12. . .	Medium and Large Hydro Generation	80	25
13. . .	Thermal Generation	80	20
14. . .	Infrastructure Projects with forward/backward linkage to Power Projects	80	20

Notes:

(i) In case of private sector borrowers, the Issuer may also consider certain additional financing or exposure of project costs over and above the percentages specified above in case of non-fund based exposure exclusively, or fund based and non-fund based exposure taken together and or where the Issuer acts as a lead institution and/or based on the integrated rating assigned to the project.

(ii) In any single project, both fund based and non fund based exposure taken shall not exceed 50 per cent. of the project cost.

(iii) For debt refinancing, the exposure limit is 100 per cent. of loan outstanding in case of state or central sector entities, and 50 per cent. to 80 per cent. of loans outstanding for private sector borrowers, based on integrated rating.

(iv) Policy exposure limit for funding energy saving projects is 70 per cent. of the project cost up to ₹250 million and 50.0 per cent. of project cost exceeding ₹250 million.

(v) For financing of projects relating to equipment manufacturing for the power sector, higher debt exposure may be taken up to a maximum of 70.0 per cent. of the project cost (to be decided on a case-by-case basis), where the project cost is up to ₹1,000 million.

(vi) The above extent of financing shall be within the overall exposure limit as per the Issuer's prudential norms.

The Issuer is subject to a number of credit risks; for additional information on the Issuer's credit risk, see "*Investment Considerations — Volatility in interest rates affects the Issuer's lending operations and may result in a decline in the Issuer's net interest income and net interest margin and adversely affect the Issuer's return on assets and profitability.*".

Monitoring of Loans. The success of a business that provides credit and loan products depends on the effective and timely monitoring and supervision of loans granted. The maximum repayment periods for various projects are set out below:

Projects/Schemes	**Maximum Repayment Period**
	(years)
Hydro generation projects	20
Thermal generation projects	15
Studies, consultancy, training, research and development, survey and investigation, communication and computerisation, installation of energy meters for energy audit and billing	5
All other projects and schemes	15

The Issuer has developed a comprehensive project monitoring system following the grant of sanctions and execution of loan documents that monitors and tracks project implementation status and identifies risks where intervention is required to minimise the time and cost overruns and consequent slippages in disbursements. A separate project monitoring unit has been set up to undertake monitor the status of projects based on quarterly progress reports, discussions with the borrowers and/or site engineers during site visits, telephone discussions with relevant officials of the borrowers and other methods. The periodic progress analysis is presented before the Issuer's Board on a quarterly basis. Such reports broadly cover the major areas of concern impacting the project's implementation and withdrawals from the Issuer, major reasons for project delays, age-wise delay analysis, major suppliers and agencies associated with the projects, and the cumulative status of the Issuer's commitments versus disbursements.

For private sector projects, the Issuer typically engages the lender's engineers and financial advisors, which are independent agencies who act on behalf of various lenders and consortium members who provide lenders with periodic reports and information concerning the physical and financial progress status of specific projects based on periodic site visits, visits to borrowers' headquarters, and inspection and review of any relevant documents. The Issuer's project monitoring unit reviews the reports submitted by the lenders' engineers and prepares an exception report broadly covering the physical progress, time and cost overrun estimation and delay analysis. The report is submitted to the Issuer's senior management and Board on a quarterly basis.

Recovery Mechanism. The Issuer's recovery mechanism is characterised by the following features that are intended to ensure timely and efficient recovery from its borrowers: long standing and well established relationship with the borrowers; intensive follow-up; rebate for timely payments; suspension of further disbursements; and sanctions in case of default. The rebate for timely payments is provided to state sector and central sector borrowers.

In instances where there has been a default by a borrower, the Issuer invokes the security and quasi-security arrangements that have been created in relation to its loans, as detailed in "*Description of the Issuer — Security Risk*" below. The Issuer also encourages payments due from its borrowers by offering them a rebate for timely payment. In fiscal 2017, the total rebate the Issuer offered its public sector borrowers was ₹3,166.50 million.

The following table sets forth certain information relating to amounts overdue (loan instalments overdue, together with interest payable thereon) as of the dates indicated as a percentage of the Issuer's total loan assets as of such dates:

Particulars	**As of 31 March** 2015	2016	2017
	(₹ million except percentages)		
Amounts overdue	24,493.1	50,442.8	51,250.3
Total Loan Assets	2,175,156.7	2,389,202.1	2,455,252.5
Amounts overdue percentage to total loan assets	1.1%	2.1%	2.1%

Non-Performing Assets

The following table sets forth information relating to the Issuer's NPAs relating to its net loan assets as of the dates indicated, by sector:

	As of 31 March					
	2015		**2016**		**2017**	
	₹ million	**% of total**	**₹ million**	**% of total**	**₹ million**	**% of total**
GoI sector(1)	7,219.6	30.5	7,219.6	9.6	240,312.6	78.3
Private sector	16,416.7	69.5	67,970.6	90.4	66,709.5	21.7
Total	**23,636.3**	**100.0**	**75,190.2**	**100.0**	**307,022.1**	**100.0**

(1) Includes state, central and joint sectors.

As of 31 March 2015, 2016 and 2017, the Issuer had gross NPAs of ₹23,636.3 million, ₹75,190.2 million and ₹307,022.1 million, respectively, which represented 1.09 per cent., 3.15 per cent. and 12.50 per cent. of its total loan assets, respectively, as of such dates.

Security Risk

The Issuer seeks to put in place a number of different security and quasi-security arrangements in relation to the loans that the Issuer extends. In relation to financial assistance extended to public sector entities and projects, the Issuer obtains one or more of the following: (i) a priority claim over the surplus revenue from state power utilities over any loan granted by the relevant state government to other entities; (ii) an irrevocable guarantee from the relevant state governments; (iii) security in the form a charge over the relevant project assets; and (iv) a negative lien from some of its borrowers.

For loans to central and state sector borrowers that do not satisfy certain criteria in terms of credit rating and debt service coverage ratios, the Issuer uses an escrow arrangement as a credit enhancement mechanism pursuant to an escrow agreement (the **Escrow Agreement**). The Escrow Agreement is typically a tripartite agreement entered into by the Issuer, the borrower and the bank designated as escrow agent. Under the terms of the Escrow Agreement, the borrower is required to deposit all of its receivables (from certain centres) into the designated escrow account and the borrower is specifically prohibited from opening any other account for the purpose of collection of revenues without the Issuer's written consent. In the event of a default in payment by the borrower, upon a demand by the Issuer the escrow agent is authorised to pay the amount owed to the Issuer from the monies deposited in the escrow account. In addition, the escrow agent is required to submit monthly bank statements of the escrow account to the Issuer. As of 31 March 2017, 91.50 per cent. of the Issuer's outstanding loans to central and state sector power utilities involve such an escrow mechanism.

In the case of private sector power projects, security is normally obtained through (i) a first priority *pari passu* charge on assets; and (ii) a trust and retention arrangement in relation to all of the cash flows of the project pursuant to a trust and retention account agreement (the **TRA Agreement**). The TRA Agreement is entered into amongst the Issuer, the borrower and a bank designated as the account bank. Under the terms of the TRA Agreement, the cash flows of the project are controlled by the account bank which must deal with the cash flows strictly in accordance with the terms of the TRA Agreement. The TRA Agreement specifies the conditions that must be satisfied, on a periodic basis, before funds from the trust account can be used to meet the relevant expense and the manner in which such payments will be made, including payments by way of debt service to the Issuer throughout the life of the loan. The account bank is not permitted to allow any withdrawal of funds in excess of the approved limits without the prior approval of the Issuer. The TRA Agreement continues to operate until all of the obligations have been indefeasibly and irrevocably paid by the borrower. The trust and retention account is a no lien account. The TRA Agreement also specifies the payment waterfall that would apply upon the occurrence of an event of default or a potential event of default in relation to the loan and which gives priority to the secured lenders.

Eligibility of private sector borrowers is assessed on the basis of various factors such as past performance of the promoters, their experience and their capacity to bring in equity and project soundness. In certain cases, collateral securities such as pledges of equity shares held by the promoters and personal or corporate guarantees are also required.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the Issuer's financial condition. The primary interest rate-related risks that the Issuer faces are from timing differences in the maturity of its fixed rate assets and liabilities. For example, if in an increasing interest rate environment, its fixed rate liabilities mature prior to its fixed rate assets and therefore require the Issuer to incur additional liabilities at a higher interest rate, and re-pricing risk, for example, where there is an adverse mismatch between the re-pricing terms of the Issuer's loan assets and its loan liabilities.

Interest rates are dynamic and dependent on various internal and external factors including cost of borrowing, liquidity in the market, competitors' rates, movement of benchmarks such as AAA bond/GSEC yields and RBI policy changes. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements, the evaluation of earning at risk on change of interest and the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Issuer reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements. The Issuer's incremental Rupee lending interest rates are usually made with either a three year or ten year interest reset clause. In order to manage pre-payments risks, the Issuer's policy as of the date of this Offering Circular is to require a pre-payment premium to be paid by the borrower in case of pre-payment. The interest rate reset dates typically occur at the option of the borrower at three or ten year intervals.

The Issuer has historically, and may in the future, implement interest rate risk management through the contractual terms of its loans, including pricing terms, maturities and pre-payment and re-pricing provisions. In addition, all loan sanction documents specifically entitle the Issuer to vary the interest rate on the undisbursed portion of any loan.

For additional information on the Issuer's interest rate risk, see "*Investment Considerations — Volatility in interest rates affects the Issuer's lending operations and may result in a decline in the Issuer's net interest income and net interest margin and adversely affect the Issuer's return on assets and profitability*".

Liquidity Risk

Liquidity risk is the risk of the Issuer's potential inability to meet its liabilities as they become due. The Issuer faces liquidity risks, which could require the Issuer to raise funds or liquidate assets on unfavourable terms. The Issuer manages its liquidity risk through a mix of strategies, including through forward-looking resource mobilisation based on projected disbursements and maturing obligations.

The Issuer has established an effective asset liability management system and formed an Asset Liability Management Committee (the **ALCO**). The ALCO monitors risks related to liquidity and interest rates and also monitors the implementation of decisions taken in the ALCO meetings. Liquidity risk is monitored through liquidity gap analysis. The asset liability management framework includes periodic analysis of the long-term liquidity profile of asset receipts and debt service obligations. Such analysis is made every month in yearly tranches for the next ten years, and is used for critical decisions regarding the time, volume and maturity profile of the borrowings, creation of new assets and mix of assets and liabilities in terms of time period (short, medium and long-term).

In order to ensure that the Issuer has sufficient funds to meet its commitments, its operational policy statement requires the Issuer to maintain satisfactory levels of liquidity to ensure availability of funds at any time covering up to three months' liquidity requirements. Currently surplus funds are invested by way of short-term deposits with banks and mutual funds. The Issuer has an active policy of managing the maturities of its assets and liabilities.

The following table represents the maturity profile of certain items of assets and liabilities as of 31 March 2017:

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	Beyond 2022-23	Total
				(₹ million)			
Rupee Loan Assets (including leasing, WCL and bonds, etc.)	326,518.5	182,408.4	208,303.7	193,712.8	189,109.2	1,352,598.7	2,452,651.3
Foreign Currency Loan Assets	50.3	0.0	0.0	0.0	0.0	2,550.9	2,601.2
Investments	13,255.3	0.0	0.0	0.0	0.0	22,656.0	35,911.3
Foreign Currency Liabilities	11,867.5	194.5	16,407.0	28,092.4	18,364.9	9,512.6	84,438.9
Rupee Liabilities (bonds + Rupee term loan + short term loan)	269,797.7	319,070.5	264,438.0	255,617.6	225,914.5	609,307.3	1,944,145.6

Foreign Currency Risk

Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. The Issuer has foreign currency borrowings that could expose it to foreign currency exchange rate risk and the Issuer expects to increase its foreign currency-denominated borrowings in the future.

The Issuer has developed a currency risk management policy to manage risks associated with foreign currency borrowing. The Issuer manages foreign currency risk by lending in foreign currency and through derivative products (such as currency forwards, options, principal swaps, interest rate swaps and forward rate agreements) offered by banks, who are authorised dealers. The Issuer's currency risk management policy lays down the appropriate systems and controls to identify, measure, monitor, report and manage currency risks, including interest rate risk. Some of the important features of the currency risk management policy include benchmarks, hedging ratios, open position limits, and exposure limits with regard to empanelled banks. In addition, foreign exchange exposures are evaluated on a loan-to-loan basis, and the exposure is managed in accordance with the various parameters defined in the currency risk management policy. Every month, the details of foreign currency exposure, open and hedged position are submitted to the Risk Management Committee and such details are submitted every quarter to the Audit Committee and the Board.

The Issuer mitigates exchange and interest rate risks in foreign currency liabilities by lending in foreign currency and entering into hedging transactions such as currency forwards, principal only swaps, options, forward rate agreements and interest rate swaps. As of 31 March 2017, the Issuer had foreign currency borrowings outstanding of U.S.$895.0 million, JPY43,668 million and €16.0 million (aggregate equivalent to U.S.$1,302 million, or 4.2 per cent. of the Issuer's total borrowings as of such date). As of 31 March 2017, the Issuer had lent in foreign currency (U.S.$34 million) to cover approximately 2.6 per cent. of its foreign currency principal exposure. As of 31 March 2017, an equivalent of U.S.$280 million and U.S.$100 million has been hedged for exchange rate risks and interest rate risks, respectively.

Foreign currency liabilities not hedged by a derivative instrument or otherwise as of 31 March 2017 were U.S.$581.0 million, €16.0 million and JPY43,668 million. This however does not include partial hedges where only one currency leg has been hedged.

For additional information on the Issuer's foreign currency risk, see "*Investment Considerations — Volatility in foreign exchange and un-hedged foreign currency could adversely affect the Issuer's financial conditions and results of operations.*".

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. The Issuer has established systems and procedures to reduce operational risk as outlined below:

Operational controls in project finance activities. The Issuer's operational policy statement, operational guidelines and manuals provide a detailed description of the systems and procedures to be followed in the course of appraisal, approval, disbursement and recovery of a loan. Various checks and control measures have been built in for the timely review of operating activities and the monitoring of any gaps in the same. A significant proportion of the activities are subject to regular monitoring and auditing, including loan sanctions, disbursements and recovery. In addition, many important activities are monitored on a periodic basis.

Operational controls in treasury activities. The Issuer's operational policy statement and manual for the deployment of surplus funds provide a description of operations to be followed, with suitable exposure and counterparty limits. Compliance with the Issuer's guidelines is monitored through internal control and a well-developed audit system including external and internal audits.

Legal risk. Legal risk arises from the uncertainty of the enforceability of contracts relating to the obligations of the Issuer's borrowers. This could be on account of delays in the enforcement process or difficulty in the applicability of contractual obligations. The Issuer seeks to minimise legal risk through legal documentation that is drafted to protect its interests to the greatest extent possible.

Project and Entity Appraisal Process

The Issuer's lending policies are set out in its operational policy statement. The Issuer uses a wide range of quantitative as well as qualitative parameters as a part of the appraisal process to make a sound assessment of the extent of underlying credit risk in a project. The Issuer evaluates the credit quality of borrowers by assigning risk weightings on the basis of various financial and non-financial parameters. The Issuer's lending policies evaluate borrowers' eligibility criteria with an emphasis on financial and operational strength, capability and competence.

Project Appraisal

The Issuer follows a separate project appraisal process for private and state/central sector entities, which primarily involves a technical appraisal and a financial feasibility appraisal of the project.

Private sector projects. The appraisal process for the private sector involves two stages. Initially a preliminary appraisal is carried out to ascertain the status of the progress of the project. In the second stage, a detailed appraisal is carried out for shortlisted projects on the basis of the findings of the preliminary appraisal.

Public sector projects. A detailed appraisal is carried out for state/central sector projects and the project is analysed based on various parameters, such as its technical and economic soundness, compatibility with integrated power development and expansion plans of the state. Checks are also carried out to see whether the project has the requisite clearances in place and is compliant with environmental standards and guidelines.

Detailed project appraisal involves technical and financial appraisal covering the following:

- project purpose, scope and location;
- need and justification supported by relevant studies;
- review of technology;
- forward and backward linkages (including fuel supply and transportation, water availability, power evacuation and sale of power) and their status;
- review of the contractual arrangements for the implementation of the project such as the EPC contract, power purchase agreement, fuel supply agreements, fuel transportation agreement and bulk power transmission agreement;
- present status of the project in terms of both physical and financial preparedness;
- regulatory compliance, statutory and non-statutory clearances;
- power evacuation arrangements;

- arrangement for operation and maintenance (**O&M**) of the plant;
- implementation plan;
- review of cost, financing plan and phasing of expenditure;
- anticipated tangible and intangible benefits;
- identification of various risks and their mitigation; and
- financial modelling and projections, determination of project viability and sensitivity analysis.

Once the analysis has been completed, pre-commitment, pre-disbursement and other conditions are stipulated, all contracts are put in place and parties are required to comply with the various conditions precedent set out in the various contracts relating to the project.

As part of its project appraisal process, the Issuer evaluates each project and assigns scores based on a range of quantitative and qualitative parameters. Quantitative parameters include the first full-year cost of generation, average tariff and average DSCR. Qualitative parameters include power off-take structure and payment security mechanisms, long-term fuel supply and transportation agreements and their commercial terms, construction contracts, methodology of award and the commercial terms and experience of the O&M contractor. For central/state sector projects, security is generally in the form of government guarantees, or a first charge on the existing and/or future assets and/or an escrow account mechanism. Private sector projects are generally secured either by a charge on assets, assignment of project contracts, first charge on all letters of credit, TRA, DSRA, other reserves and other bank accounts that are maintained by the project, and collateral in the form of a pledge over shares, DSRA or corporate or personal guarantees from the promoters.

Following the sanction of a loan to a public sector project, the Issuer typically undertakes activities such as the completion of the necessary documentation for the sanction, disbursements and project review and monitoring, which involves obtaining progress reports on a quarterly basis, review and analysis of the reports and undertaking site visits as required by the Project Monitoring Unit. All activities following the issue of a sanction letter for a private sector project where the Issuer is the lead arranger are carried out by the Consortium Lending Group and include appointing the lender's legal counsel, engineer and financial advisor, completing the necessary documentation for the sanction, and disbursements (through the TRA mechanism). The Issuer's Project Monitoring Unit reviews the lender engineer's report and prepares an exception report based on the same. The exception report is submitted to the Issuer's senior management and Board periodically.

Entity Appraisal

The Issuer follows a systematic entity appraisal process developed separately for private and public sector entities.

Public sector appraisal. The Issuer provides financial assistance to public sector borrowers based on entity and project appraisal. As part of its entity appraisal process, the Issuer evaluates the entity with reference to a set of qualitative and quantitative factors covering financial and operational efficiency, progress made towards implementing the GoI's reform programme in the state power sector and development of the regulatory framework. The Issuer categorises state power utilities into four categories, from A+ through to C, based on pre-determined parameters including operational and financial performance of the utilities. These categories enable the Issuer to determine credit exposure limits and the pricing of loans to be given to the SPUs. All new successor SPUs created from entities that were proviously SEBs are assigned the category of the former entity for up to 30 months from the commencement of commercial operations by the successor entity. The Issuer usually enters into loan transfer agreements with such SPUs for the transfer of loans granted to the former SEBs. For loans that were originally guaranteed by the relevant state government, such state governments continue as guarantors. SPUs that are incorporated to develop new projects are categorised based on the strength of their respective promoters. The categorisation methodology enables the Issuer to identify the relative strength and weakness of each entity. These categories are used to determine credit exposure limits, security requirements and the pricing of loans given to SPUs.

Private sector appraisal. The Issuer uses a range of quantitative as well as qualitative parameters in its entity appraisal process to assess the capability of the promoters of the borrower to contribute equity towards the project and their overall creditworthiness. The promoters are subjected to a evaluation methodology that analyses their business and financial flexibility. Based on this analysis the promoters are graded depending upon their performance against pre-determined benchmarks. Promoters who are not assessable under the methodology are assigned notional scores in accordance with certain pre-determined criteria. These scores determine the overall grading of the promoters referred to as an entity rating in the Issuer's appraisal process. Such entity rating enables the Issuer to identify whether an advance payment of equity is required to mitigate equity infusion related risks. The entity rating is combined with a project rating to produce an integrated rating which is used to determine the pricing of the loan, the amount of the loan to be extended and the requirement of collateral securities and other covenants. The Issuer carries out quarterly monitoring and review of certain SPUs and issues a quarterly performance report, focusing on key operational and financial performance parameters, reform status and areas of concern and improvement. The Issuer believes these reports enable such utilities and stakeholders to take mid-term corrective measures to improve their performance.

Business Diversification Initiatives

The Issuer expects to continue to play a key role in promoting coordinated and accelerated growth of the power sector in India, and intends to strategically expand the Issuer's business and service offerings.

Renewable Energy and CDM Initiatives

The Issuer believes that the renewable energy space in India provides significant untapped potential. According to the MNRE, as of 31 March 2017, India had an aggregate installed capacity of 57,260.23 MW of grid interactive renewable energy projects out of an estimated potential of 900,000 MW. Furthermore, the Government has up-scaled the target of renewable energy capacity to be achieved by 2022 to 175,000 MW, which includes a target of 100,000 MW to be achieved from solar power, 60,000 MW from wind power, 10,000 MW from bio-power and 5,000 MW from small hydro. The GoI has also launched the JNNSM, with a target of achieving 20,000 MW grid connected solar power by fiscal 2022.

The Issuer has strategically increased its focus on renewable energy projects, including solar, wind, biomass and small hydro projects, to capitalise on the GoI's various renewable energy initiatives. These initiatives include certain minimum specified percentage of state distribution utilities' total power requirements required to be met from renewable energy sources and special tariffs for renewable energy projects.

The Issuer has formed a "Renewable Energy and Clean Development Mechanism" group to focus on financing opportunities in renewable energy projects and promote renewable energy initiatives.

The Issuer continues to provide financing for public and private sector renewable energy generation projects. The Issuer's total loan assets outstanding with regard to renewable energy projects aggregated ₹50,916 million as of 31 March 2017. As of the same date, around 2.07 per cent. of the Issuer's total loan assets and around 4.45 per cent. of its total loans sanctioned pending disbursement (net of any sanctions cancelled) related to renewable energy projects.

The Issuer has also jointly promoted Energy Efficiency Services Limited (**EESL**) with other government companies focused on the Indian power sector to develop energy efficient products and services and provide consultancy services related to CDM, carbon markets and energy efficiency initiatives. As of the date of this Offering Circular, the Issuer holds 31.71 per cent. equity interest in EESL.

Furthermore, the Issuer has also set up PFCGEL as a wholly-owned subsidiary to raise funds for renewable energy projects such as wind, solar, biomass, hydro and others. PFCGEL is registered as an NBFC with the RBI. PFCGEL has taken steps to increase its business in the renewable energy sector. In this regard it signed a MoU on 21 May 2014 with the Indian Renewable Energy Development Agency Ltd. to jointly finance renewable energy projects. However, the Board of the Issuer has provided its in-principle approval to the merger of PFCGEL with PFC and, as of the date of this Offering Circular, the same is under progress.

Forward and Backward Linkages

The Issuer has strategically expanded its focus areas to include projects that represent forward and backward linkages to the core power sector projects, including capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development, as well as power trading initiatives. The Issuer has set up a facilitation group to focus on financing opportunities for capital equipment manufacturers and the development fuel sources and related infrastructure.

Capital equipment manufacturers. The Issuer believes that significant capacity addition in the Indian power sector requires an augmentation of equipment manufacturing capacities for capital equipment for all segments of the power sector, namely generation, transmission and distribution. The Issuer continues to provide financial assistance for manufacturers of equipment used in the power sector, including transmission and distribution equipment and solar and wind energy generation equipment.

Fuel sources and related infrastructure development. The GoI has introduced various reforms for the development of fuel sources for thermal power generation projects, including the allocation of coal blocks to public and private sector entities as well as the development of related infrastructure facilities for the transportation of coal and other fuel sources such as natural gas. The Issuer intends to provide financing assistance to fuel supply projects and related infrastructure development projects such as electrification infrastructure as well as the development of rail and port infrastructure, which are integral to the development of the power sector in India.

Power trading. The Issuer continues to strategically focus on power trading initiatives in India. The Issuer has made a strategic investment in PXIL, which is promoted by the NSE and the NCDEX, and operates a national power exchange in India. The Issuer has also entered into a joint venture agreement with NTPC, NHPC and TCS to establish NPEL, which will operate a nationwide electronic power exchange. The Issuer funds non-speculative purchases of power through such exchanges by some of its borrowers.

Debt Syndication

The Issuer intends to increase its focus on debt syndication activities in the power sector. The Issuer has acted as the lead financial institution for several projects and has carried out syndication activities for various projects including with members of the Power Lenders Club, a group of 21 banks and financial institutions that work together to provide financing for large projects in the power sector.

The Issuer continues to target debt syndication opportunities as it believes that its technical expertise and industry experience, its project appraisal capabilities and its relationship with commercial banks and other financial institutions enable the Issuer to ensure timely completion of such projects. The Issuer set up a consortium lending group in August 2008 to focus on private sector borrowers and debt syndication activities. Furthermore, on 18 July 2011 the Issuer set up a wholly-owned subsidiary called PFCCAS whose aim is to focus on sectoral requirements for financial advisory services, including syndication services. PFCCAS handles syndication proposals across various domains in power sector such as thermal, hydro and wind. PFCCAS has also initiated steps to diversify its portfolio of services, including filing an application for the grant of a certificate of registration as a debenture trustee from SEBI. However, as of the date of this Offering Circular, a merger of PFCCAS with PFCCL is in progress.

Equity Investments

The Issuer is in the process of evaluating equity investment opportunities. It aims to leverage its financial strength, large debt providing capability and power sector expertise to invest in equity of various power projects. Furthermore, the Issuer is evaluating the possibility of entering into equity syndication so as to expedite early financial closure of projects leading to faster capacity addition. This would help the Issuer to enhance its fee-based income. Over a period of time, the Issuer plans to build an equity portfolio of power assets which could provide consistent gains in the form of dividend and/or capital appreciation. In this direction, the Issuer has recently established an Equity Funding Group to facilitate and develop this business area.

The Issuer's plans to increase its disbursements will require the Issuer to raise more funds from new as well as existing sources. The Issuer aims to become a major player in the financing of private sector power projects in India. Given its expansion plans, the Issuer seeks to tap new markets and diversify sources for raising resources for on-lending purposes.

As a financial institution involved in development, the Issuer is concerned with the balanced development of the Indian power sector and looks to involve itself in the progress of the Indian power sector's policy and regulatory framework. The Issuer aims to enhance its role in influencing grass root reforms to set the basis for overall privatisation.

Power Exchange India Limited (PXIL)

The Issuer has made a strategic equity investment in PXIL, which is promoted by the NSE and the National Commodity and Derivatives Exchange Limited (**NCDEX**). The Issuer entered into a share subscription and shareholders agreement with NSE and NCDEX on 24 February 2009. PXIL commenced operations in October 2008 and operates a national power exchange. The Issuer's investment in PXIL was ₹32.2 million as of 31 March 2017. As of the date of this Offering Circular, the Issuer holds a 6.64 per cent. equity interest in PXIL.

PTC India Limited (PTC)

The Issuer jointly promoted PTC with PGCIL, NTPC and NHPC, pursuant to a shareholders agreement dated 8 April 1999, as amended by an agreement dated 29 November 2002 to provide power trading solutions in India. As of the date of this Offering Circular, the Issuer has invested ₹120.00 million in PTC, and holds a 4.05 per cent. equity interest in it.

Small is Beautiful Fund

The Small is Beautiful fund is a SEBI-registered venture capital fund managed by KSK Investment Advisor Private Limited, a private sector power developer. The Small is Beautiful fund takes up equity exposure in power generation projects. As of 31 March 2017, the Issuer's outstanding investment in this fund was ₹61.5 million.

Joint Ventures

National Power Exchange Limited (NPEL)

The Issuer entered into a joint venture agreement with NTPC, NHPC and TCS on 3 September 2008, to establish a national level electronic power exchange. NPEL was incorporated as a public limited company on 11 December 2008. However, as NPEL was yet to commence any business operation by an order of the High Court of Delhi dated 26 May 2017, the company was dissolved with effect from 31 March 2017.

Power Equity Capital Advisors Private Limited

Power Equity Capital Advisors Private Limited (**PECAP**) was incorporated on 25 March 2008 as an advisory company to provide advisory services related to equity investments in the Indian power sector. As of 11 October 2011, PECAP has become a wholly-owned subsidiary of the Issuer.

Energy Efficiency Services Limited (EESL)

On 19 November 2009 the Issuer entered into a joint venture agreement with PGCIL, NTPC and REC to incorporate EESL as one of the principal implementation arms of the National Mission on Enhanced Energy Efficiency, one of the eight National Missions announced by the GoI as part of its national action plan on climate change. On 10 December 2009 EESL was incorporated as a public limited company. EESL intends to focus on energy efficiency and climate change initiatives. As of the date of this Offering Circular, the Issuer holds a 25 per cent. equity interest in EESL.

Subsidiaries

PFC Consulting Limited (PFCCL)

The Issuer has been offering consultancy support to the power sector through its consultancy services group (**CSG**) since October 1999. Leveraging the experience of the CSG unit, appreciating the growth in the services offered by the group and recognising the potential of such services in reforming the power sector, the Issuer decided to organise the services offered by the CSG unit as a distinct dedicated business entity. Accordingly, PFCCL was incorporated in the form of a wholly-owned subsidiary on 25 March 2008, in order to promote, organise and provide consultancy services to the power sector in addition to undertaking the work related to the development of UMPPs. Furthermore, the MoP nominated PFCCL as a "bid Coordinator" for the selection of developers for ITPs of the MoP.

PFC Green Energy Limited (PFCGEL)

The Issuer has formed a wholly-owned subsidiary called PFCGEL to focus on financing opportunities in renewable energy projects and to promote various renewable energy initiatives. However, as of the date of this Offering Circular, a merger of PFCCAS with PFCCL is in progress.

Power Equity Capital Advisors Private Limited

Power Equity Capital Advisors Private Limited (**PECAP**) was incorporated on 25 March 2008 as an advisory company to provide advisory services related to equity investments in the Indian power sector. As of the date of this Offering Circular, PECAP has become a wholly-owned subsidiary of the Issuer but is yet to commence any business transaction. Therefore the Issuer has sought an approval from the MoP for the dissolution of PECAP and the removal of its name from the records of the Registrar of Companies. As of the date of this Offering Circular, the Issuer is yet to receive this approval.

PFC Capital Advisory Services Limited

On 18 July 2011, the Issuer incorporated a wholly-owned subsidiary, PFCCAS, to engage in the syndication and making of financial arrangements for projects and enterprises in the areas of power, energy, infrastructure and other industries. However, as of the date of this Offering Circular a merger of PFCCAS with PFCCL is in progress.

As of date of this Offering Circular, the subsidiaries promoted as SPVs for UMPPs are as follows:

Sl. No	Name of the SPV	Date of Incorporation	No. of Equity Shares held	Value of shares as on 31 March 2017 (₹ in million)
1	Coastal Maharashtra Mega Power Limited	1 March 2006	50,000	0.5
2	Orissa Integrated Power Limited	24 August 2006	50,000	0.5
3	Coastal Karnataka Power Limited	10 February 2006	50,000	0.5
4	Coastal Tamil Nadu Power Limited	9 January 2007	50,000	0.5
5	Chhattisgarh Surguja Power Limited	10 February 2006	50,000	0.5
6	Sakhigopal Integrated Power Company Limited	21 May 2008	50,000	0.5
7	Ghogarpali Integrated Power Company Limited	22 May 2008	50,000	0.5
8	Tatiya Andhra Mega Power Limited	17 August 2009	50,000	0.5
9	Deoghar Mega Power Limited	26 April 2012	50,000	0.5
10	Cheyyur Infra Limited	21 January 2014	50,000	0.5
11	Odisha Infrapower Limited	23 January 2014	50,000	0.5
12	Deoghar Infra Limited	30 June 2015	50,000	0.5
13	Bihar Infrapower Limited	30 June 2015	50,000	0.5
14	Bihar Mega Power Limited	9 July 2015	50,000	0.5
15	Jharkhand Infrapower Limited	10 December 2015	50,000	0.5

Corporate Governance

The Issuer believes in the adoption of corporate governance standards that are credible, consistent, coherent and inspiring. The Issuer's philosophy of corporate governance encompasses the characteristics of adequate disclosure, focused approach, compliance with laws, a professional board and ultimately the target of maximising the shareholder value while addressing the interests of creditors, employees, the environment and the society at large. The Issuer intends to comply with the principles of corporate governance set out in the Equity Listing Agreement with the Stock Exchanges.

The Issuer has also laid down a comprehensive code of conduct (**Code**) for the Board and its senior management personnel which is applicable to all Directors and members of senior management of the Issuer. It aims to enhance the ethical and transparent way the Issuer manages its affairs. A copy of the Code is available on the website of the Issuer, at www.pfcindia.com.

The Issuer's Board consists of three Independent Directors apart from the one GoI nominee Director. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board and its committees meet at regular intervals. As of the date of this Offering Circular, the Board has the following committees:

- Audit Committee;
- Stakeholders Relationship and Shareholders & Investors Grievance Committee;

- Nomination and Remuneration Committee;
- HR Committee;
- Loans Committee;
- Committee of Functional Directors;
- Risk Management Committee;
- Committee for Directors for Investment in IPO of Central Power Sector Undertakings; and
- Corporate Social Responsibility and Sustainable Development Committee.

Competition

As a leading financial institution in India focused on the power sector, the Issuer believes that its experience in implementing government policies and programmes, industry expertise, relationships with clients and large client base enables the Issuer to be a preferred financing provider for the power sector in India. The Issuer's primary competitors include other public sector financial institutions focused on the power sector such as REC; infrastructure finance companies such as IDFC, IIFCL, IL&FS and IFCI that provide both fund and fee-based services; public sector banks and private banks (including foreign banks); multilateral development institutions; insurance companies that either lend to the power sector directly or work in conjunction with other financial services firms to lend to the infrastructure sector; as well as private equity firms that focus on private equity, buyouts and mezzanine financing for the power sector. For further information, see "*The Indian Power Sector*" and "*Investment Considerations — The power sector financing industry is becoming increasingly competitive and the Issuer's growth will depend on its ability to compete effectively and maintain a low effective cost of funds*".

Regulations

For details, see "*Regulations and Policies in India*".

Employees

The Issuer has an experienced, qualified and committed management and employee base. As of 31 March 2017, the Issuer had 499 employees, including 388 executives. In addition, the Issuer employs contract labourers from time to time. Many of the Issuer's employees, particularly senior management, have worked with the Issuer for significantly long periods. The Issuer believes it has an efficient and lean organisational structure relative to the size of its operations and profitability. The Issuer has a registered trade union under the Trade Unions Act, 1926. The per employee profit for fiscal 2017 was ₹42.6 million which indicates a high level of employee productivity.

The Issuer was awarded Dalal Street's "First DSIJ Award 2009" in the "Highest Profit Per Employee" category. The Issuer has also been awarded the Global HR Excellence Award 2010 for "Learning and Human Capital Development" by the Asia Pacific HRM Congress and the Global HR Excellence Award 2011 in "Institutional Building" at the World HR Conference. Furthermore, the Issuer was awarded the "ICC PSE Excellence Award 2012" in the category of "Best Human Resource Management", instituted by the Indian Chamber of Commerce in association with the DPE, and the "Governance Now PSU Award 2015" in three different categories, namely best overall financial performance, strategic performance and employee productivity.

Training and Employee Development

The Issuer emphasises the need to continuously upgrade the competencies of its employees and equip them with the latest developments in sector and industry practices. The Issuer operates within a knowledge intensive environment and is committed to enhancing the professional skills and knowledge of its employees. The Issuer has in place a systematic training plan where training needs are assessed and professional skills are imparted at all levels of employment through customised training initiatives. The Issuer's employees have in-depth exposure to the various fields of the power sector including critical areas such as project appraisal, project financing, international finance and domestic resource mobilisation.

In its role as a development financial institution, the Issuer has also supported SPUs through a variety of capacity building measures. One such initiative is in the area of need-based training and capacity development of SPU employees to build up their institutional and managerial capacities in keeping with the increased commercial orientation of these entities.

Corporate Social Responsibility (CSR) and Sustainable Development (SD)

CSR is a cornerstone of the Issuer's operations and the Issuer discharges its social responsibility obligations as a part of its growth philosophy. The Issuer aims to act as a responsible corporate citizen and is committed to improving the welfare of the society through inclusive growth aimed at the empowerment of communities through skill development, environment protection through the promotion of renewable energy and the development of underprivileged sections of the society through hygiene and sanitation programmes.

In order to give meaningful direction to the above initiatives, the Issuer has in place a CSR committee of Directors headed by an independent director.

With the aim of addressing the socio-economic issues that occur at a national level, the Issuer has aligned its CSR & SD policy in line with the guidelines issued by the DPE.

Since 2010, the Issuer has been allocating a dedicated budget for its CSR. In accordance with the Companies Act 2013, the Issuer has been allocating 2 per cent. of its average profit before tax for the last three years towards CSR activities. As the allocated budget is not lapsed it is carried forward to next fiscal year according to the DPE guidelines. As of 31 March 2017, the Issuer had sanctioned ₹6,262 million for its CSR and SD initiatives and out of which it had disbursed ₹4,621 million as of 31 March 2017. During fiscal year 2017, the Issuer had sanctioned ₹1,805 million towards its CSR activity and out of this amount the Issuer had disbursed ₹1,259 million. The funds were mainly disbursed to implement many social initiatives in the field of renewable energy, environment sustainability, sanitation and job oriented skill development programmes for underprivileged sections of the society. As part of its CSR initiative, the Issuer also works towards providing relief and rehabilitation to the victims of natural calamities and supports projects that provide various equipment to people with disabilities.

The Issuer adopts a pan-India approach to implement its various CSR initiatives and therefore supports development in remote areas of India including but not limited to the North East, Jammu and Kashmir, Jharkhand and the areas affected by left-wing extremism. The Issuer maintains a special focus on the use of renewable energy that would help to reduce its carbon footprint and create greater awareness about sustainable energy practices.

Furthermore, the Issuer has a robust mechanism for selecting CSR proposals, which are first screened by an interdisciplinary committee consisting of various senior officials (at the general manager level) of the Issuer. Once the proposals are screened, they are appraised according to the Issuer's CSR policy and put forward for the approval of the CSR and SD committees. Once the committee approves them, the proposals are then put forward to the Board for its approval.

After approval from the Board, a memorandum of understanding with the terms and conditions, along with the applicable implementation timeline of various deliverables, is signed with the project executing agency and, thereafter, milestone linked disbursements are made to the executing agency after ensuring compliance with the memorandum of understanding. As of the date of this Offering Circular, the Issuer is continuing its effort to lead the way in innovative approaches to CSR activities.

Certifications

The Issuer was awarded the ISO 9001:2015 certification with effect from 8 January 2016, valid until 7 January 2019, with respect to its operations.

Insurance

The Issuer maintains insurance for its physical assets, such as its office and residential properties, amounting to ₹1,591.0 million. However, the amount of the Issuer's insurance coverage may be less than the replacement cost of such property and may not be sufficient to cover all financial losses that the Issuer may suffer should a risk materialise. See "*Investment Considerations — The Issuer's insurance may not be adequate to protect against all potential losses to which the Issuer may be subject*". In addition, the Issuer maintains policies for providing adequate coverage to its employees in case of accident or death as well as directors and officers insurance for its key personnel.

Information Technology

The Issuer has implemented the following IT initiatives:

- all major business processes such as project appraisal, financial and loan accounting management, resource mobilisation and treasury management, pay-roll and human resources have been computerised onto a centralised data base by using on-line transactional applications such as "Oracle ERP", Resource Mobilisation (**RM**) and Treasury Management (**TM**) modules and integrated power financing system (**IPFS**);

- a web based self-help employee portal has been implemented with an on-line claim processing system to facilitate partially paperless filing of various claims and to enable claim status to be viewed easily;

- a 24x7 operational data center housing ERP, databases, applications, networks, email exchanges and anti-virus servers, hosted on rack-mount dual processor servers with full power and data redundancy/protection systems, have been established;

- a comprehensive network security system to secure data has been implemented with two-stage firewalling and an intrusion detection and prevention system, together with anti-virus and content filtering systems;

- high-speed local area networks have been installed, and access to IT facilities such as desktop computers are available to the employees;

- the Issuer's reporting requirements have been met by using financial ERP systems, payroll, IPFS and RM and TM modules; and

- "oracle apps" financial ERP systems have been implemented for all financial transactions and reporting covering general ledger, accounts payable and receivables, financial accounting, best-of-breed software modules for resource mobilisation and treasury management modules. These applications have been in operation since fiscal 2011.

Properties

The Issuer's registered office is located at 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi. The Issuer entered into a memorandum of agreement dated 5 February 2002 with the President of India in relation to the Issuer's registered office premises, pursuant to which the Issuer was required to execute a perpetual lease upon completion of construction of the building where its registered office is situated. The perpetual lease deed was executed on 23 March 2011. The Issuer also has two regional offices in Mumbai and Chennai. The Issuer's Mumbai office has been taken on a lease and license basis under an agreement dated 17 July 2015 for a limited period of 36 months commencing from 6 August 2015 to 5 August 2018. The Issuer's Chennai office is situated in a freehold own building purchased on 31 January 2012. In addition to the above mentioned offices, the Issuer also owns two residential properties in New Delhi.

Legal and Regulatory Proceedings

The Issuer is involved in certain legal and tax-related proceedings. These proceedings are pending at different levels of adjudication before various government authorities, courts, tribunals and appellate authorities. However, excluding the legal proceedings discussed below, the Issuer is not a party to any proceedings and no proceedings are known by the Issuer to be contemplated by governmental authorities or third parties, which, if adversely determined, would have a material adverse effect on the Issuer's financial condition or results of operations.

The Issuer is involved in 26 income tax proceedings ranging from the tax assessment year's 1996-1997 to 2014-2015 (this being the latest year for tax assessment by the income tax authorities) which are pending at different levels of adjudication before various government authorities, tribunals and courts in India. 17 of these proceedings are appeals filed by the Issuer and nine proceedings are appeals filed by the income tax authorities. As of 31 March 2017, the total amount claimed in the various appeals filed by the Issuer and the income tax authorities aggregates to approximately ₹1,589.20 million and ₹1,653.90 million, respectively, and the total amount paid by the Issuer in fiscal 2017, against the demand raised by the income tax authorities aggregates to approximately ₹637 million. The amount of contingent liabilities as of 31 March 2017, in respect of income tax claims is ₹2,059.20 million.

There are 14 civil cases filed against the Issuer, pending before various courts in India. There were no contingent liabilities as of 31 March 2017 in respect of such claims.

There are four cases which have been filed by the Issuer, two of which are pending before the Debt Recovery Tribunal, New Delhi, for recovery of outstanding dues payable to it by various borrowers. As of 31 March 2017, no amount has been provisioned for any of these cases.

Since most of the cases above are pending, at the trial stage, it is difficult to estimate a precise figure of the amount of any losses that the Issuer is likely to sustain as a result of such actions being decided against the Issuer.

In addition, from time to time, the Issuer may receive notices in relation to third party disputes, the property in relation to these disputes may comprise of bonds issued by the Issuer.

DESCRIPTION OF ASSETS AND LIABILITIES

The following table sets forth the Issuer's net assets as of 31 March 2015, 2016 and 2017:

Particulars	As of 31 March 2015	2016	2017
		(standalone) (₹ million)	
Total assets	2,286,644.1	2,466,367.7	2,583,435.8
Total liabilities	1,964,452.0	2,108,707.4	2,218,733.7
Net assets	**322,192.1**	**357,660.3**	**364,702.1**

The Issuer's net assets, defined as the Issuer's total assets less its total liabilities, increased by 1.97 per cent. from ₹357,660.3 million as of 31 March 2016 to ₹364,702.1 million as of 31 March 2017.

Assets

The following table sets forth the principal components of the Issuer's assets as of 31 March 2015, 2016 and 2017:

Particulars	As of 31 March 2015	2016	2017
		(standalone) (₹ million)	
Fixed assets	657.9	640.7	625.7
Investments	8,513.2	26,774.7	35,911.3
Loans	2,170,422.2	2,374,621.9	2,401,690.2
Other assets, loans and advances	107,050.8	64,330.4	145,208.6
Total assets	**2,286,644.1**	**2,466,367.7**	**2,583,435.8**

The Issuer's total assets increased by 4.75 per cent. from ₹2,466,367.7 million as of 31 March 2016 to ₹2,583,435.8 million as of 31 March 2017. A significant element of this increase was a 1.14 per cent. increase in loans, as a result of the growth of the Issuer's business. The most significant element of the increase in other assets, loans and advances was the amount recoverable from the GoI, amounting to ₹50,382.1 million. Furthermore, the Issuer, in order to meet the GoI's funding requirement of central sector schemes, raised an aggregate amount of ₹50,000 million through the issuance of unsecured, redeemable, non-convertible taxable bonds by way of a private placement. These bonds will be fully serviced by the GoI.

Fixed Assets

Fixed assets include freehold and leasehold land, buildings, IT equipment, office and other equipment and furniture and fixtures. Fixed assets decreased by 2.34 per cent. from ₹640.7 million as of 31 March 2016 to ₹625.7 million as of 31 March 2017.

Investments

The Issuer's investment portfolio primarily includes long-term investments and current investments. The following table sets forth certain information with respect to the Issuer's investments as of the dates indicated:

Particulars	As of 31 March 2015	2016	2017
		(standalone) (₹ million)	
Long-term investments[1]	3,472.8	21,677.3	22,656.0
Current investments (valued scrip wise at lower of cost)	5,040.4	4,107.4	13,255.3
Application money pending allotment of shares	—	990.0	—
Total investments[2]	**8,513.2**	**26,774.7**	**35,911.3**

(1) The Issuer's long-term investments increased by 34.12 per cent. from ₹26,774.7 million as of 31 March 2016 to ₹35,911.3 million as of 31 March 2017, mainly on account of investment of ₹5,657 million in equity share capital of NHPL Ltd. and ₹2,545.10 million in the equity share capital of GMR Chattisgarh Energy Limited.

(2) The total is net of provisions for diminution and contingencies.

Loans

The following table sets forth certain information relating to the Issuer's loan assets as of the dates indicated:

Particulars	As of 31 March 2015		2016		2017	
			(standalone)			
	₹ million	**% of total**	**₹ million**	**% of total**	**₹ million**	**% of total**
Rupee loans						
(a) Term loans [1]	2,117,946.90	97.58%	2,310,029.7	97.27%	2,314,379.2	96.36%
(b) Short-term loans	28,872.2	1.33%	38,039.6	1.60%	59,592.0	2.48%
Foreign Currency loans	2,423.1	0.11%	2,062.6	0.09%	1,016.2	0.04%
Others [2]	21,179.9	0.98%	24,490.0	1.04%	26,702.8	1.12%
Total	**2,170,422.2**	**100%**	**2,374,621.9**	**100%**	**2,401,690.2**	**100%**

(1) This includes ₹2,141,550.0 million, ₹2,336,582.3 million and ₹2,342,098.2 million of long-term loan assets for fiscals 2015, 2016 and 2017 respectively of current maturities.

(2) Others, *inter alia*, includes equipment leasing, buyers' lines of credit, loans to equipment manufacturers and loans against receivables

The Issuer's loan assets are presented as adjusted for any provisions for contingencies made in the respective fiscal period.

Other Assets, Loans and Advances

Other assets primarily include receivables under the Issuer's financing activities. The following table sets forth certain information with respect to the Issuer's other assets, loans and advances as of the dates indicated:

	As of 31 March		
Particulars	**2015**	**2016**	**2017**
		(standalone)	
		(₹ million)	
Cash and bank balances	50,708.0	784.5	35,731.5
Other assets	49,740.2	56,451.4	89,819.5
Loans and advances	6,602.6	7,094.5	19,657.6
Total assets	**107,050.8**	**64,330.4**	**145,208.6**

Note: The above table does not include ₹168,161.3 million, ₹340,328.9 million and ₹352,023.4 million of current maturities of long-term loan assets and investments for fiscals 2015, 2016 and 2017, respectively.

Cash and bank balances includes balances with scheduled banks in fixed deposit, cheques on hand and current accounts with scheduled banks. Cash and bank balances were ₹784.5 million as of 31 March 2016 and ₹35,731.5 million as of 31 March 2017.

Other assets includes interest accrued on loan assets, other charges accrued on loan assets, interest accrued on employee advances and interest accrued on investments and fixed deposits. Other assets increased by 59.11 per cent. from ₹56,451.4 million as of 31 March 2016 to ₹89,819.5 million as of 31 March 2017.

Loans and advances primarily include, advance income tax and tax deducted at source, advances (including interest recoverable thereon) given to the Issuer's subsidiaries (UMPP SPVs), advances given to employees as well as any prepaid financial charges on commercial paper. Loans and advances increased by 177.08 per cent. from ₹7,094.5 million as of 31 March 2016 to ₹19,657.6 million as of 31 March 2017.

Liabilities

The following table sets forth the principal components of the Issuer's liabilities as of the dates indicated:

	As of 31 March		
Particulars	**2015**	**2016**	**2017**
		(standalone)	
		(₹ million)	
Loan funds (secured)	247,048.3	217,866.6	225,106.6
Loan funds (unsecured)	1,630,683.2	1,786,977.8	1,800,773.8
Deferred tax liability	1,892.5	3,020.6	2,505.1
Interest subsidy fund from GoI	1,113.5	1,074.7	1,096.9
Other liabilities and provisions	83,714.5	99,767.7	189,251.3
Total liabilities	**1,964,452.0**	**2,108,707.4**	**2,218,733.7**

The Issuer's total liabilities increased by 5.22 per cent., from ₹2,108,707.4 million as of 31 March 2016 to ₹2,218,733.7 million as of 31 March 2017.

Loan funds

The Issuer's borrowing reflects various sources, maturities and currencies, and includes bonds and term loans, as well as commercial paper. Historically, most of the Issuer's borrowings have been on an unsecured basis. The following table sets forth certain information relating to the Issuer's Rupee-denominated and foreign currency denominated borrowings as of the respective dates indicated:

	As of 31 March					
	2015		2016		2017	
	(standalone)					
	₹ million	% of total	₹ million	% of total	₹ million	% of total
Rupee	1,780,424.9	94.8	1,897,088.7	94.6	1,941,441.6	95.8
Foreign currency(1)	97,306.6	5.2	107,755.7	5.4	84,438.8	4.2
Total	**1,877,731.5**	**100.0**	**2,004,844.4**	**100.0**	**2,025,880.4**	**100.0**

(1) The Rupee equivalents of foreign currency borrowings are based on the foreign exchange rates prevailing at the end of the relevant fiscal period.

(2) The above table includes ₹187,352.8 million, ₹203,631.7 million and ₹253,458.9 million of current maturities of long-term liabilities for fiscals 2015, 2016 and 2017, respectively.

Interest Subsidy Fund from the GoI

The interest subsidy fund from the GoI relates to the interest subsidy for eligible borrowers provided by the MoP under the AG&SP programme on a net present value basis, credited to the interest subsidy fund on receipt and is passed on to borrowers over the eligible period of loan on the relevant dates of interest demands. Any excess or shortfall in the interest subsidy fund is refunded or adjusted/ charged off at the completion of the respective scheme. The interest subsidy fund is credited at the period-end with interest on the outstanding balance in the subsidy fund by debiting profit and loss account, at rates specified in the scheme.

Other Liabilities and Provisions

Other liabilities primarily include (i) interest accrued but not due on (a) bonds issued by the Issuer, (b) the Issuer's borrowings and (c) the interest subsidy fund from the GoI under the AG&SP scheme, (ii) advances received from the Issuer's subsidiary SPVs under the UMPP schemes, (iii) funds received from the GoI under the R-APDRP scheme, and (iv) principal and interest accrued but not due on bonds issued on behalf of the GoI. Other liabilities were ₹145,627.5 million as of 31 March 2017, compared to ₹80,495.2 million as of 31 March 2016.

Provisions primarily include, among others, provision for employee benefits such as leave encashment, staff welfare expenses, gratuity, superannuation fund and provision for income tax, proposed dividend payments and dividend taxes thereon, as well as contingent provisions against standard or restructured standard assets. The Issuer's provisions increased by 119.79 per cent. to ₹44,720.7 million as of 31 March 2017 from ₹20,347.2 million as of 31 March 2016. The increase is mainly due to contingent provisions against restructured standard assets and proposed dividend payment.

The current liabilities and provisions as shown above do not include current maturities of long-term liabilities.

Funding and Liquidity

The Issuer's primary sources of funds include equity capital, internal resources and domestic and foreign borrowings. The Issuer's borrowings reflect various sources, maturities and currencies, and include bonds and term loans, as well as commercial paper.

Equity

In the initial years following the Issuer's incorporation, equity contribution from the GoI was an important source of funding. Since fiscal 1988, the Issuer has become more reliant on other sources of funding, such as borrowings. In February 2007, the Issuer made an initial public offering which included a fresh issue of 117,316,700 equity shares and resulted in net proceeds to the Issuer of approximately ₹9,971.9 million. In May 2011, the Issuer did a follow on public offering of 229,553,340 equity shares which resulted in new proceeds to the Issuer of approximately ₹34,336.5 million. In March 2014, the MoP of the GoI, through the Department of Disinvestment, divested 12,106,076 of the Issuer's equity shares. During fiscal 2016, the GoI divested its 5.00 per cent. shareholding in the Issuer, through an offer for sale. Thereafter in fiscal 2017, the GoI further offloaded 1.45 per cent. of its shareholding through another offer of sale and allotted 1,320,040,704 bonus equity shares to its existing shareholders at a ratio of 1:1. As of 31 March 2017, the GoI's shareholding was 66.35 per cent. of the Issuer's paid-up equity capital.

Rupee and Foreign Currency Borrowings

The following table sets forth certain information relating to the Issuer's Rupee-denominated and foreign currency denominated borrowings as of the respective dates indicated:

	As of 31 March					
	2015		2016		2017	
	₹ million	% of total	₹ million	% of total	₹ million	% of total
Rupee	1,780,424.9	94.8	1,897,088.7	94.6	1,941,441.6	95.8
Foreign currency[(1)]	97,306.6	5.2	107,755.7	5.4	84,438.8	4.2
Total	**1,877,731.5**	**100.0**	**2,004,844.4**	**100.0**	**2,025,880.4**	**100.0**

(1) The Rupee equivalents of foreign currency borrowings are based on foreign exchange rates prevailing at the end of the relevant fiscal period.

Rupee borrowings

The Issuer's primary sources of funds are Rupee-denominated bonds and term loans availed of in India. A significant percentage of the Issuer's Rupee-denominated borrowings are raised through the issuance of privately placed bonds in India. As of 31 March 2017, the Issuer had outstanding borrowings in the form of bonds aggregating ₹1,897,433.70 million and ₹44,007.9 million in the form of loans from Indian banks and financial institutions. In addition, the Issuer has been classified as an IFC, which enables it to further diversify its borrowings through the issuance of Rupee-denominated tax free bonds that offer tax exemption on the interest income to the bondholders, and infrastructure bonds that offer certain tax benefits to the bondholders.

The following table sets forth certain information relating to the Issuer's Rupee borrowings as of the respective dates indicated:

	As of 31 March		
Particulars	**2015**	**2016**	**2017**
		(₹ million)	
Tax free bonds	112,751.1	122,751.1	122,751.1
Infrastructure bonds	3,615.5	3,615.5	2,847.6
Taxable bonds	1,477,564.2	1,585,006.4	1,771,835.6
Term loans from Indian banks and FIs	186,494.1	185,715.7	44,007.9
Total	**1,780,424.9**	**1,897,088.7**	**1,941,441.6**

* includes short-term borrowings by way of loans against fixed deposits, commercial paper, working capital demand loans/overdrafts/cash credits and line of credit from other banks

The above table includes ₹166,841.0 million, ₹182,849.1 million and ₹241,591.0 million of current maturities of long-term liabilities for fiscals 2015, 2016 and 2017, respectively.

Foreign currency borrowings

The Issuer has raised foreign currency funds through syndicated loans, loans from multilateral agencies and other sources such as FCNR(B) loans, loans at fixed interest rate or loans at interest rates linked to LIBOR. The following table sets forth certain information relating to the Issuer's foreign currency borrowings by source, as of the respective dates indicated:

	As of 31 March		
	2015	2016	2017
	(₹ million)		
ADB New Loan	1,116	1,086	962
Credit National	741	738	599
KfW — Portion I	526	554	481
KfW — Portion II	30	—	—
USPP	11,351	12,019	11,673
Syndicated Bank Loan VIII	8,297	4,202	—
Syndicated Bank Loan IX	7,456	8,027	—
Syndicated Bank Loan XII	15,765	—	—
Syndicated Bank Loan XIII	7,883	8,346	—
Syndicated Bank Loan XVI	15,765	16,693	16,213
Syndicated Bank Loan XVII	28,377	30,047	29,183
Syndicated Bank Loan XVIII	—	26,044	25,328
Total	**97,307**	**107,756**	**84,439**

The Issuer has been classified as an NBFC-IFC. As an NBFC-IFC, the Issuer is also eligible to raise, under the automatic route (without the prior approval of the RBI), ECBs of up to U.S.$750.00 million in each fiscal year.

Credit Ratings

CRISIL, ICRA and CARE have granted credit ratings to the Issuer for its long-term domestic borrowings and its short-term borrowings. International credit rating agencies Moody's, Fitch and Standard & Poor's have also provided the Issuer with long-term foreign currency issuer ratings.

Off-Balance Sheet Arrangements and Financial Instruments

Contingent Liabilities

The following table sets forth the principal components of the Issuer's contingent liabilities as of 31 March 2017:

Particulars	As of 31 March 2017
	(₹ million)
Guarantees issued in Rupees	1,901.1
Demand raised by income tax authorities and appeals pending against the relief allowed by appellate authorities to the Issuer	2,059.2
Demand or show cause notices raised by service tax department and appeal pending against the relief allowed by Commissioner (CE&ST) to the Issuer	246.2
Letters of comfort	16,405.6
Total	**20,612.1**

The Issuer offers letters of comfort against its sanctioned term loans to enable the borrower to establish a letter of credit with its banker. The letter of comfort is issued only in cases where it is a prerequisite for engineering, procurement and construction contracts or equipment supply contracts of projects financed by the Issuer. When the Issuer makes a disbursement against a letter of comfort, the amount so disbursed is converted into a loan asset and the value of the letter of comfort is reduced by the amount disbursed. The amount outstanding on account of letters of comfort issued by the Issuer as of 31 March 2017 was ₹16,405.6 million.

Undisbursed Approvals

In the ordinary course of its business, the Issuer sanctions loans that are not reflected in its financial statements unless they are disbursed. As of 31 March 2017, total loans sanctioned pending disbursement (net of any loan sanctions cancelled) was ₹1,505,087.1 million.

Foreign Exchange and Hedging Transactions

The Issuer mitigates exchange and interest rate risks in foreign currency liabilities by lending in foreign currency and entering into hedging transactions such as currency forwards, principal only swaps, options, forward rate agreements and interest rate swaps. As of 31 March 2017, the Issuer had foreign currency borrowings outstanding of U.S.$895 million, JPY43,668 million and €16 million (aggregate equivalent to U.S.$1,302 million, or 4.2 per cent. of the Issuer's total borrowings as of such date). As of 31 March 2017, the Issuer had lent in foreign currency U.S.$34.0 million to cover approximately U.S.$2.6 per cent. of its foreign currency principal exposure. As of 31 March 2017, the equivalent of U.S.$280 million and U.S.$100 million have been hedged for exchange rate risk and interest rate swaps, respectively.

Foreign currency liabilities not hedged by a derivative instrument or otherwise as of 31 March 2017 were U.S.$581 million, €16 million and JPY43,668 million. This includes partial hedges where only one currency leg has been hedged.

Capital Expenditure

The Issuer's business has not in the past required, and is not in the future expected to require, substantial capital expenditure. The Issuer's net fixed assets of ₹625.7 million as of 31 March 2017 consist mainly of land and buildings, computers, office equipment, furniture and purchased software. The Issuer's capital expenditure consisting mainly of the purchase of fixed assets, for fiscal 2017 was ₹47.1 million.

Contractual Obligations and Commercial Commitments

The Issuer's contractual obligations and commercial commitments after exercising put and call options consist principally of the following, as of 31 March 2017, classified by maturity:

	Fiscal						
	2018	2019	2020	2021	2022	Beyond 2023	Total
	(₹ million)						
Rupee loan assets	326,519	182,408	208,304	193,713	189,109	1,352,599	2,452,651
Foreign currency assets	50	0	0	0	0	2,551	2,601
Investments	13,255	0	0	0	0	22,656	35,911
Foreign currency liabilities	11,868	195	16,407	28,092	18,365	9,513	84,439
Rupee liabilities (Bonds+Rupee term loan+short term loan)	269,798	319,071	264,438	255,618	225,914	609,307	1,944,146

Net interest margin analysis

The following table sets forth, for the periods indicated, the average balances of interest earning assets and interest bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost of fund for each period.

The average balances for interest earning assets and interest-bearing liabilities are calculated based on daily averages for fiscal years 2016 and 2017. The Issuer's calculation of average interest earning assets and average interest bearing liabilities may not be comparable to the calculation followed by other Indian banks and financial institutions, which may calculate their average balances based on a daily, fortnightly or monthly averages. The Issuer believes that due to the nature of its portfolio, which is concentrated on relatively longer-term assets and liabilities, the volatility of its assets and liabilities is lower than that of most banks and financial institutions.

The following table sets forth for the periods indicated, information relating to the performance of the Issuer's loan financing business. The average yield on interest-earning assets is the ratio of interest income to average interest-earning assets. The average cost of interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

	Fiscal					
	2016			2017		
	(₹ in million, except percentages)					
	Average balance	Interest income and expense	Average yield / cost	Average balance	Interest income and expense	Average yield / cost
Total interest-earning assets[(1)]	2,262,466.6	272,589.7	12.05%	2,377,674.9	264,910.6	11.14%
Total interest-bearing liabilities[(2)]	1,865,846.6	160,905.9	8.62%	1,940,923.9	163,256.0	8.41%
Net interest income	—	111,683.8	—	—	101,654.6	—
Net interest margin[(3)]	—	—	4.94%	—	—	4.28%

(1) Total interest-earning assets consist of gross loans, cash and bank balances, investment in mutual funds (excluding cash and bank balance under the R-APDRP scheme) and advances to subsidiaries.

(2) Total interest-bearing liabilities consist of loans, interest subsidy fund from GoI and advances received from subsidiaries.

(3) The net interest margin is the ratio of net interest income to average interest-earning assets.

The following table sets forth, for the periods indicated, the allocation of the changes in the Issuer's interest income and interest expense due to changes in average volume and changes in average rates. The changes in net interest income and interest expense and between periods have been reflected as attributed either to volume or rate changes. For the purposes of this table, changes, which are due to both volume and rate, have been allocated solely to changes in rate.

	Fiscal 2016 vs. Fiscal 2015	Fiscal 2017 vs. Fiscal 2016
	Net change in interest income or expense	Net change in interest income or expense
	(₹ in million, except percentages)	
Interest income	24,302.2	(7,679.1)
Interest expense[3]	11,333.9	2,350.1
Net interest income	12,968.8	(10,029.2)

Financial ratios

The following table sets forth, for the periods indicated, the yields, cost of funds, spreads and net interest margins on the Issuer's interest-earning assets.

	Fiscal		
	2015	2016	2017
	(₹ in million, except percentages)		
Interest income	248,287.5	272,589.7	264,910.6
Average interest-earning assets	2,002,501.9	2,262,466.6	2,377,674.9
Interest expense	149,572.5	160,905.9	163,256.0
Average interest-bearing liabilities	1,663,447.1	1,865,846.6	1,940,923.9
Net interest income	98,715.0	111,683.8	101,654.6
Average total assets	2,114,142.6	2,376,505.9	2,524,901.8
Average interest-earning assets as a percentage of average total assets	94.7%	95.2%	94.2%
Average interest-bearing liabilities as a percentage of average total assets	78.7%	78.5%	76.9%
Yield[1]	12.40%	12.05%	11.14%
Cost of funds[2]	8.99%	8.62%	8.41%
Spread[3]	3.41%	3.42%	2.73%
Net interest margin[4]	4.93%	4.94%	4.28%

(1) Yield represents the ratio of interest income to average interest-earning assets.

(2) Cost of funds represents the ratio of interest expense and other charges (including resource mobilisation expenses) to average interest-bearing liabilities.

(3) Spread is the difference between yield and cost of funds.

(4) Net interest margin is the ratio of net interest income to average interest-earning assets.

The difference between net interest margin and spread arises due to the difference in the amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than the spread. If average interest-bearing liabilities exceed average interest- earning assets, net interest margin is less than the spread.

Returns on equity and assets

The following table sets forth, for the periods indicated, selected financial ratios:

	Fiscal		
	2015	2016	2017
	(₹ in million, except percentages)		
Profit after tax	59,593.3	61,134.8	21,263.9
Average total assets	2,114,142.6	2,376,505.9	2,524,901.8
Average net worth[(1)]	271,715.5	306,456.7	320,338.5
Profit after tax as a percentage of average total assets	2.8%	2.6%	0.8%
Profit after tax as a percentage of average net worth	21.9%	19.9%	6.6%
Average net worth as a percentage of average total assets	12.9%	12.9%	12.7%

(1) Net worth is defined as Shareholders' fund less reserve for bad and doubtful debts under section 36(1)(viia)(c) of the Income Tax Act Debenture Redemption Reserve.

Growth statistics

The following table sets forth, for the periods indicated, selected growth statistics.

	Fiscal		
	2015	2016	2017
	(₹ in million)		
Loans and grants	607,840.0	650,420.0	1,006,030.0
Loans and grants disbursed	446,910.0	465,880.0	627,980.0
Operating income	248,613.2	274,736.5	267,162.3
Profit after tax	59,593.3	61,134.8	21,263.9
Loan assets	2,170,422.2	2,374,621.9	2,401,690.2
Total assets	2,286,644.1	2,466,367.7	2,583,435.8

Concentration of outstanding loans

The following table sets forth the ten individual borrowers to whom the Issuer had the highest amount of loans outstanding as of 31 March 2017:

Borrower	Loans outstanding	% of total outstanding loans as of 31 March 2017
	(₹ in million, except percentages)	
Rajasthan Rajya Vidyut Utpadan Nigam Ltd.	240,798.7	9.8%
M.P. Power Generating Company Ltd.	108,675.6	4.4%
Tamil Nadu Generation and Distribution Corp Ltd	101,799.1	4.1%
Maharashtra State Power Generation Company	100,242.4	4.1%
A.P. Power Development Corporation.	98,562.9	4.0%
Chhattisgarh State Power Generation Co	96,042.1	3.9%
Raichur Power Corporation Ltd.	82,218.6	3.3%
Damodar Valley Corporation	78,547.1	3.2%
U.P. Rajya Vidyut Utpadan Nigam Ltd	70,785.1	2.9%
NTPC Ltd	68,750.0	2.8%
Total	**1,046,421.6**	**42.6%**

In addition to its exposure to borrowers resulting from outstanding loans, the Issuer may also have exposures to borrowers, including the ten individual borrowers and borrower groups referred to above, in the form of unfunded loan sanctions.

Prudential Norms, Restructuring Norms And Asset Classification Norms

Prudential Norms

The Issuer is a non-deposit taking systemically important NBFC-IFC and, with effect from 1 April 2016, has been following the RBI notified prudential norms for 'Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies' (the **Prudential Notification**). The latest Prudential Notification dated 1 September 2016 was issued by the RBI master directions and is being implemented subject to the following:

(a) in relation to exposure to central or state government entities, the Issuer is exempted from the applicability of RBI's credit concentration norms until 31 March 2022 and is instead required to follow the MoP's approved credit concentration norms;

(b) the Issuer is allowed to classify Government sector loans on a project-wise basis provided cash flows from each such project can be separately identified and applied to such a project;

(c) where a state utility's account has been downgraded to being a "non-performing asset" only because one or more of its projects have not commenced commercial operations within the specified date of commencement of commercial operations (**DCCO**) as envisaged at the time of financial closure (or revised DCCO within the permissible thresholds), then loans to the other projects of the same utility which are performing satisfactorily can be classified as "standard". However, this dispensation would cease to be applicable with effect from 1 April 2022.

Restructuring norms

As of the date of this Offering Circular, the Issuer is following the RBI notified norms on 'Restructuring of Advances' by NBFCs in relation to its entire loan portfolio.

Asset classification and provisioning norms

The assets of the Issuer are classified into the following categories, namely:

(i) **Standard Asset** — is an asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than the normal risk attached to the business of the borrower.

(ii) **Non-performing asset** — is an asset in respect of which, among others, interest payment has remained overdue for a period of three months or more, a demand or call loan which has remained overdue for a period of three months or more from the date of such demand or call, a bill which has remained overdue for a period of three months or more, an interest in respect of a debt or the income on receivables under the heading 'other current assets' in the nature of short-term loans or advances and which facility has remained overdue for a period of three months or more and any dues on account of sale of assets or services rendered or reimbursement of expenses incurred which has remained overdue for a period of three months or more.

Until 31 March 2018, the RBI has allowed the Issuer to consider a period of 'three months or more' for the purposes of determining whether an asset can be classified as an NPA. Thereafter and during the rest of fiscal 2018, the period for determining if an asset should be classified as an NPA shall be 'four months or more'.

Furthermore, an asset that is considered an NPA is sub-categorised into three categories, namely, "sub-standard" and "doubtful" and "loss" assets, as discussed below:

	NPA (loan assets excluding leased assets)	NPA Sub-Categorisation (all loan assets including lease assets)		
As at		**Sub-standard**	**Doubtful**	**Loss**
31 March 2017	Overdue for four months or more	NPA for a period not exceeding 14 months	NPA for a period exceeding 14 months	(a) An asset that is identified as a "loss" asset by the Issuer or its internal or external auditor or by the RBI during its inspection of the Issuer, to the extent it is not written off by the Issuer; and (b) An asset adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission by the borrower.
3 March 2018 and thereafter	Overdue for three months or more	NPA for a period not exceeding 12 months	NPA for a period exceeding 12 months	

As of the date of this Offering Circular, a leased asset in respect of which an instalment or rental remains overdue for a period of six months or more is classified as a non-performing asset. However, with effect from 31 March 2018, a leased asset will be classified as an NPA if it remains overdue for a period of three months or more.

A. Provisioning on assets is made as under:

S. No.	Description	Rate of Provision
1.	Standard asset (as at 31 March 2017)	0.35%
2.	(a) Sub-standard assets	10%
	(b) Doubtful assets	
	(c) Secured portion of doubtful assets	
	• Up to one year	20%
	• Between one year and three years	30%
	• More than three years	50%
	(d) Doubtful assets not covered by the realisable value of the security to which the Issuer has valid recourse	100%
3.	Loss asset if not written off	100%

Provision on "standard asset" is made in accordance with the RBI norms, whereby the Issuer is required to enhance the provision in a phased manner to 0.40 per cent. by 31 March 2018.

NPA Analysis

The following table sets forth information relating to the Issuer's NPAs relating to its loan assets as of the dates indicated, by sector:

	As of March 31					
	2015		2016		2017	
	million	% of total	million	%of total	million	% of total
State sector	7,219.6	30.5%	7,219.6	9.6%	240,312.6	78.3%
Private sector.	16,416.7	69.5%	67,970.6	90.4%	66,709.5	21.7%
Total	**23,636.3**	**100.0%**	**75,190.2**	**100.0%**	**307,022.1**	**100.0%**

As of 31 March 2015, 2016 and 2017, the Issuer had gross NPAs of ₹23,636.3 million, ₹75,190.2 million and ₹307,022.1 million, respectively, which represented 1.09 per cent., 3.15 per cent. and 12.50 per cent. of its total loan assets, respectively, as of such dates.

RECENT DEVELOPMENTS

Highlights of the Issuer's financial results for the three months ended 30 June 2017

On 10 August 2017, the Issuer published its unaudited, unconsolidated financial results for the three months ended 30 June 2017, which have been subjected to a limited review by the Issuer's auditors. The following financial information is derived from the Issuer's unaudited, unconsolidated financial results for the three months ended 30 June 2017 and has been presented in a summarised manner for the convenience of investors, and is qualified in its entirety by reference to such financial results, including the notes thereto on pages F-3 to F-7 in this Offering Circular. The following information is not indicative of future operating results and should not be relied upon as being so indicative. The unaudited, unconsolidated financial results of the Issuer for the three months ended 30 June 2017 have been prepared in accordance with Indian GAAP, which differs in certain respects from IFRS. A summary of the differences between the Indian GAAP (as applicable to the Issuer) and IFRS is contained in this Offering Circular under the heading of "*Summary of Significant Differences Between Indian GAAP and IFRS*".

Highlights of the Issuer's financial results for the three months ended 30 June 2017

- The Issuer's total loan assets[1] increased to ₹2,471,394.0 million as at 30 June 2017 from ₹2,401,690.2 million as at 31 March 2017. The Issuer's total loans sanctioned pending disbursement (net of any loan sanctions cancelled) was ₹1,843,240 million as at 30 June 2017, as compared to ₹1,505,087.1 million as at 31 March 2017.

- The Issuer's total income[2] and profit after tax[3] decreased to ₹69,319 million and ₹14,285.9 million, respectively, for the three-month period ended 30 June 2017 from ₹71,586.6 million and ₹17,125.5 million, respectively, for the three-month period ended 30 June 2016.

- The Issuer had gross NPAs of ₹314,984.9 million and ₹307,022.1 million as at 30 June 2017 and 31 March 2017, respectively, which represented 12.46 per cent. and 12.50 per cent. of the Issuer's total loan assets, respectively, as of such dates.

- The Issuer's profit after tax as a percentage of average total assets and as a percentage of average net worth were 2.2 per cent.* and 15.35 per cent.*, respectively, for the three-month period ended 30 June 2017, as compared to 2.79 per cent.* and 18.79 per cent.*, respectively, for the three-month period ended 30 June 2016.

- The Issuer's net worth, according to the Companies Act, 2013, as at 30 June 2017 was ₹379,782.7 million.

- The Issuer's capital adequacy ratio was 19.54 per cent. and 19.28 per cent. as at 30 June 2017 and 31 March 2017 respectively.

- The Issuer's net interest margin was 4.44 per cent.* for the three-month period ended 30 June 2017 as compared to 4.98 per cent.* for the three-month period ended 30 June 2016.

1 Note: long-term loans and advances + current maturities of long-terms loans + short-term loans
2 Note: total income from operations + other income
3 Note: net profit from ordinary activities after tax
* Ratios are annualised

MANAGEMENT

Board of Directors

Under its Articles of Association, the Issuer subject to the provisions of the Companies Act and the Rules, is required to have not less than three and not more than fifteen directors. The Issuer currently has five Directors on its Board, of which one is an Independent Director.

The following table sets forth details regarding the Issuer's Board as of the date of this Offering Circular.

S. No.	Name, designation, DIN	Age (years)	Address	Other directorships
1.	**Mr Rajeev Sharma,** *Chairman and Managing Director* DIN: 00973413	57	Q-8, Hauz Khas Enclave, New Delhi-110016	• PFC Consulting Limited • PFC Green Energy Limited • PFC Capital Advisory Limited
2.	**Mr D. Ravi** *Director (Commercial)* DIN: 00038452	59	314, Nagin Lake Apartments, Outer Ring Road, Peera Garhi, Sunder Vihar, Paschim Vihar, New Delhi-110087	• Power Equity Capital Advisors Pvt. Limited • Coastal Karnataka Power Limited • PFC Green Energy Limited • PFC Consulting Limited • Jharkhand Infrapower Limited • PFC Capital Advisory Services Limited • Ghogarpalli Integrated Power Company Limited • Sakhigopal Integrated Power Company Limited
3.	**Mr C. Gangopadhyay** *Director (Projects)* DIN: 02271398	58	12, Medha Apartments, Mayur Vihar Phase-I Extension, Delhi-110091	• Power Equity Capital Advisors Pvt. Limited • Tatiya Andhra Mega Power Limited • PFC Consulting Limited • Orissa Integrated Power Limited • Chhattisgarh Surguja Power Limited • PFC Green Energy Limited • PFC Capital Advisory Limited • PTC India Limited
4.	**Mr N.B. Gupta** *Director (Finance)* DIN: 00530741	57	110, Madhur Jeewan Apartment, Plot No. 34 Sector-10, Dwarka New Delhi-110075	• Deoghar Mega Power Limited • Deoghar Indra Limited • Bihar Infrapower Limited • Bihar Mega Power Limited • PFC Consulting Limited • PFC Green Enengy Limited

S. No.	Name, designation, DIN	Age (years)	Address	Other directorships
5	**Dr Arun Kumar Verma** *Government Nominee Director* DIN: 02190047	58	E-203, Deen Dayal Upadhyay Marg, New Delhi -110002	• Rural Electrification Corporation Limited
6	**Mr Sitaram Pareek** *Independent Director* DIN: 00165036	65	501, Satyaprasad CHSL, Dixit Cross Road No. 1, Vile Parle (East), Mumbai -400057	• Mumbai Metro One Private Limited • Shree Chakra Properties & Investment Private Limited

All the directors of the Issuer are Indian nationals and none of the Issuer's Directors are related to each other.

Understanding with major shareholders pursuant to which the Issuer's Director(s) were appointed

All the Issuer's Directors are appointed by the President of India acting through the MoP, who is the Issuer's major shareholder holding 66.35 per cent. of the paid-up equity share capital of the Issuer as of the date of this Offering Circular. Besides this, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or member of the senior management.

Brief Biographies of the Issuer's Directors

(1) Rajeev Sharma

Mr Rajeev Sharma, 57 years, is the Chairman and Managing Director (**CMD**) of the Issuer. He took over the charge of CMD with effect from 1 October 2016. As CMD, he is responsible for spearheading the Issuer's operations and implementing key power sector initiatives of the GoI. As of the date of this Offering Circular, he plays a critical role in the implementation of some of the key power initiatives, namely the implementation of the Integrated Power Development Scheme, 24x7 Power for All Scheme, the Ultra Mega Power Projects, the Independent Transmission Projects and the Ujjawal Discom Assurance Yojana.

Mr Sharma has over 32 years of varied power sector experience. He has more than 20 years of experience in policy making, initiating and implementing reform measures in the power sector in addition to having project implementation experience from premier organisations including, among others, the CEA, the MoP and PGCIL. He is considered the architect of the Government's flagship schemes like the Deen Dayal Upadhyaya Gram Jyoti Yojana, the Rajiv Gandhi Grameen Vidyutikaran Yojana and the R-APDRP. Furthermore, he has more than 11 years' experience at the board level at leading Navratna companies, including PFC and REC.

Prior to joining the Issuer, Mr Sharma was the CMD of REC and, under his leadership, REC's revenue and profits have doubled in the last five years. He was also the Business Today's choice of 'Best CEO' for a PSU in the year 2015.

At CEA, he was involved with the design, engineering and consultancy of the Nathpa Jhakri Hydro Electric Project (1,500 MW). Furthermore, during his tenure as the Deputy Secretary at the MoP, some important projects like the 2000 MW Talcher — Kolar HVDC Bipole and Tala Transmission System (first public private partnership) of PGCIL were approved by the Government. He was also responsible for programmes such as the APDRP and the RGGVY in addition to central power sector undertakings such as the Tehri Hydro Development Corporation Limited, North Eastern Electric Power Corporation Limited, Bhakra Beas Management Board and Satluj Jal Vidyut Nigam Limited.

(2) Mr D. Ravi

Mr D. Ravi, 59 years, holds a bachelor's degree in engineering with diploma in business management from the Punjab University. As Director (Commercial), he is responsible for the management and operation of the commercial division of the Issuer.

Mr D. Ravi joined the Issuer in 1993. Prior to that, he was with NHPC for over 12 years. At the Issuer, he handles entity appraisals of all loan proposals in addition to managing the loan documentation process. He also has experience in handling project appraisals of the northern and southern regions as well as handling appraisals of private power projects. Additionally he has experience in obtaining ISO certification and coordinating integrated rating of state distribution utilities with the MoP.

(3) Mr C. Gangopadhyay

Mr C. Gangopadhyay, 58 years, is a graduate in electrical engineering from the Indian Institute of Kharagpur and holds a master's degree in business administration from the Faculty of Management Studies, New Delhi. He has more than 35 years of experience in the power sector and has in the past worked for several organisations including NTPC, PFC and PFCCL. He has been with the Issuer for more than 25 years and has experience in project appraisal, UMPPs and ITPs, equity and financial products and power sector consultancy. He has also served as the chief executive officer of PFC Consulting Ltd.

(4) Mr Naveen Bhushan Gupta

Mr Naveen Bhushan Gupta, 57 years, is a member of the Institute of Chartered Accountants of India. He has more than 30 years of experience in the power sector and has served in various capacities in organisations like the NHPC, PGCIL and now PFC. He is experienced, among others, in the fields of fund management, international finance, internal audit, accounts finalisation, lending policies and resource mobilisation. He joined PFC in September 2005 and, prior to his appointment to the post of Director (Finance), he held the designation of an Executive Director (Finance) at PFC.

(5) Dr Arun Kumar Verma

Dr Arun Kumar Verma, 58 years, is the Government Nominee Director and is presently the Joint Secretary (Distribution), at the MoP. He is a 1986 batch, Gujarat cadre, Indian Forest Services Officer and holds a doctorate degree in tribal development policy in addition to holding a master's degree in physics and forestry and a post-graduate diploma in public policy and management from the Indian Institute of Management, Bangalore.

Additionally, he has varied experience in the areas of public administration, natural resource management, computer application, energy management, remote sensing, project management and financial management. Dr Verma has over 30 years of experience in the areas of power sector, tribal development, and environment and forest and is also the recipient of the "Rashtriya Gaurav" award.

(6) Mr Sitaram Pareek

Mr Sitaram Pareek, 65 years, holds a bachelor's degree in commerce, is a senior chartered accountant and holds a diploma in information security audit. He is the founder partner of M/s Sarda and Pareek, chartered accountants, has over 30 years of experience in the area of statutory audit, including performing audits of listed companies, private limited companies, government companies, insurance companies and non-profit-making companies. The audit process included reviewing compliance of companies as regards laws relating to domestic and international taxation, transfer pricing (including preparation, drafting and representation before various income tax authorities, appellate tribunals and settlement commissions).

Borrowing powers of the Board

Subject to the Memorandum of Association and Articles of Association of the Issuer and pursuant to the shareholders resolution dated 19 August 2016, under section 180(1)(c) of the Companies Act, 2013, the Issuer's Board is authorised to borrow such sum or sums of money from time to time as may be required for the Issuer's business and/or as it may be directed to raise on behalf of the Ministry of the Government, notwithstanding that the money to be borrowed together with the money already borrowed by the Issuer (apart from "temporary loans" as explained in section 180(1)(c) of the Companies Act, 2013 obtained by the Issuer in the ordinary course of business) may not, at any time, exceed beyond a sum of ₹4,000,000 million or an amount equivalent to U.S.$8,000 million or its equivalent in any foreign currency over and above the aggregate paid up capital of the Issuer and its free reserves.

Details of Appointment and Term of the Issuer's Directors

S. No.	Name of Director	MoP Order No.	Term
1.	Mr Rajiv Sharma	No. 8/2/2015-PFC dated 3 October 2016	Five years with effect from 1 October 2016 (i.e the date of his assumption of charge of the post, or until the date of his superannuation, being 31 March 2020, or until receipt of further orders, whichever is the earliest).
2.	Mr D. Ravi	No. 8/1/2015-PFC Desk dated 18 November 2015	Five years with effect from the afternoon of 16 November 2015 (the date of his assumption of charge of the post, or until the date of his superannuation or until receipt of further orders, whichever is earliest).
3.	Mr C. Gangopadhyay	No. 8/3/2015-PFC Desk dated 4 January 2017	Five years with effect from 1 January 2017 or until the date of his superannuation, or until receipt of further orders, whichever is earliest.
4.	Mr N.B. Gupta	No. 8/1/2016-PFC Desk dated 18 August 2017	With effect from the date of assumption of charge of the post and until 30 June 2020, being the date of his superannuation or until further orders, whichever is earlier.
5.	Dr Arun Kumar Verma	No.8/1/2007-PFC Desk dated 13 October 2015	With effect from 13 October 2015 and until further orders.
6.	Mr Sitaram Pareek	No. 8/1/2012-PFC Desk/Vol. III dated 6 February 2017	Three years with effect from 6 February 2017 or until further orders, whichever is earlier.

Except for the Issuer's full time Directors, who are entitled to statutory benefits and post retirement medical benefits on termination of their employment with the Issuer, no Director is entitled to any benefit on termination of his employment with the Issuer.

Remuneration of the Directors

A. Managing Director and full time Directors:

The following table sets forth the details of remuneration paid by the Issuer to the Chairman and Managing Director and the full time Directors during fiscal 2017:

(In ₹ millions)

Name of the Director	Salary including benefits	Company contribution to Provident Fund and other welfare funds	Total
Mr Mukesh Kumar Goel*	8.4	0.3	**8.7**
Mr A. K. Agarwal**	7.8	0.4	**8.2**
Mr Rajiv Sharma***	2.5	0.2	**2.7**
Mr C. Gangopadhyay****	1.0	0.1	**1.1**
Mr Radhakrishnan Nagarajan	5.5	0.5	**6.0**
Mr D. Ravi	4.5	0.4	**4.9**

* *Benefits paid until 30 September 2016*

** *Benefits paid until 31 December 2016*

*** *Benefits paid from 1 October 2016*

**** *Benefits paid from 1 January 2017*

B. Independent Directors

The Independent Directors do not have any material pecuniary relationship or transaction with the Issuer. However, pursuant to the Board meeting dated 28 September 2011, Independent Directors are entitled to sitting fees of ₹20,000 for attending each meeting of the Board and the committees of the Board, which are within the maximum ceiling prescribed by the MCA.

The Directors were paid sitting fees for attending the meetings of the Board and committees of the Board, as set forth under the following table, during fiscal 2017:

	Sitting Fee		
Name of the Independent Director	Board Meetings	Committee Meetings	Total
		(In ₹millions)	
Mr Vijay Mohan Kaul	0.19	0.01	**0.20**
Mr Sitaram Pareek	0.10	0.00	**0.10**
Mr Yogesh Chand Garg	0.34	0.06	**0.40**

Dr Arun Kumar Verma, being a nominee of the GoI, is not entitled to remuneration or sitting fee or any other remuneration from the Issuer.

Details of terms and conditions of appointment of the Issuer's Chairman and Managing Director and the full time Directors

The MoP prescribes the terms and conditions of appointment of the Issuer's full time Directors. The Issuer prescribes the terms and conditions of employment for each of the full time Directors in consonance with the terms and conditions prescribed by the MoP. The terms and conditions governing the appointment of Mr Rajiv Sharma, Mr D. Ravi and Mr C. Gangopadhyay are set forth below.

Mr Raijiv Sharma

Mr Raijiv Sharma was appointed as Chairman and Managing Director with effect from 1 October 2016, in accordance with the MoP order no. 8/2/2015-PFC desk, dated 3 October 2016 for a period of five years from the date of assumption of charge or until the date of his superannuation, (i.e. 31 May 2020 or until further orders, whichever is the earliest).

Some of the key terms and conditions of his appointment amongst others as revised from time to time are as follows:

Term	His appointment will be for a period of five years with effect from 1 October 2016 (date of appointment) in the first instance or until the date of superannuation on 31 May 2020 or until further orders, whichever is earliest, and in accordance with the provisions of the Companies Act, as amended. The appointment may, however, be terminated even during this period by either side on three months notice or on payment of three months' salary in lieu thereof.
Pay	Basic pay of ₹92,260 per month in the scale of pay of ₹80,000-3.00 per cent.-125,000.
Headquarters	His headquarters will be in New Delhi where the registered office/headquarters of the Issuer is located and he will be liable to serve in any part of the country at the Government's and Issuer's discretion.
Dearness Allowance	In accordance with the new IDA scheme as stated in the DPE office memorandum dated 26 November 2008 and 2 April 2009 or applicable DPE guidelines.
Housing	He is entitled to either of the following: (i) the Issuer making arrangements to provide suitable residential accommodation wherever it has built residential flats in industrial township or has purchased the same in the cities, else accommodation shall be arranged by taking the premises on lease basis at the headquarters of the Issuer. Furthermore, he can take his own house on self lease basis if he owns a house at the place of his posting, provided he executes a lease deed in favour of the Issuer; or (ii) he shall be entitled to HRA as per the rates indicated in DPE office memorandum dated 26 November 2008.
Annual Increment	Eligible to draw annual increment at the rate of 3.00 per cent. on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum pay scale is reached. On reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two year period from the date he reaches the peak of his pay scale provided he gets a suitable performance rating of 'good' or above. A maximum of three such increments will be granted.
Conveyance	Entitled to the facility of staff car for private use as per specified criteria.
Performance Related Pay	Eligible for approved performance related pay as per office memoranda dated 26 November 2008, 9 February 2009 and 2 April 2009.

Other Benefits and Perquisites/ Superannuation	The Board to decide the allowances and perquisites subject to a maximum ceiling of 50 per cent. of the basic pay as indicated in DPE office memoranda dated 26 November 2008 and 2 April 2009 and latest applicable DPE guidelines. Eligible for superannuation benefit based on approved schemes as per office memoranda dated 26 November 2008 and 2 April 2009 or applicable DPE guidelines.
Other Conditions	After retirement or resignation from the service of the Issuer, he shall not accept any appointment or post, whether advisory or administrative, in any firm or company whether Indian or foreign, with which the Issuer has or had business relations, within one year from the date of his retirement or resignation without prior approval of the GoI.
Conduct, Discipline and Appeal Rules	The conduct, discipline and appeal rules framed by the Issuer in respect of non-workmen category of staff would also *mutatis mutandis* apply to him with the modification that the disciplinary authority in his case would be the President of India. Further, the GoI also reserves the right not to accept the resignation of Mr Rajeev Sharma if the circumstances so warrant, i.e. disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him.

Mr D. Ravi

Mr D. Ravi was appointed as the Director (Commercial) pursuant to the MoP order No. 8/1/2015-PFC desk, dated 18 November 2015, for a period of five years with effect from the afternoon of 16 November 2015 (i.e. the date of his assumption of charge of the post, or until the date of his superannuation or until further orders, whichever is earliest).

Some of the key terms and conditions of his appointment amongst others as revised from time to time are as follows:

Term	His appointment will be for a period of five years with effect from 16 November 2015 (date of appointment) in the first instance or until the date of superannuation on 31 May 2018 or until further orders, whichever is earliest and in accordance with the provisions of the Companies Act, 1956, as amended. The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.
Pay	Basic pay of ₹84,880 per month in the scale of pay of ₹75,000-3.00 per cent.-100,000.
Headquarters	His headquarters will be in New Delhi where the registered office/ headquarters of the Issuer is located. He will be liable to serve in any part of the country at the Government's and Issuer's discretion.
Dearness Allowance	In accordance with the new IDA scheme as stated in the DPE office memorandum dated 26 November 2008 and 2 April 2009 or applicable DPE guidelines.

Housing	He is entitled to either of the following: (i) the Issuer making arrangements to provide suitable residential accommodation wherever it has built residential flats in Industrial Township or has purchased the same in the cities; otherwise accommodation shall be arranged by taking the premises on a lease basis at the headquarters of the Issuer. Furthermore, he can take his own house on a self-lease basis if he owns a house at the place of his posting, provided he executes a lease deed in favour of the Issuer; or (ii) he shall be entitled to HRA as per the rates indicated in DPE office memorandum dated 26 November 2008.
Annual Increment	Eligible to draw annual increment at the rate of 3.00 per cent. on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum pay scale is reached. On reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the peak of his pay scale provided he gets a suitable performance rating of 'good' or above. A maximum of three such increments will be granted.
Conveyance	Entitled to a staff car for private use as per specified criteria.
Performance Related Pay	Eligible for approved performance-related pay as per office memoranda dated 26 November 2008, 9 February 2009 and 2 April 2009.
Other Benefits and Perquisites/ Superannuation	The Board is to decide the allowances and perquisites subject to a maximum ceiling of 50 per cent. of the basic pay as indicated in DPE office memoranda dated 26 November 2008 and 2 April 2009 and latest applicable DPE guidelines. Eligible for superannuation benefit based on approved schemes as per office memoranda dated 26 November 2008 and 2 April 2009 or applicable DPE guidelines.
Other Conditions	After retirement or resignation from the service of the Issuer, he shall not accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, with which the Issuer has or had business relations, within one year from the date of his retirement or resignation without prior approval of the GoI.
Conduct, Discipline and Appeal Rules	The conduct, discipline and appeal rules framed by the Issuer in respect of the non-workmen category of staff would also *mutatis mutandis* apply to him with the modification that the disciplinary authority in his case would be the President of India. Further, the GoI also reserves the right not to accept the resignation of Mr D. Ravi if the circumstances so warrant (i.e. when disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him).

Mr C. Gangopadhyay

Mr C. Gangopadhyay was appointed as the Director (Projects) pursuant to the MoP order number 8/3/2015-PFC desk dated 4 January 2017.

As of the date of this Offering Circular, the key terms and conditions of appointment as revised from time to time are yet to be received by the Issuer from the MoP.

Mr N.B. Gupta

Mr N.B. Gupta was appointed as the Director (Finance) pursuant to the MoP order number 8/1/2016-PFC desk dated 18 August 2017.

As of the date of this Offering Circular, the key terms and conditions of appointment as revised from time to time are yet to be received by the Issuer from the MoP.

Details of service contracts

There are no service contracts entered into by the Issuer with any Directors for provision of benefits or payments of any amount upon termination of employment.

Shareholding of the Issuer's Directors

The Articles of Association do not require the Directors to hold any qualification equity shares in the Issuer. The shareholding of the Directors, as of the date of this Offering Circular, in the Issuer is set out below:

Sr. No.	Name	No. of Equity Shares	Shareholding (%)
1.	Mr Rajeev Sharma, CMD	32,574	0.0012
2.	Dr Arun Kumar Verma, Government Nominee Director	0	0
3.	Mr D. Ravi, Director (Commercial)	2,000	0.00007
4.	Mr C. Gangopadhyay, Director (Projects)	21,488	0.0008
5.	Mr N.B. Gupta, Director (Finance)	24,584*	0.0009

* shareholding as of the date of appointment of Mr N.B. Gupta as Director (Finance)

Bonus or profit sharing plan of the Directors

There is no bonus or profit sharing plan in place for the Directors.

Interests of Directors

All the Issuer's Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of the Issuer such as attending meetings of the Board or a committee thereof and to the extent of other reimbursements of expenses payable to them under the Issuer's Articles of Association.

Some of the Issuer's Directors also hold equity shares in the Issuer in their individual capacity and are interested to the extent of any dividend payable to them in respect of the same.

Except as stated in this Offering Circular and the section titled *"Financial Statements — Other Notes on Accounts — Related party disclosures"*, the Issuer's Directors do not have any other interest in its business. Furthermore, the Issuer's Directors have no interest in any property acquired by the Issuer within two years of the date of filing of this Offering Circular.

Changes in the Issuer's Board in the last three years

The changes in the Issuer's Board in the last three years are as follows:

S. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Mr M. K. Goel	22 January 2015	30 September 2016	Retirement
2.	Mr Rajeev Sharma	1 October 2016	—	Appointment
3.	Dr Arun Kumar Verma	13 October 2015	—	Appointment
4.	Mr Badri Narayan Sharma	28 August 2012	12 October 2015	Withdrawal of nomination by GoI
5.	Mr Anil Kumar Agarwal	13 July 2012	31 December 2016	Retirement
6.	Mr C. Gangopadhyay	1 January 2017	—	Appointment
7.	Mr R. Nagarajan	31 July 2009	31 May 2017	Retirement
8.	Mr D. Ravi	16 November 2015	—	Appointment
9.	Mr J. N. Prasanna Kumar	22 December 2012	21 December 2015	Completion of tenure
10.	Mr V. M. Kaul	24 June 2013	23 June 2016	Completion of tenure
11.	Mr Yogesh Chand Garg	22 August 2013	21 August 2016	Completion of tenure
12.	Mr Sitaram Pareek	6 February 2017	—	Appointment
13.	Mr N.B. Gupta	18 August 2017	—	Appointment

Corporate Governance

The Issuer's equity shares are listed on the NSE and the BSE Ltd. and the Issuer has adopted corporate governance practices in accordance with the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

As of the date of this Offering Circular, the Issuer is not in compliance with the requirements of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 in relation to the composition of its Board and composition of committees. Presently, the Issuer's Board has five directors, one of which is an Independent Director.

The Issuer's Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of the Board of Directors

The Issuer has constituted various committees for compliance with corporate governance requirements and also constituted other non-mandatory committees. The details of the various committees are as follows:

a. ***Audit Committee***

The Audit Committee was originally constituted pursuant to the Board resolution dated 30 January 2001. As of the date of this Offering Circular, it comprises of the following members:

Name of the Directors	Designation
Mr Sitaram Pareek, Independent Director	Chairman*
Mr D. Ravi, Director (Commercial), Independent Director	Member
Mr C. Gangopadhyay, Director (Projects)	Member
Mr N.B. Gupta, Director (Finance)	Permanent Invitee

The role, terms of reference and scope and authority of the audit committee are as provided under the relevant provisions of the Companies Act, DPE's guidelines on corporate governance for central public sector enterprises and the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

b. ***Stakeholders Relationship and Shareholders' and Investor Grievance Committee***

The Stakeholders Relationship and Shareholders' and Investor Grievance Committee was constituted pursuant to the Board resolution dated 6 July 2006. As of the date of this Offering Circular, the Shareholders' and Investor Grievance Committee comprises of the following members:

Name of the Directors	Designation*
Dr Arun Kumar Verma, Government Nominee Director	Chairman
Mr C. Gangopadhyay, Director (Projects)	Member

Scope and terms of reference:

The powers, role, terms of reference, scope and authority of the Stakeholders Relationship and Shareholders' and Investor Grievance Committee are as provided under the relevant provisions of Companies Act, DPE's guidelines on corporate governance for central public sector enterprises and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

c. ***Nomination and Remuneration Committee***

The Remuneration Committee was constituted pursuant to the Board resolution dated 17 April 2009 and was renamed the Nomination and Remuneration Committee pursuant to the Board resolution dated 16 December 2015. As of the date of this Offering Circular, it is comprised of the following members:

Name of the Directors	Designation
Dr Arun Kumar Verma, Government Nominee Director	Chairman
Mr C. Gangopadhyay, Director (Projects)	Member
Mr D. Ravi, Director (Commercial)	Member
Mr N.B. Gupta, Director (Finance)	Permanent Invitee

Scope and terms of reference:

The role and terms of reference of Nomination and Remuneration Committee are as laid down in the Companies Act, 2013, including any rules made thereunder, Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and DPE's guidelines on corporate governance for central public sector enterprises, as amended from time to time.

d. HR Committee

The HR Committee was constituted pursuant to the Board resolution dated 9 February 2016. As of the date of this Offering Circular, it comprises the following members:

Name of the Directors	Designation
Mr N.B. Gupta, Director (Finance)	Chairman
Mr C. Gangopadhyay, Director (Projects)	Member
Mr D. Ravi, Director (Commercial)	Member

e. Loans Committee

The Loans Committee was constituted pursuant to the Board resolution dated 31 May 1989. As of the date of this Offering Circular, it comprises of the following members:

Name of the Directors	Designation
Mr Rajeev Sharma, Chairman and Managing Director	Chairman
Dr Arun Kumar Verma, Government Nominee Director	Member
Mr D. Ravi, Director (Commercial)	Member
Mr C. Gangopadhyay, Director (Projects)	Member
Mr N.B. Gupta, Director (Finance)	Member

Scope and terms of reference:

Pursuant to the delegation of powers to the Loans Committee, it has the power to (i) sanction financial assistance, including enhancement within the overall policy framed by the Board of up to ₹5,000 million for individual schemes or projects, subject to an overall ceiling of ₹100,000 million in a financial year; (ii) relax eligibility and other conditions of sanction as mentioned in the operational policy statement and other policy framed by the Board in respect of financial assistance up to ₹5,000 million for individual schemes/ projects, including the loans already sanctioned; and (iii) sanction lease assistance within the overall policy framed by Board above ₹500 million and up to ₹5,000 million.

f. Committee of Functional Directors

The Committee of Functional Directors was originally constituted pursuant to the Board resolution dated 18 August 2000, and was subsequently renamed to its present name pursuant to the Board resolution dated 3 December 2007. As of the date of this Offering Circular, it comprises of the following members:

Name of the Directors	Designation
Mr Rajeev Sharma, Chairman and Managing Director	Chairman
Mr D. Ravi, Director (Commercial)	Member
Mr C. Gangopadhyay, Director (Projects)	Member
Mr N.B. Gupta, Director (Finance)	Member

Scope and terms of reference:

Pursuant to the delegation of powers to the Committee of Functional Directors, it has the power to (i) sanction financial assistance, including enhancement within the overall policy framed by the Board up to ₹1,000 million for individual schemes or projects, subject to an overall ceiling of ₹40,000 million in a financial year; (ii) relax eligibility and other conditions of sanction as mentioned in the operational policy statement and other policy framed by the Board in respect of financial assistance up to ₹1,000 million for individual schemes/ projects, including the loans already sanctioned; and (iii) sanction lease assistance within the overall policy framed by Board above ₹200 million and up to ₹500 million.

g. *Risk Management Committee*

The Risk Management Committee was constituted pursuant to the Board resolution dated 12 August 2005. As of the date of this Offering Circular, it comprises of the following members:

Name of the Directors	Designation*
Mr C. Gangopadhyay, Director (Projects)	Member
Mr N.B. Gupta, Director (Finance)	Member

* *The unit head of CRM unit to be the Secretary of the Risk Management Committee.*

Scope and terms of reference:

To monitor various risks, examine various risk management policies and practices and initiate action for mitigation of risks arising in the operation and other related matters.

h. *Committee of Directors for Investment in Initial Public Offerings of Central Power Sector Undertakings*

The Committee of Directors for Investment in IPOs of Central Power Sector Undertakings was constituted pursuant to the Board resolution dated 17 August 2007. As of the date of this Offering Circular, it comprises of the following members:

Name of the Directors	Designation
Mr Rajeev Sharma, Chairman and Managing Director	Chairman
Mr D. Ravi, Director (Commercial)	Member
Mr C. Gangopadhyay, Director (Projects)	Member
Mr N.B. Gupta, Director (Finance)	Member

Scope and terms of reference:

To approve, amongst others, equity investments in initial public offerings of central power sector undertakings and also other related matters such as exit/sale decisions including the number of shares to be applied through initial public offerings and individual investment limits in each company on a case to case basis.

i. ***Corporate Social Responsibility and Sustainable Development Committee***

The Corporate Social Responsibility and Sustainable Development Committee (**CSR & SD Committee**) was constituted pursuant to a Board resolution dated 10 October 2011. As of the date of this Offering Circular, it comprises of the following members:

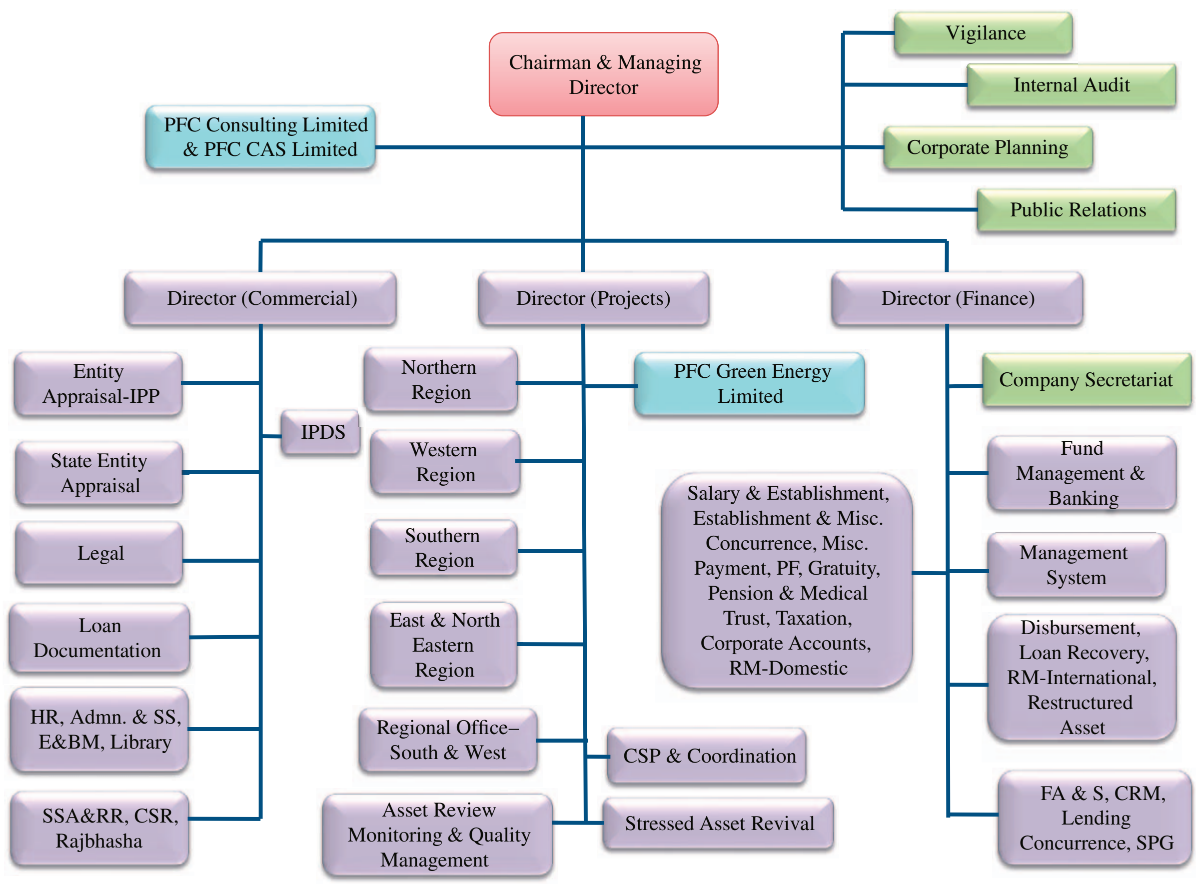
Name of the Directors	Designation
Mr Sitaram Pareek, Independent Director.	Chairman
Mr D. Ravi, Director (Commercial)	Member
Mr C. Gangopadhyay, Director (Projects).	Member

The powers, role, terms of reference of the Corporate Social Responsibility and Sustainable Development Committee of Directors would be as stated in the Companies Act including any rules made thereunder and DPE's guidelines as amended from time to time.

Payment or benefits to officers of the Issuer

The Issuer follows a pay structure in conformity with the guidelines issued by DPE from time to time. The Issuer also has in place various incentive schemes as a part of its compensation strategy to increase productivity and reward performance. Monetary benefits are paid to the employees on the basis of their individual and group performance. Furthermore, except certain post-retirement medical benefits and statutory benefits on superannuation, no officer of the Issuer is entitled to any benefit on superannuation.

Management Organisation Structure



Abbreviations:

R-APDRP: Restructured-Accelerated Power Development & Reforms Programme; MS: Management System; HR: Human Resources; SSA&RR: State Sector Analysis and Reform & Review; E&BM: Estate and Building Management; CSR & SD: Corporate Social Responsibility & Sustainable Development; RE & CDM: Renewable Energy & Clean Development Mechanism; PFC GE Ltd.: PFC Green Energy Limited; RM-I: Resource Mobilization I; RM-II: Resource Mobilization II; RM-PI: Resource Mobilization- Public Issue; PF: Provident Fund; FA&S: Financial Analysis & Systems; CRM: Corporate Risk Management; FM & B: Fund Management and Banking; Corp. Accts.: Corporate Accounts; PF CAS Ltd.: PFC Capital Advisory Services Ltd.; EA & EC: Establishment Accounts & Establishment Concurrence.

The information in this section has not been independently verified by the Issuer, the Arrangers or the Dealers, or any of their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Offering Circular.

The Indian Economy

The favourable economic fundamentals of India present a significant growth opportunity for its power sector. The key fundamentals include (i) strong economic growth, (ii) rising population, and (iii) supportive government policies.

In 2016, India's GDP in purchasing power parity (**PPP**) terms was estimated to be U.S.$8662.4 billion, making it the third largest economy in the world after China and the United States (*Source: IMF World Economic Outlook (April 2017)*).

India was ranked seventh in terms of nominal GDP (U.S.$2.3 trillion) in 2016 (*Source: IMF World Economic Outlook (April 2017)*). As forecasted by the International Monetary Fund (**IMF**), India's growing trend is expected to continue, and it would become one of fastest-growing economies for the period between 2017 and 2022 with a five-year real GDP CAGR forecast of 7.9 per cent.

The following table shows forecasted real GDP growth rate for India and certain other countries:

Country	2017E	2018E	2019E	2020E	2021E	2022E	5-year CAGR
Australia	3.1%	3.0%	2.9%	2.8%	2.8%	2.7%	2.9%
Brazil	0.2%	1.7%	2.0%	2.0%	2.0%	2.0%	1.9%
China	6.6%	6.2%	6.0%	5.9%	5.8%	5.7%	5.9%
France	1.4%	1.7%	1.7%	1.8%	1.8%	1.9%	1.8%
Germany	1.6%	1.5%	1.4%	1.3%	1.2%	1.2%	1.3%
India	7.2%	7.7%	7.8%	7.9%	8.1%	8.2%	7.9%
Japan	1.2%	0.6%	0.8%	0.2%	0.7%	0.6%	0.6%
South Korea	2.7%	2.8%	3.0%	3.0%	3.1%	3.1%	3.0%
Malaysia	4.5%	4.7%	4.9%	4.9%	4.8%	4.8%	4.8%
Russia	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%
United Kingdom	2.0%	1.5%	1.6%	1.9%	1.9%	1.9%	1.8%
United States	2.3%	2.5%	2.1%	1.8%	1.7%	1.7%	2.0%

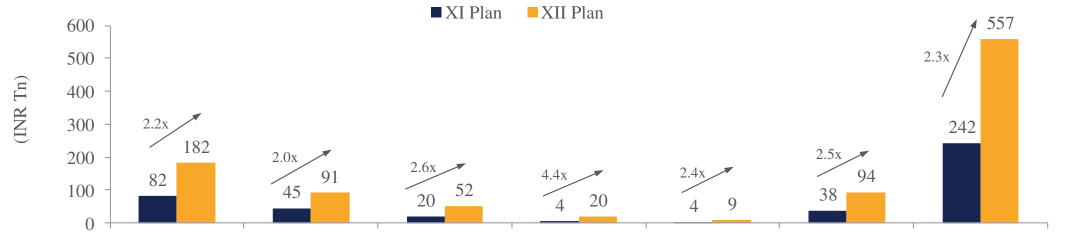
Source: IMF World Economic Outlook (April 2017)

With more than 1.3 billion people, India was the world's second-most populous country as of 2016 (*Source: IMF World Economic Outlook (April 2017)*). The United Nations forecasts that population in India will further increase at a CAGR of 1.0 per cent. between 2017 to 2030, and become the most populous country in the world by 2030 (*Source: World Population Prospects (2017 Revision)*). The rising population, together with the headroom for growth in per-capita consumption, provides huge growth potential in the power sector.

Supportive government policies are another driving force for the growth of power sector and Indian economy as a whole. In particular, the 'Make in India' initiative, launched in 2014 and which aimed to transform India into a global design and manufacturing hub, has successfully attracted increasing foreign investments into the country's manufacturing sector. With the industrial segment contributing approximately 40.00 per cent. of power consumption as of fiscal 2016, it is expected to further increase with greater emphasis on the manufacturing sector.

The Indian Power Sector

Planned Infrastructure Expenditure (11th and 12th Plans)



% Private Sector Contribution	Power	Roads	Railways	Ports	Airports	Telecom	Total
XI^th Plan (2007-12)	48%	20%	5%	82%	64%	78%	37%
XII^th Plan (20012-17)	55%	33%	19%	87%	80%	92%	48%

(Source: Draft 12th Five Year Plan)

Brief History

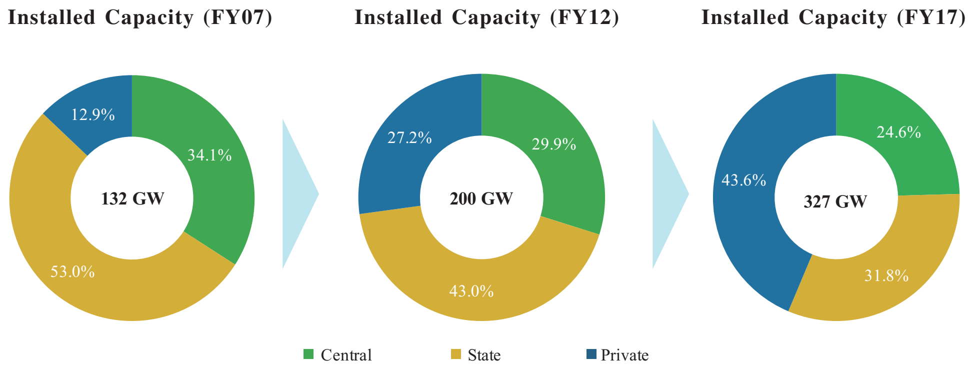
The power sector in India has made rapid strides during the last six decades in the field of generation, transmission, distribution and utilisation of electricity. The installed generating capacity in the country in 1947 was a meagre 1,362 MW which has since grown manifold to approximately 330 GW as of June 2017 (*Source: Central Electricity Authority*).

Post-colonisation, the GoI implemented the Indian Electricity Act 1910, the Electricity (Supply) Act, 1948, (the **Electricity Supply Act**) and the Electricity Regulatory Commissions Act, 1998 which together created the institutional framework under which the industry has developed.

The Electricity (Supply) Act, 1948 led to the creation of SEBs. The SEBs were state government agencies with sole responsibility for the generation, transmission and distribution of electricity within each state. Many of the SEBs have since been unbundled into state utilities for generation, transmission and distribution. The MoP is primarily responsible for the development of the power sector in the country.

The Government has made a series of investments to develop the power sector in India to supplement the efforts of the states. In 1975, the Government created NTPC Limited and NHPC Limited to establish thermal and hydro-generating plants, respectively, and to install associated inter-regional transmission systems. In the same year, the Government established the CEA in its present form to develop a uniform national power policy. Subsequently, the North Eastern Electric Power Corporation, Satluj Jal Vidyut Nigam Limited (formerly known as Nathpa Jhakri Power Corporation Limited) and THDC Limited (formerly known as Tehri Hydro Development Corporation Limited) were incorporated as hydro power-generating companies in the central sector. In 1992, the Government established PGCIL to construct, operate and maintain inter-state and inter-regional transmission systems. These entities are referred to as CPSUs and are directly accountable to the MoP. The MoP also controls PFC and REC, both of which are intended to help channel investment into the power sector. PGCIL, NTPC and PFC promoted India's first power trading company, PTC, in 1999, to allow surplus power supplies to be efficiently traded to utilities with deficit power supplies.

To supplement public sector investment, the Government took steps in 1991 to attract private investment to the power industry. It permitted 100 per cent. foreign ownership of power-generating assets and provided, for assured returns, a five-year tax holiday and low equity requirements. Some private generators were also furnished with counter-guarantees against non-payment of dues by SEBs. It has been demonstrated that there is an increasing trend for private section participation upon the implementation of those initiatives. Between fiscal 2007 and 2017, private sector participation has increased more than three times, from 12.9 per cent. to 43.6 per cent. in terms of installed capacity.

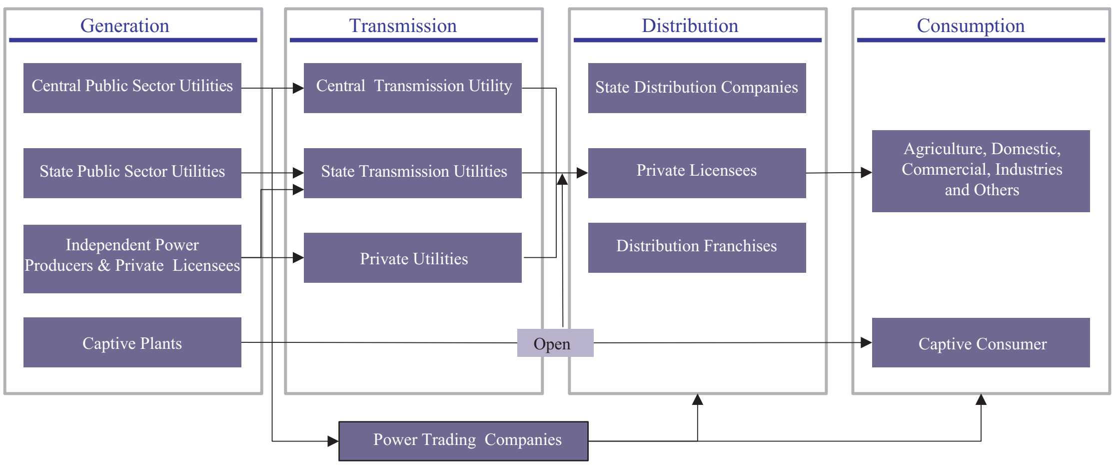


Source: Central Electricity Authority

Structure of the Indian Power Sector

The power industry in India can be divided into four distinct areas: generation, transmission, distribution and consumption. Power generation is handled by the Government and state governments with increasing participation from private players. Power transmission is handled by the Government and state governments, with limited private sector participation, while power distribution is carried out by various state distribution companies (**Discoms**) as well as by private Discoms and licensees in some circles.

The following diagram depicts the structure of the Indian power industry for generation, transmission, distribution and consumption:



Regulatory Overview

In India, control over the development of the power industry is shared between the central and the state governments. The MoP is the highest authority governing the power industry in India and works in close coordination with the CEA and the CERC.

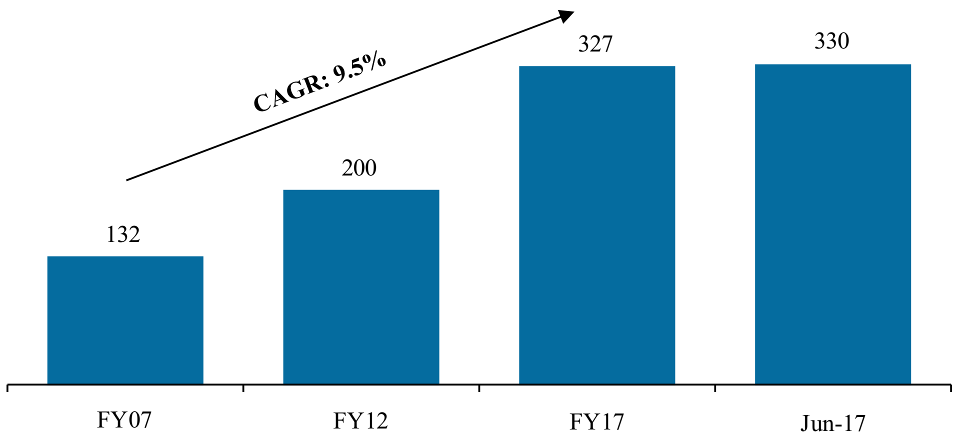
The CEA, a statutory organisation constituted under the Electricity Supply Act, is the technical branch of the MoP assisting in technical, financial and economic matters relating to the electricity industry. The CEA is responsible for giving allowances for capital expenditure beyond a certain limit fixed by the Government from time to time, and is also responsible for the development of a sound, adequate and uniform power policy in relation to the control and utilisation of national power resources. The CERC, constituted under the Electricity Regulatory Commissions Act 1998, is an independent statutory body with quasi-judicial powers. Its main functions include the formulation of policy and the framing of guidelines with regard to electricity tariffs.

Several states have set up SERCs and these SERCs are engaged in regulating the purchase, distribution, supply and utilisation of electricity, tariffs and charges payable, as well as the quality of service. SEBs at state level are responsible for ensuring that the supply, transmission and distribution of electricity in their respective states are carried out in the most economical and efficient manner. (*Source: http://www.powermin.nic.in/ministry_of_power/statutory_bodies1.htm*).

Power Supply in India

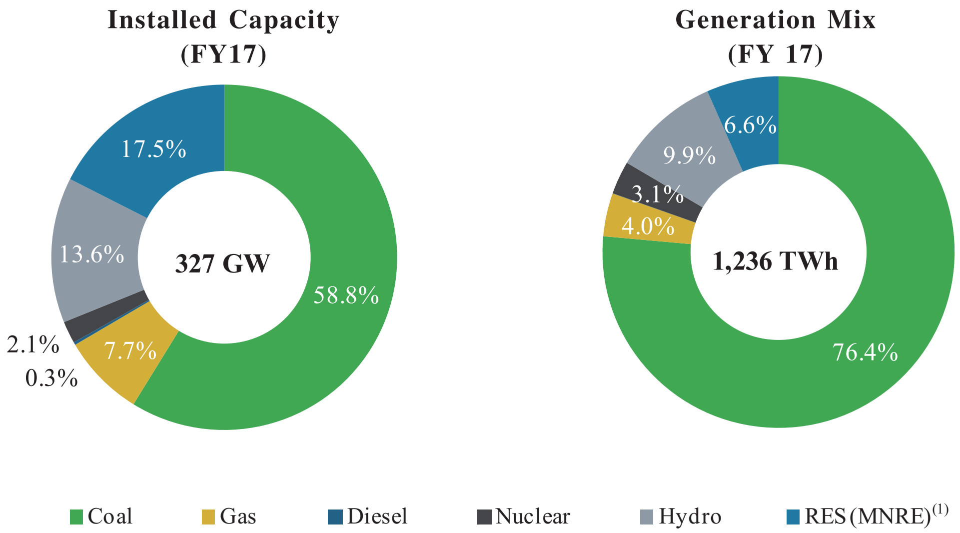
Historical Capacity Additions

The Government has been increasing its targets for the addition of power generation capacity. The energy deficit in India is a result of insufficient progress in the development of additional energy capacity. Between fiscal 1992 and fiscal 2012, achievements made during specific planned periods were significantly less than the targeted additional energy capacity level (less than 55.0 per cent. between fiscal 1992 and fiscal 2007 and less than 70.0 per cent. for the period between fiscal 2007 and fiscal 2012) (*Source: CEA*). However, with the steps taken in developing the power sector target for capacity additions from fiscal 2012 to fiscal 2017, a total of 99,209 MW capacity was added, increasing the installed capacity to approximately 327 GW. As of 30 June 2017, installed capacity reached approximately 330 GW (*Source: Central Electricity Authority*).



Current Capacity

Out of India's total installed capacity as of fiscal 2017, 66.8 per cent. of the installed capacity and 80.4 per cent. of the total generation is based on thermal capacity (coal, gas and diesel), illustrating India's dependence on conventional fuel sources. Coal-fired (including lignite) thermal power plants accounted for 58.8 per cent. of the total installed capacity and 76.4 per cent. of the total generation.

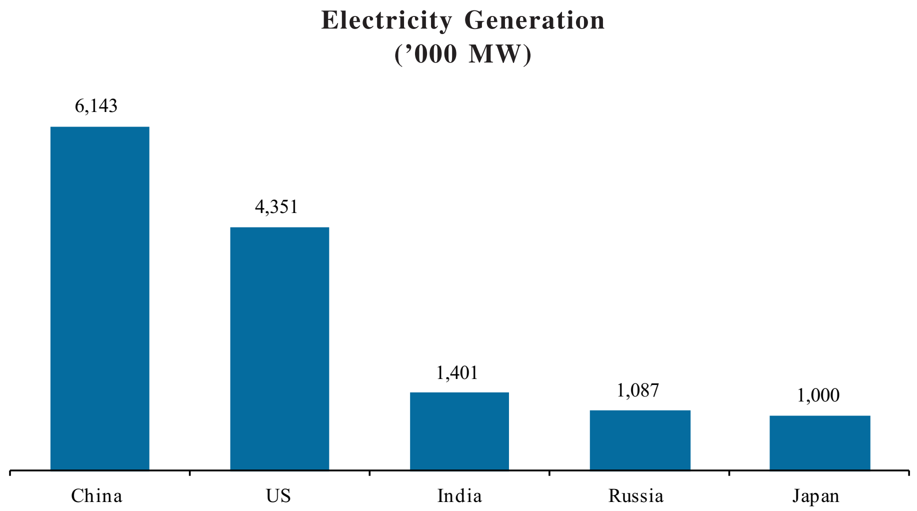


Source: CEA

(1) RES (MNRE) includes small hydro project (≤ 25 MW), biomass, urban and industrial waste, solar and wind power

Current Electricity Generation

India is one of the largest electricity generation markets in the world, presenting growth opportunities for both domestic as well as international investors. According to the BP Statistical Review (2017), India was the third-largest producer of electricity in the world in 2016.



Source: BP Statistical Review (2017)

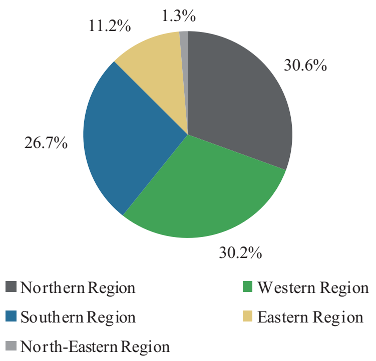
Power Demand in India

Power Consumption Situation

Based on the CEA's Executive Summary (April 2017), energy requirement of the northern and western regions represented 30.6 per cent. and 30.2 per cent. respectively of the national energy requirement in fiscal 2017. The southern region accounted for 26.7 per cent., while the eastern and north-eastern region together constitute 12.5 per cent. of the requirement.

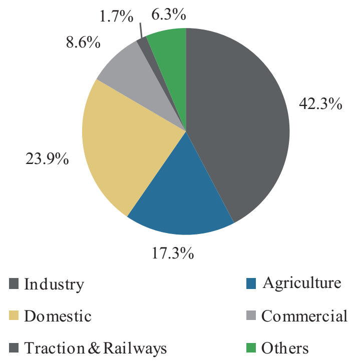
The end users of electricity in India can be broadly classified into industrial, domestic, agricultural and commercial consumers. These consumers represented 42.3 per cent., 23.9 per cent., 17.3 per cent. and 8.6 per cent., respectively, of the electricity consumption for fiscal 2016.

Energy Requirement (Fiscal 17)



Source: CEA

Electricity Consumption by Sector (Fiscal 16)



Source: Energy Statistics 2017, Central Statistics Office

Demand-Supply Imbalance in India

The Indian power sector has historically been beset by energy shortages with gradual improvement in recent years. Energy deficit in India decreased from an interim high of 11.1 per cent. in fiscal 2009 to 0.7 per cent. in fiscal 2017. For the months of April and May 2017, the energy deficit stood at 0.7 per cent. (*Source: CEA*)

The following table provides the peak and normative shortages of power in India for the periods indicated:

	Peak Demand				Energy Requirement			
Period	**Demand**	**Availability**	**Deficit**		**Demand**	**Availability**	**Deficit**	
	(MW)	**(MW)**	**(MW)**	**%**	**(GWh)**	**(GWh)**	**(GWh)**	**(%)**
FY 2003 . . .	81,492	71,547	9,945	12.2	545,988	497,890	545,988	8.8
FY 2004 . . .	84,574	75,066	9,508	11.2	559,264	519,398	559,264	7.1
FY 2005 . . .	87,906	77,652	10,254	11.7	591,373	548,115	591,373	7.3
FY 2006 . . .	93,255	81,792	11,463	12.3	631,554	578,819	631,554	8.4
FY 2007 . . .	100,715	86,818	13,897	13.8	690,587	624,495	690,587	9.6
FY 2008 . . .	108,866	90,793	18,073	16.6	739,345	666,007	739,345	9.9
FY 2009 . . .	109,809	96,785	13,024	11.9	777,039	691,038	777,039	11.1
FY 2010 . . .	119,166	104,009	15,157	12.7	830,594	746,644	830,594	10.1
FY 2011 . . .	122,287	110,256	12,031	9.8	861,591	788,355	861,591	8.5
FY 2012 . . .	130,006	116,191	13,815	10.6	937,199	857,886	937,199	8.5
FY 2013 . . .	135,453	123,294	12,159	9.0	998,114	911,209	998,114	8.7
FY 2014 . . .	135,918	129,815	6,103	4.5	1,002,257	959,829	1,002,257	4.2
FY 2015* . .	148,166	141,160	7,006	4.7	1,068,923	1,030,785	1,068,923	3.6
FY 2016 . . .	153,366	148,463	4,903	3.2	1,114,408	1,090,580	1,114,408	2.1
FY 2017 . . .	159,542	156,934	2,608	1.6	1,142,928	1,135,332	1,142,928	0.7
Apr-May 2017	159,590	158,393	1,197	0.8	209,856	208,455	1,407	0.7

Source: CEA

The deficits in electric energy and peak power requirements vary across different regions in India. The peak deficit was 1.4 per cent. in the north, 0.4 per cent. in the west, 0.6 per cent. in the east, and 0.5 per cent. in the north east of the country for fiscal 2017.

The following table outlines the peak and normative power shortages in India for fiscal 2017 across various regions of India:

Region	Energy Requirement	Deficit	Peak Demand	Deficit
	(GWh)	(%)	(MW)	(%)
North	349,172	1.6	53,372	1.4
West	345,247	0.0	48,531	0.4
South	305,588	0.2	42,232	0.0
East	127,783	0.7	18,908	0.6
North East	15,140	2.8	2,487	0.5

Source: CEA

Improvement in the power deficit situation signifies the success of various policy initiatives and capital investments made across different business segments. Nevertheless, the projected rising demand and low per-capita consumption continually provide growth impetus to the power sector.

Demand Projections

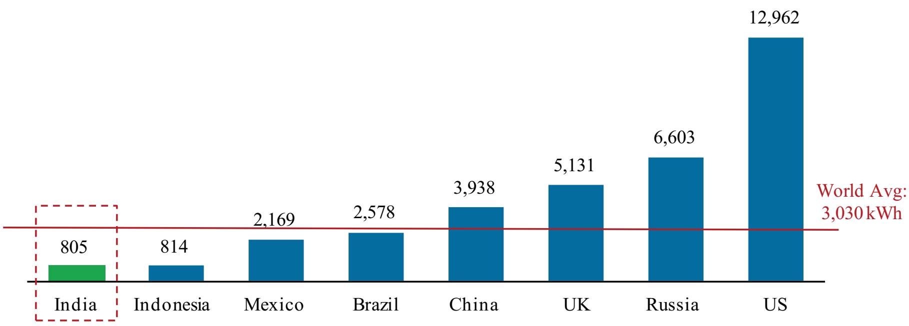
As mentioned above, power demand in India has been growing substantially owing to its favourable fundamentals. This trend is expected to continue as envisaged in CEA's 19th Electric Power Survey as given below:

	Electricity requirement[(2)] (TWh)	CAGR	Peak demand[(2)] (GW)	CAGR
FY12	937	—	130	—
FY17	1,143	4.1%	160	4.2%
FY22E	1,566	6.5%	226	7.2%
FY27E	2,047	5.5%	299	5.8%

Source: 19th Electric Power Survey, CEA

(2) Electricity requirement and peak demand are estimated by aggregating the electrical energy requirement of all the states, or union territories and do not factor in demand side management or energy efficiency or conservation measures

The significantly low per-capita electricity consumption is another key factor attributing to the strong market potential in power sector. As shown below, per-capita consumption of electricity in India is well below the world average and other developing countries such as China and Brazil.



Source: Based on IEA data from Key World Energy Statistics © OECD/IEA 2016, www.iea.org/statistics, Licence: www.iea.org/t&c; as modified by Standard Chartered Bank

Power Transmission and Distribution

In India, the Transmission and Distribution (**T&D**) system is comprised of distribution networks, state grids and regional grids. The distribution networks and state grids are primarily owned and operated by the respective state transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by **PGCIL**, which facilitates the transfer of power from a surplus region to one with deficit, though some are jointly owned by the SEBs as well.

PGCIL is the central transmission utility of India and possesses one of the largest transmission networks in the world. As of 30 June 2017, PGCIL owned and operated approximately 140,723 km of extra high voltage transmission lines all over India and about 45 per cent. of the total power generated in the country was wheeled through PGCIL's network (*Source: MoP; PGCIL*).

State distribution networks are managed at the state level and continue to be affected by high losses. A direct consequence of the high AT&C losses is the poor financial condition of SEBs, which constrains the SEBs from making any meaningful investments in generation and in upgrading the T&D network. Between fiscal 2011 and fiscal 2015, T&D losses and AT&C losses in India decreased from 24.0 per cent. to 22.8 per cent., and from 26.4 per cent. to 24.6 per cent., respectively.

As shown in the table below, India's transmission sector has grown more than three times, from a capacity of 117,376 km to 374,706 km over the last decade:

		Achieved as of				
Transmission System Type	**Unit**	**March-1997**	**March-2002**	**March-2007**	**March-2012**	**June-2017**
AC transmission lines	km	115,742	147,531	192,535	248,049	359,150
High Voltage Direct Current.	km	1,634	4,738	5,872	9,432	15,556
Total (AC + High Voltage Direct Current)	km	117,376	152,269	198,407	257,481	374,706
AC Substations Transformation Capacity . .	MVA	125,042	176,743	249,439	399,801	743,070
High Voltage Direct Current.	MW	-	5,200	8,200	9,750	21,000
Alternating Current + High Voltage Direct Current . . .	MW	125,042	181,943	257,639	409,551	764,070
Inter-regional transmission capacity	MW	-	-	14,050	27,750	75,050

Source: CEA

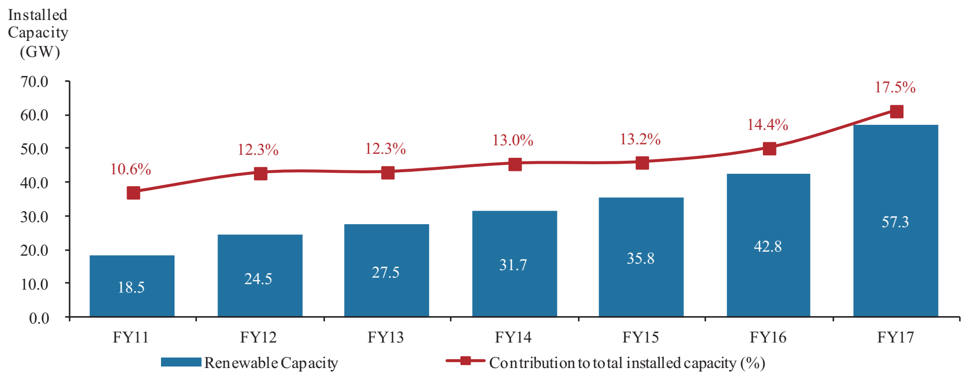
The 2016 draft National Electricity Plan estimates that a total expenditure of ₹260 billion will be incurred between fiscal 2017 and fiscal 2022 for implementation of transmission system additions in India.

Renewable Energy

As of 30 June 2017, India has one of the largest installed renewable capacities in Asia, with a generation capacity of 57 GW. Renewable or clean energy sources such as wind, solar and bio-power are expected to play an increasingly important role for India amidst favourable government policies supporting the sector. As a result, renewable capacity (excluding large hydro and nuclear projects) as a proportion of total capacity has grown from 5.0 per cent. of the total capacity in India in fiscal 2006 to 17.5 per cent. in fiscal 2017 (*Source: CEA*).

Renewable energy in India is set to continue its trajectory of growth, given India's significant untapped renewable resources. The MNRE estimates India to possess about 900 GW of renewable energy potential, of which currently only about 6.0 per cent. is tapped. To further utilise these resources, the Government scaled up the target of renewable energy capacity to 175 GW by fiscal 2022, which includes 100 GW from solar, 60 GW from wind, 10 GW from bio-power and 5 GW from small hydro-power. With 57 GW of renewable capacity as of 30 June 2017, India has achieved approximately 32.6 per cent. of its fiscal 2022 target (*Source: CEA*).

Growth of Renewable[(3)] Capacity in India (FY11-17)



Source: Central Electricity Authority

(3) Definition of renewable excludes large hydro and nuclear projects

Power Trading

The Electricity Act 2003 recognises trading of power as a distinct activity and permits SERCs to allow open access to the distribution of electricity in phases that ultimately encourage efficiency and competition. Power trading helps achieve optimal utilisation of power resources in different regions. Hence, the GoI set up the Power Trading Corporation of India Limited to facilitate inter-state trading in power.

For open access to T&D, the setting up of a power exchange was essential. As per the guidelines of the Electricity Act 2003, the first power exchange was set up in India in 2008. Power exchanges are aimed at facilitating transparent and efficient trading of power, thus bridging the demand-supply mismatch by bringing larger players onto a common platform for buying and selling in an auction-based system, thereby providing liquidity.

Volume and Price Trends of Short Term Power

Short-term transactions include the electricity transacted through the following modes:

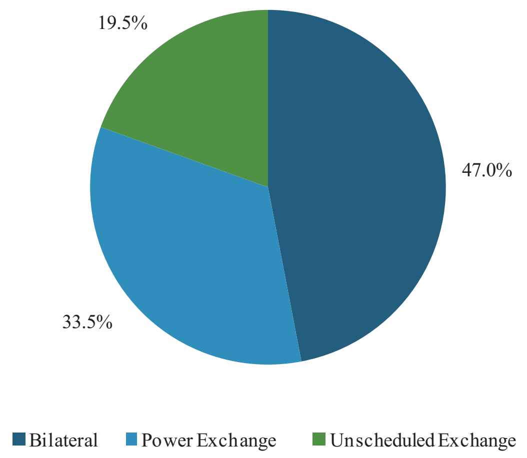
i. Bilateral trading between inter-state trading licensees;

ii. Bilateral trading between Discoms;

iii. Trading through power exchanges, namely the IEA and NPEL; and

iv. Unscheduled interchange (being the difference between actual generation and scheduled generation), including plants that have achieved synchronisation but are in the process of declaring commissioning.

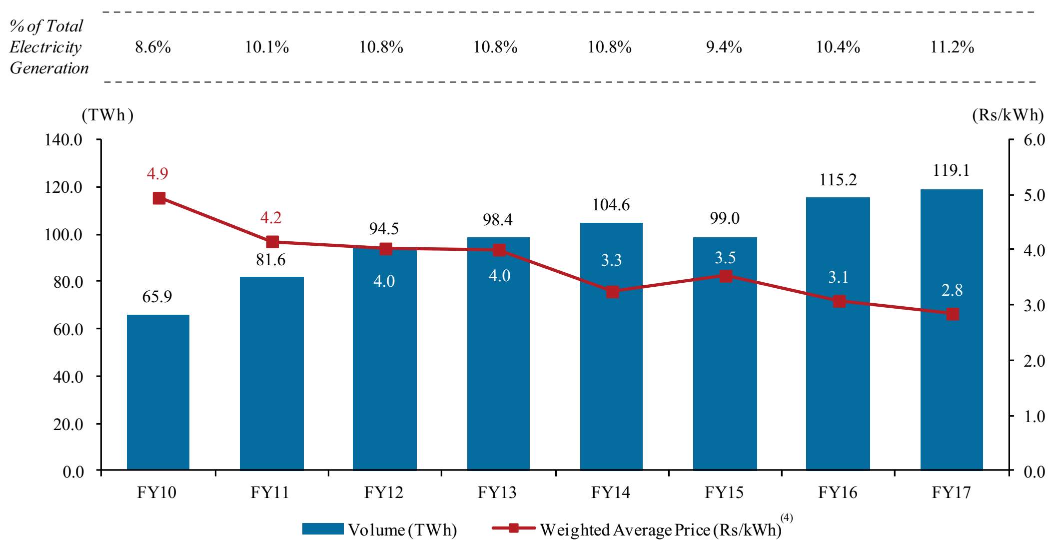
Total Volume of Electricity Transacted in Short Term Market (Fiscal 2017)



Source: CERC Reports on Short-term Power Market in India

The volume of power sold in the form of short-term transactions has been steadily increasing for the past few years. Total volume of short-term transactions of electricity increased from 65.9 TWh in fiscal 2010 to 119.1 in fiscal 2017, growing at a seven-year CAGR of 8.8 per cent., while the average prices of electricity transactions decreased from 4.9 ₹/ kWh to 2.8 ₹/ kWh. At the same time, volume of short-term transactions as percentage of total electricity generation has also increased from 8.6 per cent. in fiscal 2010 to 11.2 per cent. in fiscal 2017.

Total Volume and Price of Electricity Transacted in Short Term Market (Fiscal 2010-2017)



Source: CERC Reports on Short-term Power Market in India

Policy Initiatives and Economic Reforms in India

Since 1991, India has witnessed reforms across the policy spectrum in the areas of fiscal and industrial policy, trade and finance. Some of the key reform measures are:

- *Industrial Policy Reforms:* removal of capacity licensing and opening up of various sectors to FDI;

- *Trade Policy Reforms:* lowering of import tariffs and restrictions on imports, across industries; and

- *Monetary Policy and Financial Sector Reforms:* lowering interest rates, relaxation of restrictions on fund movement and the introduction of private participation in the insurance sector.

In addition, FDI has been recognised as an important driver of economic growth in the country. The GoI has taken a number of steps to encourage and facilitate FDI, and FDI is allowed in many key sectors of the economy, such as manufacturing, services, infrastructure and financial services. For many sectors, 100 per cent. FDI is allowed on an automatic basis, without prior approval from the Foreign Investment Promotion Board.

FDI inflows into India have accelerated since fiscal 2007. From 1 April 2000 to 31 March 2017, cumulative FDI equity inflows into India amounted to U.S.$332,112 million. FDI inflow into India for fiscal 2017 was U.S.$43,478 million (*Source: Provisional data according to the Department of Industrial Policy and Promotion*) which is more than three times the amount in fiscal 2007 of U.S.$12,492 million) (*Source: Department of Industrial Policy and Promotion Fact Sheet, April 2000 to March 2017*).

In recent years, in light of persistent power shortages and given the estimated rate of increase in demand for electricity in India, the GoI has taken significant action to restructure the power sector, increase capacity, improve transmission, sub-transmission and distribution, and attract investment to the sector. Some of the various strategies and reforms adopted by the GoI and other initiatives in the power sector in India are summarised below:

Electricity Act, 2003 (Electricity Act)

The most significant reform package was the introduction of the Electricity Act, which modified the legal framework governing the electricity sector and was designed to alleviate many of the problems facing India's power sector and to attract capital for large scale power projects. The Electricity Act replaced the multiple legislations that had previously governed the Indian electricity sector. The most significant reform under the Electricity Act was the move towards a multi-buyer, multi-seller system, as opposed to the previous structure which permitted only a single buyer to purchase power from generators. Furthermore, under the Electricity Act, the regulatory regime was more flexible, had a multi-year approach and allowed the central and state regulatory commissions greater freedom in determining tariffs, without being constrained by the rate-of-return regulations.

National Electricity Policy, 2005

The National Electricity Policy was notified in February 2005. This policy aimed at accelerated development of the power sector, focusing on the supply of electricity to all areas and the protection of the interests of consumers and other stakeholders, keeping in mind the availability of energy resources and technology available to exploit these resources, the economics of generation using different resources and energy security issues.

National Tariff Policy, 2006

The National Tariff Policy (**NTP**) was notified by the Government on 6 January 2006. Its main objectives are to:

- ensure availability of electricity to consumers at reasonable and competitive rates;

- ensure financial viability of the sector and attract investment;

- promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimise perceptions of regulatory risks; and

- promote competition, efficiency in operations and improvement in quality of supply.

The NTP stipulates that all future power requirements should be procured competitively by distribution licensees except in cases of expansion of pre-existing projects or where there is a public sector controlled or owned developer involved. In these cases, regulators must use tariffs set by reference to standards of the CERC, provided that expansion of generating capacity by private developers for this purpose will be restricted to a one time addition of not more than 50 per cent. of the existing capacity. Under the NTP, even for public sector projects, tariffs for all new generation and transmission projects will be decided on the basis of competitive bidding provided that a developer of a hydroelectric project has the option of having the tariff determined by appropriate commission on the basis of performance based cost of service regulations subject to the satisfaction of various conditions specified in the Tariff Policy. Exemptions from the competitive bidding route may be adopted in: (i) the first two experimental works for 1,200 KV high voltage direct current (**HVDC**) transmission lines; (ii) urgent work by the central transmission utility or state transmission utilities (**STUs**) as decided by the Government; and (iii) intra-state transmission projects by STUs for two years beyond 6 January 2011.

Rural Electrification Initiatives

The MoP introduced the (RGGVY) in April 2005, with the aim of providing access to electricity to all rural households over a period of five years (*Source: MoP*). REC has been appointed the nodal agency for RGGVY, and the scheme is 90 per cent. funded by Government subsidies and 10 per cent. by state subsidies, through their own resources or by seeking financial assistance from financial institutions. The states are responsible for finalising their own rural electrification plans, which would then be a roadmap for generation, transmission, sub-transmission and distribution of electricity within that state to ensure achievement of the scheme objectives. (*Source: MoP*).

Ultra Mega Power Projects (UMPPs)

For meeting the growing needs of the economy, generation capacity and sustainability in India must rise significantly over the coming decades. There is therefore a need to develop large capacity projects at the national level to meet the requirements of different states. Development of UMPPs is one step the MoP is taking to meet this objective. Each project is a minimum of 4,000 MW and involves an estimated investment of approximately U.S.$4 billion. The projects are expected to substantially reduce power shortages in India. The UMPPs will be awarded to developers on a build-own-operate basis and are expected to be built at 16 different locations. (*Source: MoP; PFC*).

Independent Transmission Projects

The Ministry of Power has initiated a tariff based competitive bidding process for ITPs, which is a process similar to that followed for UMPPs, for the development of transmission systems through private sector participation. The ITPs aim to evacuate power from generating stations and transmit the power from pooling stations to other grid stations, resulting in system strengthening across India (*Source: PFC*).

Hydro Power Policy 2008

The Hydro Power Policy 2008, emphasises increasing private investment in the development of hydroelectric projects. The policy aims to attract private funds by encouraging joint ventures with private developers and the use of the IPP model, in addition to promoting power trading and accelerating the availability of statutory clearances. The policy provides guidelines for accelerated development of the hydropower industry in India, particularly in the Himalayan States. (*Source: Hydropower Policy 2008, MoP*).

National Solar Mission

The MNRE has approved a new policy on development of solar energy in India by the JNNSM. The mission launched in 2010 recommended the implementation of an installed capacity of 20,000 MW in three stages by the end of fiscal 2022. The Government later revised the target of grid connected solar power projects to 100,000 MW by fiscal 2022 under the mission and it was approved by cabinet on 17 June 2015 *(Source: MNRE*). It proposes to establish a single window investor-friendly mechanism, which reduces risk and at the same time provides an attractive, predictable and sufficiently adequate tariff for the purchase of solar power from the grid. The key driver for promoting solar power would be through a renewable purchase obligation mandated for power utilities, with a specific solar component. (*Source: MNRE*)

Restructured Accelerated Power Development and Reform Programme (R-APDRP)

The MoP launched the R-APDRP in July 2008 to extend and restructure the APDRP. Projects under R-APDRP are categorised into two parts: Part A projects include those that aim to establish a reliable system for the collection of accurate base line data and IT application for energy auditing and Part B projects include regular distribution strengthening projects to improve the sub-transmission and distribution system. (*Source: MoP*).

Financial Restructuring of State Distribution Companies

In October 2012, a scheme for the restructuring of state-owned distribution companies called the "Financial Restructuring of State Distribution Companies" was introduced by the MoP. The scheme was applicable to all state-owned distribution companies which had accumulated losses and which were facing difficulty in financing operational losses. The objective of the proposed scheme was to enable the state governments and the distribution companies to implement a strategy for the financial rehabilitation of the distribution companies.

Ujjwal Discom Assurance Yojana (UDAY)

In November 2015, the UDAY scheme was launched to address the problem of high accumulated losses and debts of Discoms in India. As of fiscal 2015, Discoms had accumulated losses of approximately ₹3,800 billion and outstanding debt of approximately ₹4,300 billion.

The scheme was designed to improve the financial performance of Discoms. Key initiatives under the UDAY scheme include:

- phased takeover of Discom debt by state governments, with a view to reduce interest costs of Discoms;
- incentivising Discoms to achieve higher operational efficiencies;
- reducing the cost of power purchase; and
- imposing financial discipline on Discoms through an alignment with state finances.

As of 17 March 2017, 27 of 33 states and union territories have joined the UDAY scheme by signing a memorandum of understanding with the MoP.

Maps of States that have joined the UDAY Scheme

State	MOU Date
Jharkhand	5-Jan-16
Chhattisgarh	25-Jan-16
Rajasthan	27-Jan-16
Uttar Pradesh	30-Jan-16
Bihar	22-Feb-16
Gujarat	22-Feb-16
Punjab	4-Mar-16
Haryana	11-Mar-16
Jammu and Kashmir	15-Mar-16
Uttarakhand	1-Apr-16
Goa	17-Jun-16
Karnataka	17-Jun-16
Andra Pradesh	24-Jun-16
Manipur	26-Jun-16
Madhya Pradesh	10-Aug-16
Puducherry (UT)	10-Aug-16
Maharashtra	7-Oct-16
Himachal Pradesh	9-Dec-16
Telangana	4-Jan-17
Assam	4-Jan-17
Tamil Nadu	9-Jan-17
Sikkim	22-Feb-17
Meghalaya	28-Feb-17
Kerala	10-Mar-17
Arunachal Pradesh	27-Mar-17
Tripura	29-Mar-17
Mizoram	31-Mar-17

Source: MoP

National Tariff Policy (Amendment)

In 2016, amendments were made to the NTP. It provided emphasis to the renewable energy sector by allowing for competitive bidding for renewable energy procurement and waiver of inter-state transmission charges among other measures and allowed licensees to charge lower tariffs than those determined by the SERC.

The amendment to the policy also made procurement of power from waste-to-energy sources become compulsory, and discouraged differential duties particularly when states imposed differential duties on captive power generation.

Other Government Initiatives

Integrated Power Development Scheme

In November 2014, the Integrated Power Development Scheme (**IPDS**) was launched by the MoP with the objectives of:

1) strengthening the sub-transmission and distribution networks in urban areas;

2) metering distribution transformers/feeders/consumers in urban areas; and

3) implementing IT-enablement of the distribution sector and strengthening the distribution network.

The IPDS aimed to help in the reduction of aggregate technical and commercial losses, the establishment of IT-enabled energy accounting and auditing systems, the improvement in billed energy based on metered consumption and the improvement of collection efficiency.

Deen Dayal Upadhyaya Gram Jyoti Yojana (Rural Electrification Initiative)

The Deen Dayal Upadhyaya Gram Jyoti Yojana (**DDUGJY**) is a scheme designed by the Government to provide continuous power supply to rural areas in India. The scheme replaces the RGGVY.

When launched in 2015, DDUGJY had an initial outlay of ₹760 billion for implementation of projects under which the Government agreed to provide a grant of ₹630 billion. As of 6 June 2017, 593,555 villages out of 597,464 (99.3 per cent.) have been electrified.

Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India (SHAKTI)

In May 2017, the cabinet committee on economic affairs approved a new scheme for providing long-term coal linkages to power projects in India which had not secured a coal supply contract.

The policy stated that coal linkages would be awarded to designated state-owned Discoms. These, in turn, would assign linkages to state or central power generation companies by way of allocation and through auction to independent power producers.

The independent power producers, who had already entered power purchase agreements (**PPA**s) and were participating in the auction bid for discounts on the existing tariff, could avail of such discounts by way of adjustments from the gross coal bills. Furthermore, the future linkages for supply of coal to independent power producers without PPAs was to be on the basis of auctions where bidding for linkages would be done over the notified price of the coal company.

The approved framework was designed to provide long-term domestic coal security to power projects that did not have long-term coal supply agreements and had to rely on short term purchases through e-auction or imported coal. Key benefits of this policy are as follows:

- transparent and objective allocation of coal supply for all power plants;

- a framework to address the stress in the power sector due to non-availability of linkages for power; and

- reduced power costs, as independent power producers would need to provide competitive tariffs in order to secure coal linkages under the PPAs.

Providers of Finance in the Power Sector in India

The primary providers of power sector financing in India are power sector specific government companies, financing institutions, public sector banks and other public sector institutions, international development institutions and private banks.

Power Sector Specific Government Companies

The Issuer was incorporated on 16 July 1986, with the main objective of financing power projects, transmission and distribution works and the renovation and modernisation of power plants.

Besides the Issuer, the other public sector companies and agencies engaged in financing the power sector are as follows.

Rural Electrification Corporation

REC is a government company, which is registered as an NBFC and has been notified as an IFC. It was established in 1969 under the administrative control of the MoP. Its main objective is to finance and promote rural electrification projects throughout India. It provides financial assistance to SEBs, state government departments and rural electric cooperatives for rural electrification projects. REC also promotes and finances rural electricity cooperatives, administers funds and grants from the Government and other sources for financing rural electrification, provides consultancy services and project implementation in related fields, finances and executes small, mini and micro generation projects as well as larger generation, transmission and distribution power projects, and develops other energy sources. REC's equity shares are listed on the NSE and BSE Limited.

Indian Renewable Energy Development Agency

The Indian Renewable Energy Development Agency is a wholly-owned Government company, which is registered as an NBFC and has also been notified as an IFC. It was established in 1987 under the administrative control of the Ministry of Non-Conventional Energy Sources of the Government, with the objective of promoting, developing and extending financial assistance for renewable energy and energy efficiency, and energy conservation projects.

Private Financial Institutions

Financial institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernisation of existing facilities. These institutions provide fund based and non-fund based assistance to industry in the form of loans, underwriting, direct subscription to shares, debentures and guarantees, and therefore compete in the Indian power finance sector. The primary long-term lending institutions include the IDFC, IIFCL, IFCI Limited, PTC India Financial Services Limited, Industrial Investment Bank of India Limited and Small Industries Development Bank of India.

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large-sized enterprises. Examples include the Delhi Financial Corporation, Delhi State Industrial Development Corporation Limited, Economic Development Corporation of Goa, Daman and Diu Limited, Goa Industrial Development Corporation, Western Maharashtra Development Corporation Limited, Madhya Pradesh State Industrial Development Corporation Limited and Orissa Industrial Infrastructure Development Corporation (*Source: Council of State Industrial Development and Investment Corporations of India*).

Public Sector Banks and other Public Sector Institutions

Public sector banks are believed to make up the largest category of banks in the Indian banking system. The primary public sector banks operating in the power sector include the Industrial Development Bank of India, State Bank of India and Punjab National Bank and the Bank of Baroda. Other public sector entities also provide financing to the power sector. These include organisations such as the Life Insurance Corporation of India and India Infrastructure Finance Company Limited.

International Development Financial Institutions

International development financial institutions are supportive of power sector reform and of more general economic reforms aimed at mobilising investment and increasing energy efficiency. The primary international development financial institutions involved in power sector lending in India include several international banking institutions such as Japan Bank for International Cooperation, the World Bank, the Asian Development Bank, the International Finance Corporation and the BRICS New Development Bank.

*The Issuer is a systemically important, non-deposit taking NBFC and is notified as a public financial institution (**PFI**) under section 2(72) of the Companies Act, 2013 (corresponding to the erstwhile Section 4A of the Companies Act, 1956 and also classified as an Infrastructure Finance Company (**IFC**) by the RBI by its letter dated 28 July 2010). The business activities of NBFCs and PFIs are regulated by various RBI regulations, although as a Government company, the Issuer has the benefit of certain exemptions further described below.*

The following description is a summary of the relevant regulations and policies prescribed by the Government and other regulatory bodies that are applicable to the Issuer's business. The statements below are based on provisions of Indian law as of the date of this Offering Circular, and the judicial and administrative interpretations thereof, which are subject to modification by subsequent legislative, regulatory, administrative or judicial decisions. The information detailed below has been obtained from various legislations available in the public domain, and may not be exhaustive. It is merely intended to provide general information and is neither designed nor intended to substitute for professional legal advice.

Investors should carefully consider the information described below, together with the other information set out in other sections of the Offering Circular including the financial statements, before making an investment decision relating to the Notes as any changes in the regulations and policies could have a material adverse effect on the Issuer's business including the quality of assets, its liquidity, its financial performance, its stockholder's equity, its ability to implement its strategy and its ability to repay the interest or principal on the Notes in a timely manner or at all.

A. NBFC REGULATIONS

The Reserve Bank of India Act, 1934 (RBI Act)

The RBI is entrusted with the responsibility of regulating and supervising the activities of NBFCs by virtue of the power vested in it under Chapter III B of the RBI Act. The RBI Act defines an NBFC under Section 45-I (f) as:

'(i) a financial institution which is a company;

(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; and

(iii) such other non-banking institution or class of such institutions, as the RBI may, with the previous approval of the central Government and by notification in the official gazette, specify.'

The RBI has clarified through a press release dated 8 April 1999 and by a notification dated 19 October 2006 that, in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if: (i) its financial assets are more than 50.0 per cent. of its total assets (netted off by intangible assets); and (ii) income from financial assets should be more than 50.0 per cent. of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration (**CoR**) and having a minimum net owned fund of ₹20 million. In case an NBFC does not accept deposits from the public (**NBFC-ND**), it shall obtain a CoR without authorisation to accept public deposits. All NBFCs are required to submit a certificate from their statutory auditors every year to the effect that they continue to undertake the business of a non-banking financial institution, thereby requiring them to hold a CoR.

NBFCs which are government companies in which not less than 51.0 per cent. of the paid up capital is held by the central Government, or by any state government or partly by the central Government and partly by one or more state governments or which is a subsidiary of a government company, have been exempted from complying with the various parts of the RBI Act relating to maintenance of liquid assets, creation of reserve funds and the directions relating to acceptance of public deposits and certain prudential norms.

Non-Banking Financial Company — Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (NBFC-ND Master Directions)

The Issuer is a systemically important non-deposit taking NBFC-IFC. The Issuer, with effect from 1 April 2016, is following the RBI-notified Prudential Norms for 'Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies', the latest norms being those issued by RBI's NBFC-ND Master Directions dated 1 September 2016 and as amended from time to time. These norms are being implemented subject to the following specific RBI directions:

(a) for exposure to central/state government entities, the Issuer is exempted from applicability of RBI's credit concentration norms up to 31 March 2022 and, accordingly, is following the MoP's approved credit concentration norms;

(b) the Issuer can classify Government sector loans on a project basis provided cash flows from each project are separately identifiable and applied to the same project; and

(c) in case a state utility's account has been downgraded to a non-performing asset only because one or more of its projects have not commenced commercial operations by the date of commencement of commercial operations (**DCCO**) envisaged at the time of financial closure (or a revised DCCO within permissible limits), loans to the other projects of the same utility which are performing satisfactorily can still be classified as standard. This dispensation will cease to be applicable with effect from 1 April 2022.

As regards restructuring norms, the Issuer is applying the RBI notified norms on 'Restructuring of Advances' by NBFCs to its entire loan portfolio.

Measures for Capital Augmentation by NBFCs

Systemically important NBFC-NDs which meet the criteria prescribed in the NBFC-ND Master Directions 2014 (**NBFC-ND-SIs**) may augment their capital funds by the issuance of perpetual debenture instruments in accordance with certain specified guidelines. Such perpetual debenture instruments shall be eligible for inclusion as Tier I capital to the extent of 15.0 per cent. of the total Tier I capital as of March 31 of the previous accounting year. NBFCs-ND-SIs may augment their Tier II capital by issuance of hybrid capital instruments, subordinated debt, with certain specified guidelines. Perpetual debenture instruments issued in excess of 15.0 per cent. will be included in Tier II capital, subject to the proviso that Tier II capital does not exceed Tier I capital.

KYC Guidelines

The RBI issued the 'Master Direction - Know Your Customer (KYC) Direction, 2016' on 25 February 2016 for all entities regulated by it including banks, NBFCs, etc. RBI's KYC directions *inter alia* include a customer acceptance policy, risk management approach, customer identification procedures, customer due diligence procedures and monitoring of transactions, etc. These guidelines are also applicable to the Issuer.

Corporate Governance Guidelines

All NBFC-ND-SIs and deposit accepting NBFCs are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure and transparency and connected lending.

Private Placement Guidelines

The RBI notification dated 20 February 2015 is applicable to NBFCs raising money through private placement of non-convertible debentures (**NCDs**). In terms of these, NBFCs shall put in place a board-approved policy for resource planning which, *inter alia*, should cover the planning horizon and the periodicity of private placement. Tax exempt bonds offered by NBFCs are exempted from the applicability of the circular. The Issuer shall be governed by the following instructions:

- the minimum subscription per investor shall be Rs.20,000;

- the issuance of private placement of NCDs shall be in two separate categories per investor: those with a maximum subscription of less than Rs.10 million; and those with a minimum subscription of Rs.10 million and above;

- there shall be a limit of 200 subscribers for every financial year for issuance of NCDs with a maximum subscription of less than Rs.10 million, and such subscriptions shall be fully secured;

- there shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of Rs.10 million and above; the option to create security in favour of subscribers will reside with the issuers. Such unsecured debentures shall not be treated as public deposits as defined in the 'NBFCs Acceptance of Public Deposits (Reserve Bank) Directions' of 1998; and

- an NBFC (excluding core investment companies) shall issue debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests from group entities, parent company or associates.

An NBFC shall not extend loans against the security of its own debentures (issued by way of either private placement or public issue).

Norms for Excessive Interest Rates

The Board of each NBFC shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and shall determine the rate of interest to be charged for loans and advances. The rates of interest and the approach for gradation of risks shall be made available on the website of the companies or published in the relevant newspapers. Furthermore, the rate of interest should be expressed as an annualised rate so that the borrower is aware of the exact amounts that would be charged to his account.

The Issuer fixes the interest rate based on different parameters such as the cost of borrowing, the RBI's Monetary Policy, the movement of market benchmarks, operational and performance parameters of the Issuer, and competitors' interest rates, etc. These components are dynamic and change from time to time. The interest rates so fixed by the Issuer are brought to the notice of the borrowers by publication on the Issuer's website. Although interest is payable on a quarterly or monthly basis, the effective annualised rate is also published on the Issuer's website.

Directions on Acquisition of NBFC

Prior written permission from the RBI is required for: (i) the takeover or acquisition of an NBFC, deposit and non-deposit accepting whether by acquisition of shares or otherwise; (ii) the merger or amalgamation of an NBFC with another entity or of an entity with an NBFC that would give the acquirer control of the NBFC or which would result in acquisition or transfer of shareholding in excess of 10.0 per cent. of the paid up capital of the NBFC; and (iii) mergers, amalgamations, compromises, arrangement and reconstruction of NBFCs pursuant to order by a court or tribunal order under the Companies Act, 2013. Non-compliance of the directions could lead to adverse regulatory action including cancellation of the certificate of registration of NBFCs.

Anti-Money Laundering

The RBI has specified that a proper policy framework implementing the Prevention of Money Laundering Act, 2002, as amended (**PMLA**) is put into place in NBFCs. The PMLA seeks to prevent money laundering and applies to all banking companies and financial institutions, including NBFCs and intermediaries. In accordance with the provisions of the PMLA and the directions therein, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions. As of the date of this Offering Circular, the Issuer is in compliance with all applicable anti-money laundering regulations.

Opening of Branch, Subsidiary or Representation Office of an NBFC Outside India

Prior approval of the RBI is required for opening of a branch, subsidiary, joint venture or representative office or for undertaking any investment abroad by an NBFC.

B. CLASSIFICATION OF INFRASTRUCTURE FINANCE COMPANIES

An IFC is an NBFC-ND that (i) minimum of 75.0 per cent. of its total assets deployed in financing the infrastructure sector; (ii) net owned funds of ₹3,000 million or above; (iii) has a minimum credit rating of 'A' or equivalent of CRISIL, FITCH, CARE, ICRA, or other equivalent rating agencies; (iv) has a capital to risk assets ratio (**CRAR**) of 15.0 per cent. (with a minimum Tier I capital of 10.0 per cent.); and (v) cannot accept deposits. The following lending and investment norms are applicable to NBFC-ND-SI's which are IFCs:

(a) increase in lending to any single borrower by 10.0 per cent. of its owned fund i.e., total of 25.0 per cent. of its owned funds;

(b) increase in lending to any single group of borrowers by 15.0 per cent. of its owned fund i.e., total of 40.0 per cent. of its owned funds;

(c) increase in lending and investing in (loans/investments taken together) by 5.0 per cent. of its owned fund to a single party i.e. total of 30.0 per cent. of its owned funds; and

(d) increase in lending and investing in (loans/investments taken together) by 10.0 per cent. of its owned fund to a single group of parties i.e. total of 50.0 per cent. of its owned funds.

The Issuer is a government owned NBFC-IFC and subject to the CRAR, rating, etc.

In regard to lending and investment norms set out above, the Issuer is compliant with the exposure norms for private sector entities. The RBI has exempted the Issuer until 31 March 2022 from the applicability of the RBI Concentration of Credit and Investment Norms in respect of its exposure towards central or state government entities. Accordingly, in relation to the government sector, the Issuer is following the MoP-approved credit concentration limits, which are as set out below:

- Lending to a single entity: 100 per cent. to 150 per cent. (higher exposure up to 150 per cent. is permitted subject to certain conditions);

- Investment in shares: 15 per cent; and

- Lending and Investment: 100 per cent. to 150 per cent.

As an IFC, the Issuer is also eligible to borrow in foreign currency under the automatic route (without the prior approval of the RBI), ECBs up to U.S.$750 million each fiscal year from recognised lenders.

Subsequently, the RBI has created many other categories of NBFCs such as NBFC-core investment company, infrastructure debt fund-NBFC and NBFC-micro finance institution.

C. REGULATION OF CORPORATES

Companies Act

The Issuer is a company incorporated and registered under the Companies Act, 1956 and therefore governed by the provisions and rules made under the Companies Act, 1956. The Companies Act, 2013 replaces the Companies Act, 1956 as and when fully notified.

The Companies Act, 2013 seeks to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures, such as: (i) increasing the accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards including establishment of Serious Fraud Investigation Office for investigation of frauds relating to companies and special courts for summary trial of offences under the Companies Act, 2013; (ix) better framework for insolvency regulation; (x) making CSR mandatory for every company having net worth of ₹5,000 million or more, or turnover of ₹10,000 million or more or a net profit of ₹50 million or more during any financial year; (xi) introducing of the National Company Law Tribunal and its appellate authority which is the National Company Law Appellate Tribunal which replaces the Company Law Board, the Board for Industrial and Financial Reconstruction and its appellate authority with the intention that all lawsuits relating to companies are made to one body; (xii) providing rules on insider dealing, forward contracts, related party transactions and acceptance of deposits; and (xiii) the implementation of a fixed and variable legislation model with various provisions of the Companies Act, 2013 delegating rule making power to central Government. The Companies Act, 2013 has introduced various sections which significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies including the Issuer. For transition purposes, the Companies Act, 2013 encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered, registers maintained under the Companies Act, 1956 (unless contrary to the Companies Act, 2013) will continue to be valid under the Companies Act, 2013.

Additionally, section 465 of the Companies Act, 2013 provides for repeals and savings where under anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of the Companies Act, 2013, be deemed to have been done or taken under the corresponding provisions of the Companies Act, 2013.

D. REGULATION OF FOREIGN INVESTMENT

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (**FEMA Regulations**) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. No prior consent and approval is required from the RBI, for FDI under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, or in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the respective administrative ministries.

In accordance with the Consolidated Foreign Direct Investment (**FDI**) Policy effective from 28 August 2017, foreign direct investment in NBFCs regulated by the RBI fall under the automatic route for FDI investment up to 100.0 per cent.

E. EXTERNAL COMMERCIAL BORROWINGS

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (**Borrowing Regulations**) to regulate the borrowing and lending in foreign exchange by a person resident in India including ECBs. In terms of the Master Directions issued by the RBI on 'External Commercial Borrowings Trade Credit Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers' dated 1 January 2016, as amended (**ECB Guidelines**), ECBs can be accessed under two routes: (i) the automatic route and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route refers to circumstances where prior RBI approval is mandatory before raising an ECB. The ECB Guidelines are subject to amendment from time to time. Investors are urged to consult their own advisors in connection with the applicability of any Indian laws or regulations.

The ECB Guidelines classify ECBs under three categories:

(a) medium-term foreign currency-denominated ECBs with minimum average maturity of three to five years (**Track I ECBs**);

(b) long-term foreign currency-denominated ECBs with minimum average maturity of ten years (**Track II ECBs**); and

(c) Indian Rupee-denominated ECBs with minimum average maturity of three to five years (**Track III ECBs**).

Automatic route

Under the automatic route, the following entities have been classified as recognised borrowers for raising Track I ECBs: (i) companies in the manufacturing and software development sectors; (ii) shipping and airline companies; (iii) the Small Industries Development Bank of India; (iv) units in special economic zones in India; and (v) companies in the infrastructure sector, infrastructure finance NBFCs, asset finance NBFCs, holding companies and core investment companies. For Track II ECBs, all entities eligible under Track I ECBs can raise ECBs as well as real estate investment trusts and infrastructure investment trusts coming under the regulatory framework of SEBI. In respect of Track III ECBs, all entities eligible under Track II ECBs can raise ECBs in addition to (i) all NBFCs; (ii) NBFCs micro-finance institutions, not-for-profit companies, societies, trusts and co-operatives, and non-government organisations engaged in micro-finance activities; (iii) companies engaged in miscellaneous services such as research and development, companies supporting infrastructure and companies providing logistics services; and (iv) developers of special economic zones and national manufacturing and investment zones.

The foreign lenders eligible to loan to all three categories of ECBs include: (i) international banks, (ii) international capital markets, (iii) multilateral financial institutions or regional financial institutions and Government-owned development financial institutions, (iv) export credit agencies, (v) suppliers of equipment, (vi) foreign equity holders, and (vii) overseas long-term investors, including prudentially regulated financial entities, pension funds, insurance companies, sovereign wealth funds and financial institutions located in international financial services centres in India. Foreign branches or subsidiaries of Indian banks may only participate in Track I ECBs.

ECB proceeds under Track I can be utilised for, *inter alia* (i) capital expenditure in the form of import and local sourcing of capital goods, new projects and modernisation or expansion of existing production units; (ii) overseas direct investment; (iii) acquisition of shares in the government's disinvestment programme of public sector units; (iv) refinancing of existing ECBs, provided the residual maturity is not reduced and other end uses as set out in the ECB Guidelines remain. The proceeds of Track I ECBs raised by: (i) infrastructure finance NBFCs and asset finance NBFCs can only be used for financing infrastructure; and (ii) holding companies and core investment companies can only be used for on-lending to infrastructure special purpose vehicles. The proceeds of Track II and Track III ECBs can be used for all purposes, excluding (i) real estate activities; (ii) investing in capital markets or equity in the domestic market; (iii) on-lending to other entities for the above-mentioned objectives; and (iv) purchases of land. NBFCs under Track III ECBs can use ECB proceeds only for (i) on-lending to the infrastructure sector; (ii) providing hypothecated loans to domestic entities for acquisition of capital goods and equipment; and (iii) providing capital goods and equipment to domestic entities by way of lease and hire-purchase.

Further, the maximum amount which can be raised every financial year under the automatic route is: U.S.$750 million or its equivalent for companies in the infrastructure and manufacturing sector, infrastructure finance NBFCs, asset finance NBFCs, holding companies and core investment companies; U.S.$200 million or its equivalent for companies in the software development sector; U.S.$100 million or its equivalent for entities engaged in micro-finance activities; and U.S.$500 million or its equivalent for remaining entities.

The all-in-cost (which includes interest, and other fees and expenses in foreign currency or Indian Rupees but does not include commitment fees, pre-payment fees, or payments for withholding tax in Rupees) ceilings for (i) Track I ECBs is 300 basis points per annum over six month LIBOR for ECBs with minimum average maturity between three and five years and 450 basis points per annum over six month LIBOR for ECBs with minimum average maturity of more than five years; (ii) Track II ECBs is 500 basis points per annum over the benchmark; and (iii) Track III ECBs will be in line with market conditions.

Companies in the infrastructure sector, infrastructure finance NBFCs, asset finance NBFCs, holding companies and core investment companies are required to hedge 100 per cent. of their foreign exchange risk in respect of ECBs at all times.

Approval route

All ECBs falling outside the automatic route limits are considered by the RBI under the approval route. ECBs which can be obtained with prior RBI approval include, *inter alia*: (i) importing second-hand goods under the Director General of Foreign Trade guidelines for Track I ECBs; and (ii) on-ending by the Export-Import Bank of India under Track I ECBs.

Filing and regulatory requirements in relation to issuance of Notes

An ECB borrower is required to obtain a loan registration number (**LRN**) from the RBI before an issuance of Notes is effected. For allotment of the LRN, ECB borrowers are required to submit completed Form 83 certified by a company secretary or chartered accountant to the AD Bank of the ECB borrower. The AD Bank is then required to forward the completed Form 83 to the RBI.

Any ECB borrower is required to submit an ECB-2 Return on a monthly basis via its AD Bank to the RBI.

Procedure in relation to any change to the Terms and Conditions of the Notes

Any change in the Terms and Conditions of the Notes after obtaining the LRN require the prior approval of the RBI. An ECB borrower is required to apply to the RBI via its AD Bank to obtain such approvals. Certain changes (such as amendments to the repayment date, currency, the name of the borrower, recognised lender, the purpose for which the ECB is utilised or any change to the AD Bank) may be approved by the AD Bank under a delegated authority from the RBI subject to certain conditions being complied with.

Issuance of Rupee-Denominated Notes overseas

Pursuant to the ECB Guidelines, any company or body corporate (including NBFCs), as well as real estate investment trusts and infrastructure investment trusts, can issue plain vanilla Rupee-denominated overseas bonds with a three-year minimum maturity period. The Rupee-Denominated Notes can only be subscribed for or purchased by a resident of a country that is a member of either the financial action task force (**FATF**) or a FATF-style regional body and whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to a bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements. Additionally, investors should not be resident of a country identified in the public statement of the FATF as: (i) a jurisdiction lacking a strategic anti-money laundering policy or inadequately combating the financing of terrorism deficiencies to which countermeasures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address those deficiencies.

Banks incorporated in India cannot subscribe to such Rupee-Denominated Notes; however, they can act as arrangers and underwriters for such issuances. The all-in-cost ceiling for such bonds will be 300 basis points over the prevailing yield of government securities of corresponding maturity. There is no all-in-cost ceiling for Rupee-Denominated Note issuances and pricing is in accordance with market conditions. Any proposal of borrowing by eligible Indian entities for issuance of these bonds will be examined by the RBI. Issuance of Rupee-denominated bonds overseas will be within the aggregate limit of ₹2,443.23 billion for foreign investment in corporate debt. Issuers can raise up to U.S.$50 billion or its equivalent per financial year under the automatic route, above which level RBI approval would be required. The proceeds of such issuance can be used for all purposes except: (i) real estate projects other than development of integrated township and affordable housing projects; (ii) investment in capital markets and domestic equity investments; (iii) prohibited activities under the foreign direct investment guidelines; (iv) land acquisition; and (v) on-lending to other entities for any of the above objectives.

The foreign currency to Rupee conversion will be at the market rate on the settlement date. Furthermore, investors are allowed to hedge their Rupee exposure through permitted derivative products with: (a) an AD Bank in India; or (b) the offshore branches or subsidiaries of Indian banks on a back-to-back basis; or (c) branches of foreign banks with a presence in India on a back-to-back basis. Issuers issuing Rupee-denominated bonds offshore are required to comply with the provisions of the ECB Guidelines in relation to reporting requirements, security creation and the parking of proceeds offshore.

In relation to Rupee-Denominated Notes, the Issuer is required to provide a list of primary Noteholders procured from the Dealer to the relevant regulatory authorities in India as and when requested.

In accordance with the SEBI circular SEBI/HO/IMD/FPIC/CIR/P/2016/67 dated 4 August 2016, the corporate debt limit of ₹2,443.23 billion for FPIs was redefined as the Combined Corporate Debt Limit (**CCDL**) for all foreign investments in Rupee-denominated bonds issued both onshore and overseas by Indian corporates. The CCDL is available on tap for investment by foreign investors until the overall investment reaches 95 per cent., after which the auction mechanism is initiated for allocation of the remaining limits. The latest depository data based on a market report dated 21 July 2017 shows that investment made by FPIs stood at 92.89 per cent. According to the SEBI circular No. IMD/FPIC/CIR/P/2017/81 dated 20 July 2017, since Rupee-denominated bonds issued by Indian corporates overseas are covered under CCDL, issuance of such bonds overseas shall temporarily cease until the limit of utilisation falls back to below 92 per cent.

F. LEGISLATIVE FRAMEWORK FOR RECOVERY OF DEBTS

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (**SARFAESI Act**) governs the securitisation of assets in India. It provides that where any borrower who is under a liability to a secured creditor makes any default in repayment of secured debt and his account is classified as non-performing asset, then the secured creditor may require the borrower by notice in writing to discharge in full his liabilities within 60 days from the date of notice, failing which the secured creditor shall be entitled to the rights and remedies provided under the SARFAESI Act.

The secured creditor may take possession of the secured assets or take over the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset and/or appoint any person to manage the secured assets the possession of which has been taken over by the secured creditor. Furthermore, in the case of financing of a financial asset by more than one secured creditors or joint financing of a financial asset by secured creditors, no secured creditor shall be entitled to exercise any rights unless exercise of such right is agreed upon by the secured creditors representing not less than 60.0 per cent. in value of the amount outstanding as of a record date as determined by secured creditors and such action shall be binding on all the secured creditors.

Furthermore, any securitisation company or reconstruction company may acquire financial assets of any bank or financial institution by issuing a debenture or bond or any other security in the nature of debenture, for consideration agreed upon between such company and the bank or financial institution or by entering into an agreement with such bank or financial institution for transfer of such financial assets on such terms and conditions as may be agreed upon between them. In case of a shortfall in proceeds realised from the sale of the secured assets, the secured creditor may file an application to the Debt Recovery Tribunal for the recovery of the balance amount from the borrower in accordance with the provisions of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993.

Recovery of Debts Due to Banks and Financial Institutions Act, 1993

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 as amended from time to time (**Debts Recovery Act**) provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under the Debts Recovery Act, the procedures for recoveries of debt have been simplified and time frames have been fixed for speedy disposal of cases. The Debt Recovery Act lays down the rules for establishment of Debt Recovery Tribunals, the procedure for making application to the Debt Recovery Tribunals and their powers and modes of recovery of debts. Upon establishment of the Debts Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the Supreme Court and High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, in relation to matters specified in Section 17 of the Debts Recovery Act.

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code)

The Insolvency and Bankruptcy Code, 2016 was enacted to consolidate and amend laws relating to the reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a timely manner for the maximisation of the value of the assets of such persons, and to promote entrepreneurship, availability of credit, and balance all stakeholders' interest in the insolvency process. The Bankruptcy Code classifies creditors into financial creditors, and operational creditors, which includes the financial loans for interest and loans arising from the operational nature of the debtor, respectively. The Bankruptcy Code provides for the appointment of specialised insolvency professionals to assist companies and bodies corporate through the insolvency process. The Bankruptcy Code provides a 180-day timeline, which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 75 per cent. of the financial creditors, which requires further sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. The National Company Law Tribunal will be the adjudicating authority with jurisdiction over companies and limited liability entities. The Bankruptcy Code also provides for a fast track corporate insolvency resolution process in respect of notified corporate debtors and corporate creditors. Such process is required to be completed within 90 days from the insolvency commencement date. The resolution process can be further extended up to a maximum of 45 days, if the relevant authority deems fit.

Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 (the Amendment Act)

The Amendment Act was passed by both houses of Parliament on 9 August 2016 and received the assent of the President on 12 August 2016. The Amendment Act amends four laws: (i) the Securitization Act; (ii) the Debts Recovery Act; (iii) the Indian Stamp Act, 1899; and (iv) the Depositories Act, 1996. Under the Securitization Act, secured creditors can take possession over the collateral against which a loan had been provided, upon a default in repayment, which can be done with the assistance of the district magistrate. The Amendment Act provides that this process will have to be completed within 30 days by the district magistrate. In addition, the Amendment Act: (i) empowers the district magistrate to assist banks in taking over the management of a company if the company is unable to repay loans by converting its outstanding debt into equity shares, and consequently holding a 51 per cent. stake or more in the company; (ii) creates a central database to integrate records of property registered under various registration systems into this central registry and provides that secured creditors will not be able to take possession over the collateral unless it has been registered with the central registry; and (iii) provides that stamp duty will not be charged on transactions for the transfer of financial assets in favour of asset reconstruction companies. In relation to the Debts Recovery Act, the Amendment Act (i) allows banks to file cases in tribunals having jurisdiction in the location of the bank branch and where the debt is pending; and (ii) provides further details of procedures that the tribunals must follow in cases of debt recovery proceedings.

G. LABOUR LAWS

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 as amended from time to time (**Gratuity Act**) establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central Government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended from time to time, provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Shops and Establishments Legislations in Various States

The provisions of various state specific legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

The Minimum Wages Act, 1948

The Mininum Wages Act, 1948, as amended from time to time, provides for minimum wages in certain employments. The central and the state governments stipulate minimum wages, calculated based on the basic requirement of food, clothing and housing required by an average Indian adult.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947, as amended from time to time, provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

H. TAX LAWS

Income Tax Act, 1961

Income Tax Act, 1961, as amended from time to time, is applicable to every domestic and foreign company whose income is taxable depending upon its 'residential status' and 'type of income' involved.

Wealth Tax

Wealth tax is payable on net wealth at the rate of 1.0 per cent. by which net wealth exceeds ₹3 million. The Finance Bill, 2015 proposes to abolish wealth tax entirely.

Goods and Services Tax (GST)

GST in India was introduced on 1 July 2017. GST is a unified and comprehensive indirect tax which subsumes the multiple indirect taxes currently levied by the federal and state governments, such as service tax, central excise duty, sales tax, state value added tax, etc. India has adopted a dual model GST. Therefore, under the GST regime, a tax called the Central Goods and Services Tax (**CGST**) along with the State Goods and Services Tax (**SGST**) or the Union Territory Goods and Services Tax (**UTGST**) would be simultaneously levied on all intra-state supplies of goods and/or services at the rates specified in this regard. Further, an Integrated Goods and Services Tax (**IGST**) would be levied on all supplies of goods and/or services made in the course of inter-state trade or commerce. In this regard, the CGST Act, 2017, the IGST Act, 2017, the UTGST Act, 2017 and the Goods and Services Tax (Compensation to States) Act, 2017 received the assent of the President of India on 12 April 2017. Furthermore, a majority of the states have passed their respective SGST legislation and the remaining states or union territories are expected to pass SGST Bills in their respective assemblies in due course. The GST regime provides a four-tier tax rate structure of 5 per cent., 12 per cent., 18 per cent. and 28 per cent., with a cap of 40 per cent., for the levy of GST on goods.

I. LAWS RELATING TO INTELLECTUAL PROPERTY

In India, trademarks enjoy protection both statutory and under common law. The Trademarks Act, 1999 as amended from time to time (**Trademarks Act**) and the Copyright Act, 1957 as amended from time to time amongst others govern the law in relation to intellectual property, including brandnames, trade names and service marks and research works. The Trademark Act governs the statutory protection of trademarks in India. The Trademarks Act governs the registration, acquisition, transfer and infringement of trademarks and remedies available to a registered proprietor or user of a trademark. The registration of a trademark is valid for a period of 10 years, and can be renewed in accordance with the specified procedure. The Patents Act, 1970 (**Patents Act**) is the umbrella legislation for the protection and registration of patents in India. Any invention which is sought to be protected under the Patents Act needs to qualify the test of ‘novelty’, ‘non-obviousness’, and ‘utility’. Every patent granted under the Patents Act shall be valid for a term of 20 years from the date of filling the patent application in India and there is no provision for an extension of the patent term.

J. LAWS RELATING TO THE POWER SECTOR

The authority to regulate the electricity sector vests with both the state and the central governments as ‘electricity’ is an entry in the Concurrent List of the Seventh Schedule of the Constitution of India.

The MoP acts as the administrative ministry governing the central power sector in the country.The MoP is responsible for the administration of the Electricity Act, 2003, as amended from time to time (**Electricity Act**) and to undertake such amendments, as may be necessary from time to time, in conformity with the Government’s policy objectives.

The Electricity Act is a central legislation relating to generation, transmission, distribution, trading and use of electricity that seeks to replace the multiple legislations that govern the Indian power sector. The most significant reform initiative under the Electricity Act was the move towards a multi-buyer, multi-seller system as opposed to the existing structure which permitted only a single buyer to purchase power from power generators. In addition, the Electricity Act grants the electricity regulatory commissions freedom in determining tariffs. Under the Electricity Act, no licence is required for generation of electricity if the generating station complies with the technical standards relating to connectivity with the grid. The Electricity Act was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer and further amended in 2010 to provide that any developer of a SEZ notified shall be deemed to be a licensee under the Electricity Act.

Electricity (Amendment) Bill, 2014

The Electricity (Amendment) Bill, 2014 (**EAB**) was introduced by the government to amend the Electricity Act. It seeks to segregate the distribution network business and the electricity supply business, and to introduce multiple supply licensees in the market. The EAB was introduced in the Lok Sabha on 19 December 2014 and was referred to the Parliamentary Standing Committee on Energy (**Panel**). The Panel gave its report on 7 May 2015; however, the EAB has yet to be passed in Parliament.

Licensing Requirements

Under the Electricity Act, transmission and distribution of, and trading in, electricity require licences from the appropriate Central or State Electricity Regulatory Commissions (respectively, **CERCs** and **SERCs**, and collectively, **ERCs**), unless exempted. CERC has jurisdiction over generating companies owned or controlled by the Government or which have a composite scheme for generation and sale in more than one state. SERCs have jurisdiction over generating stations within state boundaries, except those under CERC's jurisdiction. The respective ERC determines the tariff for supply of electricity from a generating company to a distribution licensee, transmission, wheeling, and retail sale of electricity. All states in India have ERCs in operation.

Generation

Currently, any generating company in India can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with the grid. Approvals from the Government, the state government and the techno-economic clearance from the CEA are no longer required, except for hydroelectric projects. Generating companies are permitted to sell electricity to any licensees and where permitted by the respective SERCs, to consumers. In addition, no restriction is placed on the setting up of captive power plants by any consumer or group of consumers for their own consumption. Under the Electricity Act, no surcharge is required to be paid on wheeling of power from the captive plant to the destination of the use by its owner. This provides financial incentive to large consumers to set up their own captive plants.

In order to qualify as a captive generating plant, the Electricity Rules, 2005 (**Electricity Rules**) require that not less than 26.0 per cent. of the ownership of the plant be held by a captive user and not less than 51.0 per cent. of the aggregate electricity generated in such plant, determined on an annual basis, be consumed for captive use. In case of association of persons, the captive users shall hold not less than 26.0 per cent. of the ownership of the plant in aggregate and such captive users shall consume not less than 51.0 per cent. of the electricity generated, determined on an annual basis, in proportion to their shares in ownership of the power plant within a variation not exceeding 10.0 per cent. If the minimum percentage of captive use is not complied with in any year, the entire electricity generated is treated as supplied by a 'generating company' and benefits available to a 'captive generating plant' (such as exemption from payment of certain levies and surcharges) will not apply in such year.

Through an amendment in 2007, Section 9 of the Electricity Act was amended to state that no separate licence is required for the supply of electricity generated from the captive power plant to any licensee or the consumer. The ERCs determine the tariff for the supply of electricity from a generating company to any distribution licensee, transmission of electricity, wheeling of electricity and retail of electricity. The CERC has jurisdiction over generating companies owned or controlled by the Government and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one state. SERCs have jurisdiction over generating stations within the state boundaries, except those under the CERC's jurisdiction.

Transmission

Transmission being a regulated activity, involves the intervention of various players. The Government is responsible for facilitating the transmission and supply of electricity, particularly inter-State, regional and inter-regional transmission. The Electricity Act vests the responsibility of efficient, economical and integrated transmission and supply of electricity with the Government and empowers it to make regional demarcations of the country for the same. In addition, the Government will facilitate voluntary inter-connections and co-ordination of facilities for the inter-State, regional and inter-regional generation and transmission of electricity. The CEA is required to prescribe certain grid standards under the Electricity Act and every transmission licensee must comply with such technical standards of operation and maintenance of transmission lines. In addition, every transmission licensee is required to obtain a licence from the CERC and the SERCs, as the case may be.

The Electricity Act also allows generating companies open access to transmission lines. The transmission licensee is required to comply with the technical standards of operation and maintenance of transmission lines specified by the CEA. The provision of open access is subject to the availability of adequate transmission capacity as determined by the Central or State Transmission Utility. The Electricity Act provides certain principles in accordance with which the appropriate Commission will specify terms and conditions for determination of tariff. Under the Electricity Act, CERC is vested with the authority to determine the tariffs for inter-State transmission of electricity. A transmission licensee may with prior intimation to CERC or the SERC, as the case may be, engage in any business for optimum utilisation of its assets, provided that a proportion of its revenues from such business be utilised for reducing its charges for transmission and wheeling.

Trading

The Electricity Act specifies trading in electricity as a licensed activity. Trading has been defined as the purchase of electricity for resale. This may involve wholesale supply or retail supply. The licence to engage in electricity trading is required to be obtained from the appropriate ERC. The CERC issued the CERC (Procedure, Terms and Conditions for Grant of Trading Licence and Other Related Matters) Regulations, 2009, as amended from time to time (**Trading Licence Regulations**) to regulate the inter-State trading of electricity. Under the Trading Licence Regulations, any person desirous of undertaking inter-State trading in electricity shall apply to the CERC for the grant of a licence. The Trading Licence Regulations set out various qualifications for the grant of a licence for undertaking electricity trading, including certain technical and professional qualifications, and net worth requirements. Further, a licensee is subject to certain conditions including the extent of trading margin, maintenance of records and submission of auditors' report. The existing licensees are required to meet the net worth, current ratio and liquidity ratio criteria and are required to pay the licence fee as specified by the CERC, from time to time. The existing licensees are required to meet the net worth, current ratio and liquidity ratio criteria and are required to pay the licence fee as specified by the CERC, from time to time. The licensees need to submit monthly reports and annual returns on over-the-counter contracts and transaction volumes on a weekly basis.

Tariff Principles

Under the Electricity Act, ERCs determine tariff for supply of electricity by a generating company (as well as for transmission, wheeling and retail sale of electricity). In case of shortage of electricity supply, the ERC may fix the minimum and maximum tariff for sale or purchase of electricity, pursuant to an agreement entered into between a generating company and licensee or between licensees, for up to one year. The Electricity Act provides that the ERC shall adopt such tariff that has been determined through a transparent process of bidding in accordance with the guidelines issued by the Government. The MoP has issued detailed guidelines for competitive bidding as well as standard bidding documents for competitive bid projects. Under the guidelines issued by the MoP, the determination of tariff for a particular power project depends on the mode of participation in the project, i.e., (i) the memorandum of understanding route, based on tariff principles prescribed by CERC (cost plus basis, comprising capacity charge, energy charge, unscheduled interchange charge and incentive payments); or (ii) the competitive bidding route, where tariff is market based.

Presently CERC has notified CERC (Terms and Conditions of Tariff) Regulations, 2014, which came into force on 1 April 2014 and is valid for a period of five years (**Tariff Regulations**). The Tariff Regulations apply in all cases where tariff for a generating station or a unit thereof (other than those generating stations or inter-State transmission systems whose tariff has been discovered through tariff based competitive bidding in accordance with the guidelines issued by the central Government and those based on non-conventional energy sources) and the transmission system is to be determined by CERC. The Tariff Regulations provide that tariff be determined based on capital expenditure incurred duly certified by the auditors, or as projected to be incurred up to the date of commercial operation and additional capital expenditure incurred duly certified by the auditors or projected to be incurred during the tariff period. Applications for determination of tariff are required to be made in respect of units of the transmission lines or substations of the transmission system, completed or projected to be completed within six months from the date of application. The capital cost admitted by CERC after prudence check (to be carried out based on benchmark norms to be specified by CERC) will form the basis for determination of tariff.

The National Tariff Policy, 2016

The Government passed the revised National Tariff Policy, effective from 28 January 2016. Among other things, the National Tariff Policy seeks: to ensure the availability of electricity to consumers at reasonable and competitive rates; the financial viability of the Indian power sector; and to attract investments and to promote the generation of electricity from renewable sources.

The National Tariff Policy mandates that the relevant electricity regulatory commissions must reserve a minimum percentage for the purchase of solar energy equivalent to 8 per cent. of total consumption of energy by March 2022. In order to further encourage renewable sources of energy, the National Tariff Policy mandates that no inter-state transmission charges and losses shall be levied until such period as may be notified on transmission of the electricity generated from solar power plants through the inter-state transmission system for sale.

National Electricity Policy

In compliance with the Electricity Act, the Government announced the National Electricity Policy in February 2005. The National Electricity Policy aims at achieving the following objectives:

- Availability of power — demand to be fully met by 2012 and energy and peaking shortages to be overcome and adequate spinning reserve to be available;
- Supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates;
- Per capita availability of electricity to be increased to over 1,000 units by 2012;
- Minimum lifeline consumption of 1 unit/household/day as a merit good by 2012;
- Financial turnaround and commercial viability of electricity sector; and
- Protection of consumers' interests.

The CEA has issued a report on the status of implementation of progress of reforms under National Electricity Policy 2005 on 31 March 2014 which consolidated data received from all the States on progress of reforms under the Electricity Act, National Electricity Policy and National Tariff Policy, 2006.

National Electricity Plan

The Electricity Act requires CEA to frame a National Electricity Plan once in five years and revise such plan from time to time in accordance with the National Electricity Policy. CEA released a National Electricity Plan in 2012 (**National Electricity Plan**), which covers the period from 2012-2017 and includes:

- Short-term and long-term demand forecast for different regions;

- Suggested areas/locations for capacity additions in generation and transmission keeping in view the economics of generation and transmission, losses in the system, load centre requirements, grid stability, security of supply, quality of power including voltage profile and environmental considerations including, rehabilitation and resettlement;

- Integration of such possible locations with transmission system and development of national grid including type of transmission systems and requirement of redundancies;

- Different technologies available for efficient generation, transmission and distribution; and

- Fuel choices based on economy, energy security and environmental considerations.

The following recommendations have been proposed in the National Electricity Plan:

- 80,000 MW and 79,200 MW of capacity needs to be added in the country during the 12th and 13th Five Year Plans and issues relating to capacity addition needs to be addressed expeditiously bearing in mind a low carbon growth strategy;

- Initiatives need to be taken to address issues related to availability of land and water, expediting environmental and forest clearance, coal and gas availability and gas based generation and capacity in India, expansion/addition in capacities of existing balance of plants manufacturers and increase in erection and commissioning agencies;

- Adoption of green house gas mitigation strategy is required in order to meet the emission standards;

- Development of renewable energy sources;

- Energy efficiency, conservation of energy and demand side management needs to be tapped vigorously;

- Plan for at least 2000 MW gas based peaking power plants during 2012 to 2017, 400 MW plants in the five major Indian metro cities with proper regulatory support; and

- Need for a task force under CERC to consider issues relating to the setting up of peaking plants and creation of adequate reserves.

Other Government Initiatives Applicable to the Issuer

Restructured Accelerated Power Development and Reform Programme (R-APDRP)

In July 2008, the MoP launched the R-APDRP which aims to gather baseline data, and to reduce AT&C losses through the strengthening and upgrading of sub-transmission and distribution networks and the adoption of IT-based energy accounting, audit and customer service. The R-APDRP project areas are towns and cities with a population of more than 30,000 (10,000 in special category states) according to the 2001 census. In rural areas, where the load of the required power supply is more than the capacity of transmission lines to supply such power, 'feeder segregation' methods are used to ensure that proper supply loads are channeled through the transmission lines. Such areas where 'feeder segregation' methods are used may also be included in the project areas. Projects under the scheme will be divided into three parts. Part A will include the gathering of baseline data and the establishment of IT applications for energy accounting or auditing and IT-based consumer service centres. Part B will include regular distribution strengthening projects and will cover system improvement, strengthening and augmentation. Part C aims to improve the capacity of utility personnel and the development of franchises. The programme was started in the 11th Five-Year Plan and will be continued in the 12th and 13th Five-Year Plans (as per the MoP order dated 8 July 2013). However, the implementation of IPDS has subsumed the R-APDRP scheme.

Integrated Power Development Reforms Scheme (IPDS)

The IPDS was launched by the MoP on 3 December 2014 with the objectives of:

(a) Strengthening sub-transmission and distribution networks in urban areas; and

(b) Metering distribution transformers/feeders/consumers in urban areas.

IPDS will help to reduce AT&C losses, to establish IT-enabled energy accounting and auditing systems to improve billed energy based on metered consumption and collection efficiency.

The estimated cost of the scheme with the components of strengthening of sub-transmission and distribution networks, including metering of consumers in urban areas is ₹326,120 million, which includes budgetary support from the government of ₹253,540 million over the entire implementation period.

The component of the IT enablement of the distribution sector and strengthening of distribution networks approved by the CCEA in June 2013 in the form of R-APDRP for the 12th and 13th Plans will be subsumed in this scheme and the CCEA-approved scheme outlay of ₹440,110 million, including a budgetary support of ₹227,270 million, will be transferred to the IPDS.

During the fiscal year 2017, the Issuer made a sanction of ₹30,175.3 million and a disbursement of ₹23,328.6 million, taking its cumulative sanction and disbursement to ₹260,331.5 million and ₹26,598.4 million respectively, as of 31 March 2017. Furthermore, the IPDS sanctions pending disbursement (net of any cancellations) as of 31 March 2017 stood at ₹233,733.1 million.

Ujwal Discom Assurance Yojna (UDAY)

The UDAY scheme is designed for the financial turnaround of power DISCOMs and was notified by the Government on 20 November 2015. The scheme applies to state DISCOMs.

The broad objectives of the UDAY scheme are as follows:

(a) reduction of AT&C losses to 15 per cent. by 2018-19;

(b) reduction in gap to zero between average cost of supply and average revenue realised by 2018-19;

(c) reduction of cost of power generation through various administrative measures; namely, increased supply of coal, coal linkage rationalisation and swaps, supply of improved quality coal, etc;

(d) takeover of the 75 per cent. of the DISCOMs' debt as of 30 September 2015 over two years, i.e. 50 per cent. in fiscal 2016 and 25 per cent. in fiscal 2017, by the states through issuance of non-SLR SDL bonds;

(e) 50 per cent. of balance debt remaining with DISCOMs at the end of fiscal 2016 shall be converted into loans or bonds by banks or financial institutions with an interest rate not more than the banks' base rate plus 0.1 per cent.;

(f) the bonds to be issued against the loans of financial institutions, including REC and PFC, would be offered for subscription in the market and any unsubscribed portion shall be taken over by banks in proportion to their lending to DISCOMs;

(g) banks and financial institutions shall not levy any prepayment charge on the DISCOMs' debt;

(h) banks and financial institutions shall waive any unpaid overdue interest and penalty charges on the DISCOMs' debt and refund/adjust any such overdue/penal interest paid since 1 October 2013;

(i) debt of DISCOMs will be taken over in the priority of debt already due, followed by debt with highest cost;

(j) the government will not include the debt taken over by the states as per the above scheme in the calculation of the fiscal deficit of respective states for fiscal 2016;

(k) the states shall take over the future losses of DISCOMs in a graded manner;

(l) the state DISCOMs shall comply with the renewable purchase obligation (**RPO**) outstanding since 1 April 2012 within a period to be decided in consultation with the MoP;

(m) the states accepting UDAY and performing as per operational milestones will be given additional or priority funding through the DDUGJY, IPDS, Power Sector Development Fund or other such schemes of the MoP and the Ministry of New and Renewable Energy;

(n) such states shall also be supported with additional coal at notified prices and, in case of availability through higher capacity utilisation, low cost power from NTPC and other central public sector undertakings;

(o) states not meeting operational milestones shall be liable to forfeit their claims to IPDS and DDUGJY grants;

(p) UDAY is optional for all states. However, states are encouraged to participate at the earliest opportunity as benefits are dependent on performance; 27 states and union territories of India have signed the MoU under the UDAY scheme up to 31 March 2017; and

(q) the Issuer's UDAY exposure as of 30 September 2015 was ₹486,925.5 million and an amount of ₹330,733.1 million has been prepaid under the UDAY scheme as of 31 March 2017. The principal outstanding as of 31 March 2017 under the UDAY scheme was ₹105,742.8 million.

Ultra Mega Power Projects (UMPP)

The Government has introduced the UMPP programme with the objective of developing large capacity power projects in India. The Issuer has been designated to act as a nodal agency by the Government for the development of UMPPs, each with a contracted capacity of about 4,000 MW. These UMPPs involve economies of scale based on large generation capacities based at a single location, utilise supercritical technology to reduce emissions and potentially have lower tariff costs for electricity generated as a result of these factors and through international competitive bidding processes adopted for the selection of developers.

The CEA is the technical partner for the development of these UMPPs, while the MoP is involved as a facilitator. As of 31 March 2017, 15 UMPPs have been identified, located in Madhya Pradesh, (one), Gujarat (two), Karnataka (one), Maharashtra (one), Andhra Pradesh (one), Jharkhand (two), Tamil Nadu (three), Odisha (two), Uttar Pradesh (one) and Bihar (one). As of the date of this Offering Circular, the Issuer has incorporated a total of 13 wholly-owned SPVs for these UMPPs. In relation to such SPVs, the Issuer in conjunction with the MoP and the CEA will undertake preliminary site investigations and obtain fuel linkages and appropriate regulatory and other approvals (including for land, water and for power selling) and environment and forest clearances necessary to conduct the bidding process for these projects. Four of these SPVs have been transferred to successful bidders, as detailed in the below table. The remaining SPVs are proposed to be transferred in due course to successful bidder(s) selected through a tariff based international competitive bidding process in accordance with the guidelines notified by the Government under section 63 of the Electricity Act, 2000.

Out of the 13 SPVs in total, the following four SPVs have been transferred to successful bidders:

Name of SPV	UMPPs	Transferee	Date of Transfer
Coastal Gujarat Power Limited	Mundra, Gujarat	Tata Power Company Limited	22 April 2007
Sasan Power Limited	Sasan, Madhya Pradesh	Reliance Power Limited	7 August 2007
Coastal Andhra Power Limited	Krishnapatnam, Andhra Pradesh	Reliance Power Limited	29 January 2008
Jharkhand Integrated Power Limited* .	Tilaiya, Jharkhand	Reliance Power Limited	7 August 2009

* JIPL issued a termination notice of the power purchase agreement for the Tilaiya UMPP on 28 April 2015.The procurers have agreed to accept the termination and JIPL shall be taken over by PFC for rebidding.

In addition to the above, five SPVs (the **Infra SPVs**) were incorporated by the Issuer for purposes of holding the land for power plant and land for coal blocks in case of domestic coal-based UMPPs and for holding the land for power plant and ports in case of the imported coal-based UMPP at Cheyyur. These Infra SPVs would be transferred to the respective procurers of power for these projects and thereafter the successful bidders will be expected to develop and implement these projects.

As of the date of this Offering Circular, the subsidiaries promoted as SPVs for UMPPs are as follows:

Name of the State	Number of UMPPs	Name of the SPVs	Date of Transfer
Madhya Pradesh	1	Sasan Power Limited	7 August 2007
Gujarat	1	Coastal Gujarat Power Limited	22 April 2007
	1	SPV yet to be created	—
Andhra Pradesh	1	Coastal Andhra Power Limited	29 January 2008
	1(In liquidation)	Tatiya Andhra Mega Power Limited *(In liquidation)*	—
Jharkhand	1	Jharkhand Integrated Power Limited	7 August 2009
	1	• Deoghar Mega Power Limited • Deoghar Infrapower Limited • Jharkhand Infrapower Limited	
Karnataka	1	Coastal Karnataka Power Limited	—
Maharashtra	1	Coastal Maharashtra Mega Power Limited	—
Chhattisgarh	1(In liquidation)	Chhattisgarh Surguja Power Limited *(In liquidation)*	—
Tamil Nadu	1	Coastal Tamil Nadu Power Limited	—
	1	Cheyyur Infra Limited	—
	1	Orissa Integrated Power Limited	—
Odisha	1	Odisha Infrapower Limited	—
	1	• Sakhigopal Integrated Power Company Limited	—
		• Ghogarpali Integrated Power Company Limited	—
Bihar	1	Bihar Infra Power Ltd.	—
		Bihar Mega Power Ltd.	—
Uttar Pradesh	1	SPV yet to be created	—
Total	**15 (excluding in liquidation)**	**13 SPVs (Excluding in liquidation, SPVs already transferred and SPVs yet to be created)**	

As of the date of this Offering Circular, the government has decided to close down two UMPPs, (namely, the Chhattisgarh UMPP and the UMPP in Andhra Pradesh) and processes have been initiated to terminate the SPVs for these UMPPs, i.e. Chhattisgarh Surguja Power Limited for the Chhattisgarh UMPP and the Tatiya Andhra Mega Power Limited for the second UMPP in Andhra Pradesh.

As of the date of this Offering Circular, the bid process for selection of the developer for the Odisha and Cheyyur UMPPs would be initiated after the revision of the standard bidding documents by the government. The Issuer is in the process of conducting site studies and obtaining the applicable regulatory and other clearances with respect to the remaining UMPPs.

Independent Transmission Projects (ITP)

In April 2006, the MoP introduced a tariff based competitive bidding process for ITPs, similar to that followed for UMPPs, for the development of transmission systems through private sector participation. The Issuer and its subsidiary PFCCL have been nominated as the bid process coordinators by the MoP for the development of certain ITPs.

As of the date of this Offering Circular, 25 SPVs have been incorporated by the Issuer and its subsidiary PFCCL to develop ITPs. These SPVs undertake preliminary survey work, identify transmission routes, prepare survey reports, initiate the processes of land acquisition and forest clearances if applicable, and conduct bid processes for selection of developers for ITPs. PFCCL earns revenue from its involvement with ITP projects in a manner similar to the UMPPs. Out of the 25 SPVs created, Bokaro-Kodarma Maithon Transmission Company Limited was liquidated in December 2010 and 17 SPVs have been transferred to the successful bidders on the dates indicated below:

S. No	Name of SPV	Successful Bidder	Date of Transfer
1	East North Interconnection Company Limited	Sterlite Transmission Projects Private Limited	31 March 2010
2	Jabalpur Transmission Company Limited	Sterlite Transmission Projects Private Limited	31 March 2011
3	Bhopal Dhule Transmission Company Limited	Sterlite Transmission Projects Private Limited	31 March 2011
4	Nagapattinam Madhugiri Transmission Company Limited	Power Grid Corporation of India Limited	29 March 2012
5	Purulia & Kharagpur Transmission Company Limited	Sterlite Grid Limited	9 December 2013
6	Patran Transmission Company Limited	Techno and Electric Engineering Company Limited	13 November 2013
7	Darbhanga-Motihari Transmission Company Limited	Essel Infraprojects Limited	10 December 2013
8	RAPP Transmission Company Limited	Sterlite Grid Limited	12 March 2014
9	DGEN Transmission Company Limited	Instalaciones Inabensa, S.A., Spain	17 March 2015
10	Chhattisgarh-WR Transmission Limited	Adani Power Ltd.	23 November 2015
11	Sipat Transmission Limited	Adani Power Ltd.	23 November 2015
12	Raipur-Rajnandgaon-Warora Transmission Limited	Adani Power Ltd.	23 November 2015

S. No	Name of SPV	Successful Bidder	Date of Transfer
13	Odisha Generation Phase II Transmission Limited	Sterlite Grid 3 Ltd.	8 April 2016
14	Warora-Kurnool Transmission Limited	Essel Infraprojects Ltd.	6 July 2016
15	Gurgaon-Palwal Transmission Ltd.	Sterlite Grid 4 Ltd.	14 July 2016
16	Medinipur-Jeerat Transmission Ltd.	PGCIL	28 March 2017
17	Kohima-Mariani Transmission Ltd.	Kalpatru Power Transmission Ltd.	31 March 2017

The schemes 'Northern Region System Strengthening Scheme-XXXIII' (SPV-Ballabhgarh-GN Transmission Company Limited) and 'Northern Region System Strengthening Scheme-XXXV' (SPV-Mohindergarh-Bhiwani Transmission Ltd.) have been de-notified from tariff based bidding processes and steps have been initiated to liquidate these two SPVs.

Furthermore, a letter of intent was issued to the successful bidders of the Tanda Transmission Company Ltd. on 9 October 2015. The SPV will be transferred after the transmission service agreement is signed by all the beneficiaries.

As of the date of this Offering Circular, the bidding process is currently underway for three ITPs.

For other Government Initiatives applicable to the Issuer, see "*Description of the Issuer*".

The letter of award for DGEN Transmission Company Limited has been issued on 19 May 2014 to Instalaciones Inabensa, S.A., Spain. For the remaining SPVs namely, Ballabhgarh-GN Transmission Company Limited and Tanda Transmission Company Limited, the bid process is kept in abeyance on the advice of the CEA and the MoP.

K. GOVERNMENTAL REGISTRATIONS & APPROVALS OBTAINED BY THE ISSUER

The Issuer has obtained the following registrations and approvals:

1. PAN No. AAACP1570H allotted by the Income Tax Department.

2. Operational unit wise TAN allotted by the Income Tax Department.

3. GST Registration for PFC Limited, New Delhi: 07AAACP1570H1ZM.

4. Registration under Maharashtra State Tax on Professions, Trade, Callings and Employment Act, 1975 for Mumbai office, having registration No. 27620014060P and 99241694479.

5. Registration no. PTNAN 10151CG015-0003 under Professional Tax for Chennai office.

6. Approval of Gratuity Fund under Income Tax Act, having reference No. CIT-III/G.F./D/95-96/172.

7. Registration under Indian Trade Unions Act, 1926 of PFC Employees Union with reference No. 4153.

8. Exemption from the applicability of concentration of credit and investment norms with respect to exposure towards central and state government entities until 31 March 2022 by letter dated 16 June 2016.

9. Registration in Class 36 of the PFC logo under Trademarks Act, 1999, having Trademark No. 1621055 and Certificate of Registration No. 918119.

10. Registration in Class 41 of the PFC logo under Trademarks Act, 1999, having Trademark No. 1621056 and Certificate of Registration No. 989333.

11. Registration in Class 42 of the PFC logo under Trademarks Act, 1999, having Trademark No. 1601703 and Certificate of Registration No. 917970.

12. Registration to carry on the business of NBFC and classified as Infrastructure Finance Company having registration no. B-14.00004 on 28 July 2010.

L. LAWS RELATING TO ISSUANCE OF RUPEE DENOMINATED NOTES

ECB Policy On Issuance Of Overseas Rupee Denominated Bonds (Masala Bonds)

The RBI permitted Indian companies to issue Rupee denominated bonds overseas within the overarching framework of the extant ECB guidelines in September 2015.

The RBI has framed the regulations relating to the issuance of Rupee denominated bonds overseas, as set out in the ECB Guidelines. Under the ECB Guidelines, any company or body corporate, including real estate investment trusts and infrastructure investment trusts, can issue plain vanilla Rupee denominated bonds.

Furthermore, as per the directives issued by the RBI, these issuances can be listed or unlisted and may only be made in a jurisdiction and can only be subscribed by a resident of a country that is a member of the FATF or a member of a FATF-style regional body and whose securities market regulator is a signatory to the International Organisation of Securities Commission's multilateral memorandum of understanding (Appendix A Signatories) or a signatory to a bilateral memorandum of understanding with the Securities and Exchange Board of India for information sharing arrangements. Additionally, investors should not be residents of a country identified in the public statement of the FATF as: (i) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which countermeasures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies. Further, the RBI, by its notification dated 16 February 2017, has permitted multilateral and regional financial institutions where India is a member country to invest in such Rupee denominated bonds.

The RBI has directed that issuance of Rupee denominated bonds will be within the aggregate limit of Rs.2,443.23 billion for foreign investment in corporate debt.

Also, according to the ECB Guidelines, the proceeds of such issuances can be used for all purposes except for: (i) real estate projects other than the development of integrated township and affordable housing projects; (ii) investment in capital markets and domestic equity investments; (iii) prohibited activities under the foreign direct investment guidelines; (iv) land acquisition; and (v) on-lending to other entities for any of the above objectives.

Additionally, the RBI, by its notification dated 3 November 2016, has permitted banks to raise funds through the issuance of Rupee denominated bonds for (i) perpetual debt instruments qualifying for inclusion as Additional Tier 1 (**AT1**) capital under the extant Basel III capital regulations prescribed by the RBI, (ii) debt capital instruments qualifying for inclusion as Tier 2 capital under the extant Basel III capital regulations prescribed by the RBI, and (iii) financing of infrastructure and affordable housing in accordance with the notifications issued by the RBI in this regard. However, according to RBI directives, underwriting of such issuances by overseas branches/subsidiaries of Indian banks will not be permitted. Indian banks, subject to applicable prudential norms, can act as an arranger and an underwriter. The RBI has further directed that in the case of an Indian bank underwriting an issue, its holding cannot be more than 5 per cent. of the issue size six months after the issue. The bonds can be either privately placed or listed on exchanges according to regulations of the host country. The call and put option, if any, cannot be exercisable prior to completion of minimum maturity.

However, with a view to harmonise the various elements of the ECB framework, the RBI, by its circular dated 7 June 2017, has stated that any proposal of borrowing by eligible Indian entities by issuance of Rupee denominated bonds will now be examined at the Foreign Exchange Department central office in Mumbai.

Further, the RBI, by its circular dated 7 June 2017, has specified that (i) the minimum original maturity period for Rupee denominated bonds (A) raised up to U.S.$50 million equivalent in Rupees in a financial year, should be three years, and (B) raised above U.S.$50 million equivalent in Rupees in a financial year, should be five years, (ii) the all-in-cost ceiling for such Rupee denominated bonds will be 300 basis points over the prevailing yield of the Government of corresponding maturity, and (iii) entities permitted as investors under the ECB Guidelines should not qualify as a 'related party' as defined under the Indian Accounting Standards (**IND AS 24**). Under the IND AS 24, a related party includes the parent subsidiary, group entities, joint ventures and associates of an entity.

Issuers issuing Rupee denominated bonds offshore are required to comply with provisions of the ECB Guidelines in relation to the reporting requirement, security creation and parking of proceeds offshore. Furthermore, investors are allowed to hedge their Rupee exposure through permitted derivative products with an AD Category-I bank in India; or through the offshore branches or subsidiaries of Indian banks, or branches of foreign banks with a presence in India on a back-to-back basis.

Other provisions of the ECB framework, including, without limitation, the requirement to obtain a loan registration number, parking of proceeds, security and guarantee for the borrowings, conversion into equity, and corporates under investigation, will be applicable for borrowing under the framework of issuance of Rupee denominated bonds overseas. The Issuer will be bound to comply with all the provisions of the ECB Guidelines that do not contradict paragraph 3 of the ECB Guidelines.

The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts of circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state or local taxes, under the tax laws applicable in India and each country of which they are residents or countries of purchase, holding or disposal of the Notes. Additionally, in view of the number of jurisdictions where local laws may apply, this Offering Circular does not discuss the local tax consequences to a potential holder, purchaser, seller arising from the acquisition, holding or disposal of the Notes. Prospective investors must therefore inform themselves as to any tax, exchange control legislation or other laws and regulations in force relating to the subscription, holding or disposal of Notes at their place of ordinance, and the countries of which they are citizens or countries of purchase, holding or disposal of Notes.

Indian Taxation

The following is a summary of the existing principal Indian tax consequences for non-resident investors subscribing to the Notes issued by the Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or transfer of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes.

Payments through India

Any payments the Issuer makes on the Notes, including additional amounts, made through India would be subject to the regulations of RBI.

Taxation of interest

Since the proceeds of the issuance of the Notes (including Rupee Denominated Notes) are to be used for the purposes of the business of the Issuer in India, non-resident investors would be liable to pay tax on the interest paid on the Notes.

As of the date of this Offering Circular, the rate of tax in accordance with the Income Tax Act, 1961 (**Income Tax Act**) is 5.0 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), for any long-term bond, including infrastructure bonds and Rupee denominated bonds, issued any time before 1 July 2020 in accordance with the provisions of Sections 115A read with 194LC of the Income Tax Act. The rate of tax will stand reduced if the beneficial recipient is a resident of a country with which the Government has entered into a tax treaty which provides for the taxation of interest and capital gains income in India at a rate lower than the rate provided under the Income Tax Act, provided the conditions prescribed therein are fulfilled.

Withholding tax

Since the interest payable on the Notes is subject to taxation in India, there is a requirement to withhold tax at the applicable rate i.e. at 5.0 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), subject to any lower rate of tax provided by an applicable tax treaty.

Pursuant to the terms and conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law or where the laws undergo any amendment, in which case pursuant to Condition 9.1, the Issuer will pay additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, subject to certain exceptions.

Taxation of gains arising on redemption transfer of Notes

Any gains arising to a non-resident investor from the transfer of a capital asset held (or deemed to be held) will be chargeable to income tax in India if such capital asset is regarded as property situated in India. Transfer has *inter alia* been defined under the Income Tax Act to include sale, exchange, relinquishment of a capital asset or extinguishment of any rights therein. In this regard, the term "capital asset" has been defined under the Income Tax Act to mean property of any kind held by a taxpayer, whether or not connected with his business or profession. The Indian tax authorities may treat the Notes as being situated in India as the Issuer is incorporated in and resident in India and the Indian Tax Authorities may subject the gains arising from the transfer of such Notes to tax in India. However, potential investors may consult their own tax advisers regarding the Indian tax consequences, as well as the computation of tax liability in India as a result of transfer of the Notes.

If the Notes are regarded as situated in India by the Indian tax authorities, the following consequences will arise upon transfer of a Note:

(i) a non-resident investor who has held the Notes for a period of more than 36 months (long-term capital asset) immediately preceding the date of their disposal, would be liable to pay capital gains tax at the rate of 10.0 per cent. of the capital gains (plus applicable surcharge, education cess and secondary and higher education cess) in accordance with the provisions of the Income Tax Act. These rates are subject to any lower rate provided for by an applicable Tax Treaty;

(ii) a non-resident investor who has held the Notes for a period of 36 months or less (short term capital asset) would be liable to pay capital gains tax at rates ranging up to 40.0 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the non-resident investor (i.e. company, individual, trust, etc.) and his taxable income in India, subject to any lower rate provided for by an applicable Tax Treaty;

(iii) any income arising to a non-resident investor from the transfer of the Notes held as stock-in-trade would be considered as business income. Business income would be subject to income tax in India only to the extent, it is attributable to a "business connection in India" or, in case where a Tax Treaty is applicable, to a "permanent establishment" of the non-resident investor in India. A non-resident investor would be liable to pay Indian tax on such income at rates ranging up to 40.0 per cent. (plus applicable surcharge, education cess and secondary and higher education cess) depending on the legal status of the non-resident investor and his taxable income in India, subject to any lower rate provided for by a Tax Treaty; and

(iv) capital gains accruing or arising to a non-resident Investor from the transfer of any Note to another non-resident Investor shall not be liable to tax in India.

According to Section 48 of the Income Tax, with respect to a taxpayer being a non-resident, any gains arising on account of appreciation of the Rupee against a foreign currency at the time of redemption of the Rupee Denominated Notes of an Indian company, as subscribed by such a noteholder, shall be ignored for the purposes of computation of the full value of consideration under this section.

If a non-resident investor earns any capital gains chargeable to tax in India, the Income Tax Act requires that such tax shall be withheld by the person making any payment to such non-resident investor at the rate of 10 per cent. (plus applicable surcharge, education cess and secondary and higher education cess) on long-term capital gains. Furthermore, tax at the rate of up to 40 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), shall be withheld depending on the legal status of the recipient of income, on short term capital gains. These rates are subject to any lower rate of tax provided under the relevant Tax Treaty (if any). The tax payable shall be computed in such manner as prescribed in this regard under the Income Tax Act. For the purpose of tax withholding, the non-resident noteholders shall be obliged to provide details of their permanent account number as allotted by the tax authorities and all prescribed information and documents, including tax residency certificate (issued by the tax authorities of the country in which the investor is resident) for claiming the Tax Treaty benefits.

Anti-avoidance provisions

Under the Income Tax Act, there are both specific as well as generic anti-avoidance provisions relating to tax like transfer pricing provisions and General Anti-Avoidance Rules (**GAAR**).

Under the transfer pricing provisions, any income arising from an international transaction between two related parties have to be computed having regard to the arm's length price (**ALP**). In the event that the Notes are transferred by a non-resident investor to another non-resident investor and such non-resident investors are related parties in accordance with the provisions of the Income Tax Act, then the transactions would have to be at ALP and necessary compliances are required to be undertaken by the investors.

GAAR provisions are effective from fiscal 2018. Under the GAAR, an arrangement whose main purpose is to obtain tax benefits, may be declared as an "impermissible avoidance arrangement". According to Section 96(1) of the Income Tax Act, **impermissible avoidance arrangement** means an arrangement of which the main purpose is to obtain a tax benefit, and which:

(a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;

(b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;

(c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or

(d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for *bona fide* purposes.

Furthermore, according to Section 96(2) of the Income Tax Act, an arrangement shall be presumed, unless it is proved to the contrary by the taxpayer, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

If GAAR provisions are invoked, it could result in significant implications for the parties to the transaction including *inter alia*, disregarding, combining or re-characterisation of any step in or part or whole of the impermissible avoidance arrangement, considering or looking through any arrangement by disregarding any corporate structure, denial of any tax benefit claimed by the taxpayer or denial of benefit claimed by the non-resident under a tax treaty.

The relevant rules protect the investments made up to 31 March 2017 from the applicability of GAAR provisions.

Taxation of persons ordinarily resident in India

Any income received in respect of the Notes by a person ordinarily resident in India under the provisions of the Income Tax Act, may generally be subject to tax in India according to the personal rate applicable.

Estate Duty

No estate duty is payable at present in India in relation to the Notes.

Gift Tax

There is no gift tax payable at present in India in relation to the Notes.

Stamp Duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty would be payable if the Notes are brought into India for enforcement or for any other purpose. The amount of stamp duty payable would depend on the applicable State Stamp Act and the duty will have to be paid within a period of three months from the date the Notes are first received in India.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to implementation, the timing of which remains unclear.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a foreign financial institution, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a **Recalcitrant Holder**).

The new withholding regime is now in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) made after 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "**grandfathering date**", which (A) with respect to Notes that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register and (B) with respect to Notes that give rise to a dividend equivalent pursuant to section 871(m) of the Code, is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States has entered into an agreement with India based largely on the Model 1 IGA (the **U.S.-India IGA**).

If the Issuer is treated as a Reporting FI pursuant to the U.S.-India IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary or common safekeeper, as the case may be, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in limited circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the U.S.-India IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

Hiring Incentives to Restore Employment Act

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the U.S. Internal Revenue Code of 1986 which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30 per cent. U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) or (ii). The final U.S. Treasury regulations issued under Section 871(m) (the **Section 871(m) Regulations**) require withholding on certain non-U.S. holders of Notes with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Note that has an expected economic return sufficiently similar to that of the underlying U.S. security, based on tests set forth in the Section 871(m) Regulations and applicable guidance, will be subject to the Section 871(m) withholding regime (making such security a **Specified Security**). The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Security, withholding will generally still be required even if the Specified Security does not provide for payments explicitly linked to dividends. Additionally, the Issuer may withhold the full 30 per cent. tax on any payment on the Notes in respect of any dividend equivalent arising with respect to such Notes regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a non-U.S. holder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A non-U.S. holder may be able to claim a refund of any excess withholding provided the required information is timely furnished to the U.S. Internal Revenue Service. Refund claims are subject to U.S. tax law requirements and there can be no assurance that a particular refund claim will be timely paid or paid at all. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified Securities issued on or after 1 January 2017. If the terms of a Note are subject to a "significant modification" (as defined for U.S. tax purposes), the Note generally would be treated as retired and reissued on the date of such modification for the purposes of determining, based on economic conditions in effect at that time, whether such Note is a Specified Security. Similarly, if additional Notes of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Notes out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing Notes are Specified Securities as the date of such subsequent sale or issuance. Consequently, a previously out-of-scope Note might be treated as a Specified Security following such modification or further issuance.

In addition, with respect to Notes that provide for net dividend reinvestment in respect of either an underlying U.S. security or an index that includes U.S. securities, all payments on the Notes that reference such U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70 per cent. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30 per cent. of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

The applicable Pricing Supplement will indicate whether the Issuer has determined that Notes are Specified Securities and may specify contact details for obtaining additional information regarding the application of Section 871(m) to Notes. If Notes are Specified Securities, a non-U.S. holder of such Notes should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Notes. The Issuer's determination is binding on non-U.S. holders of Notes, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Notes linked to U.S. securities and their application to a specific issue of Notes may be uncertain. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 2 April 2015 as amended, restated and/or supplemented from time to time (the **Programme Agreement**), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such for Notes being made to the Issuer.

In order to facilitate the offering of any Tranche of the Notes, a nominated Dealer participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect, which support the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level higher than that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager (or any person acting for the Stabilising Manager) named in the applicable Pricing Supplement and only for a period of 30 days following the Issue Date of the relevant Tranche of Notes.

United States

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States (or, in certain circumstances, to, or for the account or benefit of, U.S. persons) except in certain transactions exempt from the registration requirements of the Securities Act;

(ii) The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Notes will be issued in accordance with the provisions of U.S. Treasury Regulation §1.163 – 5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010), unless the relevant Pricing Supplement specifies that Notes will be issued in accordance with the provision of U.S. Treasury Regulation §1.163 – 5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010). Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder;

(iii) in connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Category 2 of Regulation S (**Category 2 Notes**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Category 2 Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Category 2 Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Category 2 Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Category 2 Notes within the United States or to, or for the account or benefit of, U.S. persons;

(iv) Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act; and

(v) each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Terms used in this paragraph have the meanings given to them by Regulation S.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (as amended by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (**FSMA**) by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Italy

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that unless it is specified within the relevant Final Terms that a non-exempt offer may be made into Italy, the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) in compliance with Article 129 of the Banking Act (as amended) and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will only be offered in The Netherlands to qualified investors (as defined in the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

India

Each of the Dealers has represented and acknowledged, and each further Dealer appointed under the Programme will be required to represent and acknowledge, that (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or private placement offer letter or other offering material in respect of any private placement under the Companies Act, 1956, Companies Act, 2013 each as amended, supplemented or re-enacted from time to time) and the rules framed thereunder or any other applicable Indian laws for the time being in force with the Registrar of Companies or the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India save and except any information forming part of the Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws; and (b) the Notes will not be offered or sold, and have not been offered or sold to any person in India by means of any document and this Offering Circular or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or to the public in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of Indian laws.

Rupee denominated Notes

Each Dealer represents and agrees that in relation to any issuance of Notes denominated in Rupees and settled in a currency other than Rupees, the Offering Circular or any other material relating to such Notes has not been and will not be circulated or distributed to: (i) any prospective investor who does not meet the FATF Requirements; or (ii) a related party of the Issuer within the meaning of Ind-AS24; or (iii) any person that is otherwise prohibited from investing in such Notes under any applicable law. For the purposes of this section, **FATF Requirements** pursuant to the RBI regulations means an investor who is a resident of a country: (a) that is a member of FATF or a member of a FATF-style regional body; (b) whose securities market regulator is a signatory to the International Organisation of Securities Commission's multilateral MoU (Appendix A Signatories) or a signatory to a bilateral MoU with the Securities and Exchange Board of India for information sharing arrangements; (c) that should not be a country identified in the public statement of the FATF as: (i) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which countermeasures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies; and (d) that meets other requirements as specified by the RBI from time to time in relation to the above.

Eligibility of holders of the Rupee denominated Notes

Holders and beneficial owners of the Rupee denominated Notes shall be responsible for compliance with restrictions on the ownership of the Rupee denominated Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of the Rupee denominated Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Rupee denominated Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Rupee denominated Notes.

Disclosure of information relating to holders of Rupee denominated Notes

The holders and beneficial owners of Rupee denominated Notes shall be deemed to confirm that, for so long as they hold any Rupee denominated Notes, they will meet the FATF Requirements and the ECB Guidelines. Further, all Noteholders represent and agree that the Rupee denominated Notes will not be offered, sold on the secondary market or offered as security to any person who does not meet the FATF Requirements and comply with the ECB Guidelines or who is a related party of the Issuer within the meaning of Ind-AS24.

In relation to any issuance of Rupee denominated Notes, the holders and beneficial owners represent and agree that they will provide all information and details about themselves to the Issuer, to enable the Issuer to provide such information to the RBI or any other statutory or regulatory authority in India as and when such information is required. The holders and beneficial owners will provide all the information and details that they have or can procure about any subsequent transferee Noteholders (and shall provide all assistance in relation thereto) to the Issuer so as to enable the Issuer to obtain the details of the transferee Noteholders or any other information pertaining to such transferee Noteholders to enable the Issuer to provide such information to the RBI or any other statutory or regulatory authority in India as and when such information is required.

To comply with applicable laws and regulations, the Issuer or its duly appointed agent may from time to time request Euroclear and Clearstream to provide details of the account holders within Euroclear and Clearstream, as may be appropriate, that hold the Rupee denominated Notes and the number of Rupee denominated Notes held by each such account holder. Euroclear and Clearstream participants which are holders of the Rupee denominated Notes or intermediaries acting on behalf of such Noteholders would be deemed to have hereby authorised Euroclear and Clearstream, as may be appropriate, to disclose such information to the Issuer or its duly appointed agent.

Singapore

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that this Offering Circular has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distribute, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) pursuant to Section 276(7) of the SFA; or as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations of Singapore.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(a) it has not offered or sold, and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong) other than (i) to "professional investors" as defined in the SFO (the **SFO**) and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (**C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has represented, warranted and undertaken and each further Dealer appointed under the Programme will be required to represent, warrant and undertake that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee, the Arrangers and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

Other Relationships

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity as investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Broker-dealer Affiliates

If a jurisdiction requires that such offering be made by a licensed broker or dealer and an Arranger or a Dealer or any affiliate of it is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by it or such affiliate on behalf of the Issuer in such jurisdiction.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

The Issuer's financial statements included in this Offering Circular have been prepared in accordance with accounting policies followed by the Issuer which conform to Indian GAAP as applicable to the Issuer. Indian GAAP differ in certain significant respects from IFRS. Such differences involve methods for measuring amounts in the financial statements as well as in disclosures.

The following summarises certain general differences between Indian GAAP and IFRS that could have a significant impact on the financial position and operations of the issuer if its financial statements were prepared under IFRS. The summary below should not be considered exhaustive and no attempt has been made to identify possible future differences between Indian GAAP and IFRS as a result of prescribed changes in accounting standards nor to identify future differences that may affect the Issuer's financial statements as a result of transactions or events that may occur in future. No attempt has been made by the Issuer to quantify the effects of those differences, nor has a reconciliation of Indian GAAP to IFRS been undertaken by the Issuer. Had any such quantification or reconciliation been undertaken, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below.

Prospective investors should consult their own professional advisors for an understanding of the principal differences between Indian GAAP and IFRS and how these differences might affect the financial statements of the Issuer presented in this Offering Circular.

Summary of Certain Differences

Topic	IFRS	Indian GAAP
Presentation of Financial Statements-Components of financial statements	The requirements for the presentation of financial statements, the guidelines for their structure and content are set out in IAS 1. A complete set of financial statements under IFRS comprises: (a) a statement of financial position; (b) a statement of comprehensive income/a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income; (c) statement of cash flow; (d) statement of changes in equity; and (e) notes including summary of accounting policies and explanatory notes.	The requirements for the presentation of financial statements are set out in Schedule III to the Companies Act 2013 and the Accounting Standards notified under the Companies (Accounting Standards) Rule 2006 (together with the Companies Act, collectively referred to as Indian GAAP). The components of financial statements are (a) balance sheet (b) statement of profit and loss (c) cash flow statement (d) explanatory notes and a summary of accounting policies.
Presentation of Financial Statements-Comparative Information	Nature and amount of each item or class of items are disclosed. If it is impracticable to reclassify then the reason for not reclassifying and the nature of the adjustment that would have been made if the amounts had been reclassified needs to be stated.	No specific requirement. In practice, an explanatory note is included when comparatives are disclosed without identifying the nature or amount of the items reclassified.

Topic	IFRS	Indian GAAP
IAS 1, Presentation of Financial Statements-Balance sheet	An entity is required to present current and non-current assets, and current and non-current liabilities, as separate classification on the face of the balance sheet except when a presentation based on liquidity provides information that is more reliable and is more relevant. Minimum line item requirements are set out in IAS 1.	Schedule III of The Companies Act or other relevant statutes prescribe the form and content of the balance sheet. These statutes specify the minimum requirement of disclosure required in a balance sheet and the order in which the items are presented and the related disclosure.
Presentation of Financial Statements-Presentation of income statement	An analysis of expenses is presented using a classification based on either the nature of expenses or their function whichever provides information that is reliable and more relevant. If presented by function, specific disclosures by nature are provided in the notes.	Schedule III to the Companies Act only permits an analysis of expense by nature.
Presentation of Financial Statements-Presentation of profit and loss attributable to non-controlling interest	Profit or loss attributable to non-controlling interests and equity holders of the parent are disclosed in the statement of comprehensive income/income statement (if presented separately) as allocations of profit or loss for the period.	Profit or loss attributable to minority interests is disclosed as a deduction from the profit or loss for the period as an item of income or expense.
Presentation of Financial Statements-Statement of changes in equity	A statement of changes in equity is presented showing: (a) Amount of transactions with equity holders acting in their capacity as equity holders, showing separately distributions to equity holders. (b) The total comprehensive income for the period. (c) Effects of retrospective application or restatement on each component of equity. d) For each component of equity, a reconciliation between the opening and closing balances separately disclosing each change.	A statement of changes in equity is not required. Movements in share capital, retained earnings and other reserves are presented in the notes to Financial Statements.

Topic	IFRS	Indian GAAP
Presentation of Financial Statements-Extraordinary items	Presentation of any items of income or expense as extraordinary is prohibited.	AS-5 Extraordinary items are disclosed separately in the profit and loss account and are included in determination of net profit or loss. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.
Inventories, Net realisable value	A new assessment of net realisable value is required to be made in each subsequent period. Write-down of inventory is reversed if circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in the net realisable value because of changes in economic circumstances.	No specific guidance in AS 2. However reversals may be permitted as AS 5, Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies requires this to be disclosed as a separate line item in the statement of profit or loss.
Cash Flow Statement-Bank overdrafts	Included if they form an integral part of an entity's cash management.	Bank overdrafts are considered to be financing activities.
Cash Flow Statement-Cash flows from extraordinary items	As presentation of items as extraordinary is not permitted in accordance with IAS 1, cash flow statement does not reflect any items of cash flow as extraordinary.	Cash flows from items disclosed as extraordinary are classified as arising from operating, investing or financing activities as appropriate and separately disclosed.
Cash Flow Statement-Interest and dividend	May be classified as operating, investing or financing activities in a manner consistent from period to period.	Interest and dividends received are required to be classified as investing activities. Interest and dividends paid are required to be classified as financing activities other than for financial enterprises. Interest paid and interest and dividends received are required to be classified as operating activities. Dividends paid are required to be classified as financing activity.

Topic	IFRS	Indian GAAP
Changes in Accounting Policies and Errors	Retrospective application of changes in accounting policies is done by adjusting the opening balance of the affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy were always applied. If retrospective application is impracticable for a particular prior period, or for a period before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied needs to be stated. Material prior year errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.	Changes in accounting policies are not applied retrospectively. The cumulative impact arising from such change is made in the financial statements in the period of change. If the impact of the change is not ascertainable, this should be disclosed. Material prior year errors are included in determination of profit or loss in the period in which the error is discovered and are separately presented in the profit and loss, so that the impact can be perceived.
New accounting pronouncements	New accounting pronouncements that have been issued but not effective on the balance sheet date are disclosed. Known or reasonably estimable information relevant to assessing the possible impact of the new accounting pronouncements on initial application on the financial statements is disclosed.	Not required.
Events after balance sheet date-Dividends	Liability for dividends declared to holders of equity instruments are recognised in the period when declared.	Liability for dividends declared to holders of equity instruments are recognised in the period when declared unless a statue requires otherwise. Such dividends should be disclosed in notes.

Topic	IFRS	Indian GAAP
Income Taxes-Recognition of deferred assets and liabilities	Deferred income taxes are recognised for all taxable temporary differences between accounting and tax base of assets and liabilities except to the extent they arise from (a) initial recognition of goodwill or (b) of asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither the accounting nor the tax profit.	Deferred tax is computed for all timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes.
Income Taxes-Recognition of deferred tax assets for unused tax losses etc.	Deferred tax asset is recognised for carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.	Deferred tax asset for unused tax losses and unabsorbed depreciation is recognised only to the extent that there is virtual certainty supported by evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset for all other unused credits is recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
Income Taxes-Recognition of taxes on items recognised in other comprehensive income or directly in equity	Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside profit or loss. Therefore the tax on items recognised in other comprehensive income, or directly in equity, is also recorded in other comprehensive income or in equity, as appropriate.	No specific guidance in AS 22. However, an announcement made by the ICAI requires any expense charged directly to reserves and/or securities premium account to be net of tax benefits expected to arise from the admissibility of such expenses for tax purposes. Similarly, any income credited directly to a reserve account or a similar account should be net of its tax effect.
Income Taxes-Investments in subsidiaries, branches and associates, and interests in joint ventures	Deferred tax liability for all taxable temporary differences are recognised except to the extent that: (a) the parent, the investor or the venture is able to control timing of the reversal of the temporary difference, and (b) it is probable that the temporary difference will not reverse in the foreseeable future.	Not required.

Topic	IFRS	Indian GAAP
Income Taxes-Deferred tax on unrealised intra-group profits	Deferred tax on unrealised intra-group profits is recognised at the buyers' rate.	Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation.
Property, Plant and Equipment-Cost of major inspection	Costs of major inspections and overhauls are recognised in the carrying amount of property, plant and equipment.	Costs of major inspections are expensed when incurred.
Property, Plant and Equipment-Revaluation	If an entity adopts the revaluation model, revaluations are required to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.	No specific requirement on frequency of revaluation.
Leases-Interest in leasehold land	Recognised as operating/finance lease (i.e., prepayment) unless the leasehold interest is accounted for as investment property in accordance with IAS 40 and the fair value model is adopted.	Recognised as property, plant and equipment regardless of whether title is expected to pass to the lessee by the end of the lease term.
Determining whether an arrangement contains a lease	An arrangement that does not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which conveys the right to use the assets is accounted for as a lease in accordance with IAS 17.	There is no such requirement.
Lease incentives-Operating Leases	The lessor and lessee recognises lease incentives as an increase or reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from use of the leased asset.	There is no specific guidance.

Topic	IFRS	Indian GAAP
Revenues-definition	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows or enhancement of assets or decrease in liabilities result in increases in equity, other than increases relating to contributions from equity participants. Amounts collected on behalf of third parties such as sales and service taxes and value added taxes are excluded from revenues.	AS-9 Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities. Revenue is measured by the charges made to customers for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them. Revenue is presented as below: Turnover Rs.100 Less: Excise Duty Rs.15 Turnover (Net) Rs.85
Revenues-Measurement	Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognised as interest revenue using the effective interest method.	Revenue is recognised at the nominal amount of consideration receivable.
Revenues-Interest	Interest income is recognised using the effective interest method.	Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
Employee benefits-Actuarial gains and losses	Actuarial gains and losses may be: • recognised immediately in profit or loss; • recognised immediately in other comprehensive income; or • deferred up to a maximum with any excess of 10 per cent., of the greater of the defined benefit obligation or the fair value of the plan assets at the end of the previous reporting period being recognised over the expected average remaining working lives of the participating employees or other accelerated basis.	Actuarial gains and losses should be recognised immediately in the statement of profit and loss as income or expense.

Topic	IFRS	Indian GAAP
Employee benefits-Discount rate	Market yields at the balance sheet on high quality corporate bonds are used as discount rates. In countries where there are no deep markets for such bonds, market yields on government bonds are used.	Market yields at the balance sheet date on government bonds are used as discount rates.
Government Grants-Non-monetary assets	The asset and the grant may be accounted at fair value. Alternatively, these can be accounted at nominal value.	If the asset is given by the government at a discounted price, the asset and the grant is accounted at the discounted purchase price. All other non-monetary grants are accounted at nominal values.
Government Grants-Repayment/refund	If repayment of government grant relating to an asset is recorded by increasing the carrying amount of the asset, the cumulative additional depreciation that would have been recognised in the absence of the grant is immediately recognised as an expense. It is prohibited from being disclosed as extraordinary item.	AS-12 If repayment of government grant relating to an asset is recorded by increasing the carrying amount of the asset, the cumulative additional depreciation that would have been recognised in absence of the grant is recognised over the remaining useful life of the asset. Disclosed as an extraordinary item.
Effects of Changes in Foreign Exchange Rates-Functional and presentation currency	Functional currency is the currency of primary economic environment in which the entity operates. Foreign currency is a currency other than the functional currency. Presentation currency is the currency in which the financial statements are presented.	Foreign currency is a currency other than the reporting currency which is the currency in which financial statements are presented. There is no distinction between functional and presentation currency. The reporting currency is considered as the functional currency.

Topic	IFRS	Indian GAAP
Effects of Changes in Foreign Exchange Rates-Exchange differences	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit or loss in the period in which they arise.	Similar to IFRS. However, as per the Companies (Accounting Standards) Amendment Rules 2009 and 2011 on Accounting Standard 11 (AS-11) notified by the Government exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset and, in other cases, can be accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term asset/liability or amortised over the balance period of such long-term asset/ liability, not beyond 31 March 2020, as applicable.

Topic	IFRS	Indian GAAP
Effects of Changes in Foreign Exchange Rates-Translation in consolidated financial statements	Assets and liabilities should be translated from functional to presentation currency at the closing rate at the date of the balance sheet; income and expenses at average rate for the period; exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity.	Translation of financial statements to the reporting currency of the parent depends on the classification of that operation as integral or non-integral. Integral Operation: monetary assets are translated at closing rate; non-monetary items are translated at historical rate if they are valued at cost and at closing rate if they are valued on another valuation basis. Income and expense items are translated at average rate. Exchange differences are taken to statement of Profit and Loss. For non-integral operations, the closing rate method should be followed i.e., assets and liabilities are translated at closing rate while Profit and Loss items are translated at actual/average rates. The resulting exchange difference is taken to reserve and is recycled to Profit and Loss on the disposal of the non-integral foreign operation.

Topic	IFRS	Indian GAAP
Borrowing cost-Recognition	Capitalised if these costs are attributable to the acquisition, construction or production of a qualifying asset. Interest expense included in borrowing costs is calculated using the effective interest method as described in IAS 39: Financial Instruments: Recognition and Measurement. It is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Transaction costs are taken into account when determining the initial net carrying amount, their recognition in profit or loss is effectively spread over the life of the instrument.	Borrowing costs are required to be capitalised if these costs are attributable to the acquisition, construction or production of a qualifying asset. Interest is calculated on amount of loan outstanding at the applicable rates.
Related Party Disclosures-Post-Employment benefit Plan	Related party includes post-employment benefit plans for the benefit of employees of the reporting entity or any entity that is a related party of the reporting entity. Key management personnel include both executive and non-executive directors.	Post-employment benefit plans are not included as related parties. Key management personnel do not include non-executive directors.
Related Party Disclosures-Government related entities	Government related entities require disclosure of (a) The name of the government and its relationship with the reporting entity. (b) The nature and amount of each significant transaction and a qualitative or quantitive indication of other transactions which are significant collectively.	No disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

Topic	IFRS	Indian GAAP
Consolidated and Separate Financial Statements-Scope	Required for all entities unless specific exemptions in IAS 27 apply. A parent need not prepare consolidated financial statements only if all the following conditions are met: • the entity is itself a wholly-owned subsidiary or a partially owned subsidiary and its other owners have not objected to the entity not presenting consolidated financial statements; • the entity's debt or equity instruments are not traded in a public market; • the entity is not in a process of filing its financial statements for the purposes of issuing any class of instruments in a public market; and • the ultimate or any intermediate parent of the entity produces consolidated financial statements available for public use that comply with IFRSs.	Indian GAAP does not specify entities that are required to present consolidated financial statements. The accounting standard is required to be followed if consolidated financial statements are presented. The Companies Act requires a company having one or more subsidiaries to prepare a consolidated financial statement of the company and all of its subsidiaries in the same form and manner as that of its own. The Securities Exchange Board of India (Indian Market Regulator) requires entities currently listed and to be listed to present consolidated financial statements.
Consolidated and Separate Financial Statements-Definition of control	Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.	Control is: (a) The ownership, directly or indirectly through a subsidiary (or subsidiaries) of more than one-half of the voting power of an enterprise; or (b) Control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.

Topic	IFRS	Indian GAAP
Consolidated and Separate Financial Statements-Potential voting rights	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing control.	Potential voting rights are not considered in assessing control.
Consolidated and Separate Financial Statements-Exclusion of subsidiaries, associates and joint ventures	If the acquisition of a subsidiary meets the criteria to be classified as held for sale in accordance with IFRS 5, it is included in the consolidation but is accounted for under that standard.	Excluded from consolidation, equity accounting and proportionate consolidation if the subsidiary was acquired with intent to dispose of it within twelve months or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.
Consolidated and Separate Financial Statements-reporting dates	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than six months.
Consolidated and Separate Financial Statements-Accounting policies	Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.	Similar to IFRS except if it is impracticable to use uniform accounting policies, that fact should be disclosed together with the proportions of the items in the consolidated financial statements to which different policies have been applied are disclosed.
Consolidated and Separate Financial Statements-Disposals	Partial disposal of subsidiary where control is retained is accounted for as an equity transaction, and gain or loss is not recognised. Partial disposal of subsidiary resulting in loss of control triggers remeasurement of the residual holding to fair value. Any difference between the fair value and the carrying value is recognised as gain or loss in profit or loss.	No specific guidance.
Consolidated and Separate Financial Statements-Accounting for investments in subsidiaries in separate financial statements	Accounted either at cost less impairment loss or as available for sale in accordance with IAS 39/ IFRS 9.	Accounted at cost less impairment loss.

Topic	IFRS	Indian GAAP
Investments in Associates-Potential voting rights	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing significant influence.	Potential voting rights are not considered in assessing significant influence.
Investments in Associates-Capital Reserve/negative goodwill	Negative goodwill is excluded from the carrying amount of investment and is included as income in determination of the investor's share of associate's profit or loss in the period in which investment is acquired.	AS-23 Negative goodwill (Capital Reserve) is included in the carrying amount of investment in the associate but is disclosed separately.
Investments in Associates-Reporting date	The difference between the reporting date of the associate and that of the parent shall be no more than three months.	AS-23 The maximum difference between the reporting date of the associate and that of the parent is not specified.
Interests in Joint Ventures-Alternate accounting methods	Investments in jointly controlled entities can be proportionately consolidated or equity accounted by the venture.	Equity method accounting is not permitted.
Financial Instruments: Presentation-Classification of convertible debts	Split the instrument in liability and equity component at issuance.	Classified as debt based on its legal form and any interest expense is recognised based on the coupon rate.
Financial Instruments: Presentation- Treasury shares	If an entity reacquires its own shares (treasury shares), these are shown as a deduction from equity.	Acquiring own shares is permitted only in limited circumstances. Shares repurchased should be cancelled immediately and cannot be held as treasury shares.
Earnings Per Share-Extraordinary items	The control number for determining dilution is net profit or loss from continuing activities since no item can be presented as extraordinary item.	AS 20 The control number for determining dilution is net profit or loss from continuing ordinary activities. Earnings Per Share (**EPS**) with and without extraordinary items is to be presented.

Topic	IFRS	Indian GAAP
Earnings per share-Disclosure	IAS 33 requires separate disclosures for EPS from continuing and discontinued operations. Disclosure is also required for instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.	No such disclosure is required.
Impairment of Assets-Reversal of impairment loss for goodwill	Impairment loss recognised for goodwill is prohibited from reversal in a subsequent period.	Impairment loss for goodwill is reversed if the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.
Provisions, Contingent Liabilities and Contingent Assets-Discounting	Where the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liability. The discount rate does not reflect risk for which future cash flow estimates have been adjusted.	Discounting of liabilities is not permitted and provisions are carried at their full values.
Provisions, Contingent Liabilities and Contingent Assets-Contingent assets	Contingent assets are not recognised but disclosed in the financial statements where an inflow of economic benefits is probable.	Contingent assets are neither recognised nor disclosed in the financial statements.
Intangible assets-Measurement	Intangible assets can be measured at either cost or revalued amount.	Measured only at cost.
Intangible assets-Useful life	Useful life may be finite or indefinite.	Useful life may not be indefinite. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

Topic	IFRS	Indian GAAP
Financial Instruments: Recognition and Measurement-Investments, and loans and receivables	Financial instruments are classified as of fair value through Profit and Loss, held-to-maturity, loans and receivable and available-for-sale. Financial instruments are classified as held for trading if these are acquired principally for the purpose of selling and are part of a portfolio that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Held-to-maturity investments are investments with fixed or determinable payments and fixed maturity for which an entity has positive intent and ability to hold to maturity. Held to maturity investments are measured at amortised cost using effective interest method. Loans and receivables have fixed or determinable payments that are not quoted in active market. Loans and receivables are measured at amortised cost using the effective interest method. Available-for-sale investments are those that do not qualify as of fair value through profit or loss, held-to-maturity investments or loans and receivables. Changes in fair value of available-for-sale investments are recognised as part of equity and recycled to profit and loss on disposal of investments. Unquoted investments whose fair values cannot be reliably measured are measured at cost.	Investments are classified as long-term or current. Long-term investments are carried at cost less provision for diminution in value, which is other than temporary. Current investments carried at lower of cost and fair value. Loans and receivables are measured at cost less valuation allowance.
Financial Instruments: Recognition and Measurement - Impairment	Impairment losses recognised in profit or loss for equity investment. Entities are prohibited from reversing impairments on investments in equity securities.	Impairment losses recognised in profit or loss for equity investments are reversed through profit or loss.

Topic	IFRS	Indian GAAP
Financial Instruments: Recognition and Measurement - Foreign currency contracts	Forward exchange contract is measured at fair value at the balance sheet date, if the forward exchange contract meets the criteria of an effective hedge in accordance with IAS 39 (Revised).	Premium or discount on forward exchange contracts is amortised and recognised in the profit and loss account over the period of such contracts.
Financial Instruments: Recognition and Measurement- Derivatives and embedded derivatives	Measured at fair values.	Currently there is no equivalent standard on derivatives except for certain forward exchange contracts within the scope of AS 11.

Topic	IFRS	Indian GAAP
Financial Instruments: Recognition and Measurement-Derivatives and hedge accounting	Hedge accounting (recognising the offsetting effects of fair value changes of both the hedging instrument and the hedged item in the same period's profit or loss) is permitted in certain circumstances, provided that the hedging relationship is clearly defined, measurable, and actually effective. IAS 39 provides for three types of hedges: • fair value hedge: if an entity hedges a change in fair value of a recognised asset or liability or firm commitment, the change in fair values of both the hedging instrument and the hedged item are recognised in profit or loss when they occur; • cash flow hedge: if an entity hedges changes in the future cash flows relating to a recognised asset or liability or a highly probable forecast transaction, then the change in fair value of the hedging instrument is recognised in other comprehensive income until such time as those future cash flows occur. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss in the period of such change; and • hedge of a net investment in a foreign entity: this is treated as a cash flow hedge. • A hedge of foreign currency risk in a firm commitment may be accounted for as a fair value hedge or as a cash flow hedge.	Currently there is no equivalent standard on derivatives. Forward contracts are covered by AS — 11. The ICAI vide announcement dated 11.02.2011, stated that for the entities covered by the converged Indian Accounting standards, "Ind AS 39 — Financial Instruments: Recognition and measurement" would apply. Ind AS 39 has not yet been notified by the Government of India under the Companies Act, 1956 for implementation.

Topic	IFRS	Indian GAAP
Non-current assets held for sale-Recognition and measurement	Non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable. Depreciation ceases on the date when the assets are classified as held for sale. Non-current assets classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell.	There is no standard dealing with non-current assets held for sale, though AS 10 deals with assets held for disposal Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the statement of profit and loss.
Non-current assets held for sale-Discontinued operations	An operation is classified as discontinued when it has either been disposed of or is classified as held for sale.	An operation is classified as discontinuing at the earlier of (a) a binding sale agreement for sale of the operation; and (b) on approval by the board of directors of a detailed formal plan and announcement of the plan.
Exploration for and evaluation of mineral resources	Exploration and evaluation assets are measured at cost or revaluation less accumulated amortisation and impairment loss. An entity determines the policy specifying which expenditures are recognised as exploration and evaluation assets.	There is no equivalent standard. However, there is a Guidance Note on Accounting for Oil and Gas Producing Activities. As per this note, there are two alternative methods for acquisition, exploration and development costs, viz. the Successful Efforts Method or the Full Cost Method. The Guidance Note recommends the former one. AS 28, Impairment of Assets is applicable irrespective of the method of accounting used.
Operating Segments-Determination of segments	Operating segments are identified based on the financial information that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.	AS 17 requires an enterprise to identify two sets of segments (business and geographical), using a risks and rewards approach.

Topic	IFRS	Indian GAAP
Operating Segments-Measurement	Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker. There is no definition of segment revenue, segment expense, segment result, segment asset or segment liability. Requires reconciliation of segment performance measures, and segment assets and liabilities with the corresponding amounts reported in the financial statements.	Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole. Segment revenue, segment expense, segment result, segment asset and segment liability have been defined. A reconciliation is presented between the information disclosed for reportable segments and the aggregated information in the enterprise's financial statements.
Operating Segments-entity-Wide disclosures	Requires disclosure of (a) external revenues from each product or service; (b) revenues from customers in the country of domicile and from foreign countries; and (c) geographical information on non-current assets located in the country of domicile and foreign countries. Information on major customer including total revenues from each major customer is disclosed if revenues from each customer is 10 per cent., or more of total segment revenues.	Disclosures are required based on the classification of segments as primary or secondary. Disclosure requirements for secondary reporting format are less detailed than those required for primary reporting formats.

GENERAL INFORMATION

Authorisation

1. The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 28 September 2011. The borrowing limits for financial year 2017-18 have been duly authorised by the resolution of the Board of Directors of the Issuer dated 24 March 2017.

RBI Approvals

2. The Issuer will need to obtain approval from RBI prior to any drawdown under the Programme in terms of the ECB Guidelines.

Listing

3. Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List.

   Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes is exchanged for definitive Notes. In addition, in the event that the Global Notes is exchanged for definitive Notes, announcement of such exchange shall be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

4. Application has been made to the London Stock Exchange for the Notes to be admitted to the ISM. The ISM is not a regulated market for the purposes of Directive 2004/39/EC. The ISM is a market designated for investors who are particularly knowledgeable in investment matters. Notes admitted to trading on the ISM are not admitted to the Official List of the UKLA and the London Stock Exchange has not approved or verified the contents of this Offering Circular.

Clearing systems

5. The Notes to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream. The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

6. The issuance of the Notes under the Programme would be eligible for electronic settlement and this is in accordance with all applicable Indian laws and is duly authorised by the Issuer's constitutional documents as well as other applicable statutory and other consents.

No significant change

7. Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or its Subsidiaries since the date of the most recently published unaudited figures for the three months ended 30 June 2017 and no material adverse change in the financial position or prospects of the Issuer since the date of the most recently published audited accounts for the period ended 31 March 2017.

Litigation

8. Except as disclosed in "*Description of the Issuer — Legal and Regulatory Proceedings*", the Issuer is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of the Issuer.

Accounts

9. The auditors of the Issuer in respect of the financial statements for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 were as follows:

   M. K. Aggarwal & Co.
   K. B. Chandna & Co.

   The auditors of the Issuer in respect of the financial statement for the year ended 31 March 2015 were as follows:

   K. B. Chandna & Co.
   N. K. Bhargava & Co.

   Such auditors have audited the Issuer's consolidated and non-consolidated financial statements, without qualification, in accordance with generally accepted auditing standards in India for each of the periods mentioned above.

Trust Deed

10. The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined in the Trust Deed) or any other person in accordance with the provisions of the Trust Deed as conclusive evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other person in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person. However, the Trustee will have no recourse to the Auditors or such other person in respect of such certificates or reports unless the Auditors or such other person have agreed to address such certificates or reports to the Trustee.

Documents Available

11. So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the corporate office of the Issuer and from the specified office of the Paying Agent in London:

    (a) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 March 2015, 2016 and 2017;

    (b) the unaudited non-consolidated financial statements of the Issuer for the three months ended 30 June 2017 and as of and for the financial years ended 31 March 2015, 2016 and 2017;

    (c) the Programme Agreement, the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

    (d) a copy of this Offering Circular and memorandum and articles of association of the Issuer;

(e) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and

(f) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

No Conflict of Interest

12. As of the date of this Offering Circular, there are no potential conflicts of interest between any duties owed to the Issuer by the Directors and the private interests and/or other duties owed by these individuals and there are no arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

No Material Contracts Outside the Ordinary Course of Business

13. As of the date of this Offering Circular, there are no material contracts that have been entered into outside the ordinary course of the Issuer's business which could result in any group member being under an obligation or entitlement that would be material to the Issuer's ability to meet its obligation to the Noteholders.

INDEX TO FINANCIAL STATEMENTS

Important Information Relating to the Financial Information Presented

The financial information included on pages F-3 to F-233 has been extracted without material adjustment from the Issuer's audited non-consolidated financial statements for the years ended 31 March 2015, 2016 and 2017 and the Issuer's unaudited non-consolidated financial results for the three months ended 30 June 2017. The financial statements presented have been prepared in accordance with Indian GAAP, which differs in certain material respects to IFRS. For a description of certain differences between Indian GAAP and IFRS, see "*Summary of Significant Differences Between Indian GAAP and IFRS*" above.

The Issuer's auditors are appointed each year by the Comptroller and Auditor General of India (the **C&AG**), which is the authority for appointment of auditors of Government Companies in terms of section 619(2) of the Companies Act, 1956 (as replaced by section 139(5) of the Companies Act) of India. International accounting firms are not currently permitted to practise in India. Therefore, local firms of Chartered Accountants appointed by the C&AG undertake the audit of the Issuer's financial statements. It is not unusual for large public sector companies in India with widespread operations to have more than one firm appointed to audit the company's financial statements, with each firm given a particular region to audit. The auditors of the Issuer's financial statements are set out in paragraph 9 under "*General Information*" above.

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LIMITED REVIEW REPORT

TO THE BOARD OF DIRECTORS OF POWER FINANCE CORPORATION LIMITED

We have reviewed the accompanying statement of unaudited financial results of Power Finance Corporation Limited (the "Company") for the quarter ended 30th June, 2017, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Management is responsible for the preparation and fair presentation of this statement and the same has been approved by the Board of Directors. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatements.

FOR M.K. AGGARWAL & CO.
Chartered Accountants
Firm's Registration No.: 01411N
by the hand of

CA M.K. AGGARWAL
Partner
Membership No.014956

FOR K. B. CHANDNA & CO.
Chartered Accountants
Firm's Registration No.: 00862N
by the hand of

CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 10.08.2017
Place: New Delhi

POWER FINANCE CORPORATION LIMITED

URJANIDHI, 1, BARAKHAMBA LANE, CONNAUGHT PLACE, NEW DELHI. Website: http://www.pfcindia.com

CIN L65910DL1986GOI024862

STATEMENT OF UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE, 2017

(₹ in crore)

	Description	QUARTER ENDED			YEAR ENDED
		30 June 2017	31 March 2017	30 June 2016	31 March 2017
		(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
1.	**Revenue from Operations**				
	Interest	6,779.82	5,513.77	7,072.05	26,270.08
	Other Operating Income	14.98	20.48	21.29	129.81
	Other Financial Services	85.58	137.82	12.26	316.34
2.	**Other Income**	51.52	125.00	53.06	302.34
3.	**Total Income (1 + 2)**	**6,931.90**	**5,797.07**	**7,158.66**	**27,018.57**
4.	**Expenses**				
	Finance Costs	4,156.17	4,099.44	4,285.99	16,432.69
	Bond Issue Expenses	5.77	8.96	6.95	26.58
	Employee Benefit Expenses	38.44	34.43	25.26	114.97
	Provisions	392.21	4,479.33	200.61	5,101.08
	Provision for decline in value of investments	20.49	19.51	(26.94)	(7.51)
	Depreciation and Amortization expenses	1.19	1.64	1.18	5.56
	CSR Expenses	149.21	0.00	166.15	166.15
	Other Expenses	15.02	16.60	9.30	67.79
	Prior Period Items (Net)	0.01	0.39	0.22	1.47
	Total Expenses	**4,778.51**	**8,660.30**	**4,668.72**	**21,908.78**
5.	**Profit before exceptional and extraordinary items and tax (3-4)**	**2,153.39**	**(2,863.23)**	**2,489.94**	**5,109.79**
6.	Exceptional Items	-	-	-	-
7.	**Profit before extraordinary items and tax (5-6)**	**2,153.39**	**(2,863.23)**	**2,489.94**	**5,109.79**
8.	Extraordinary Items	-	-	-	-
9.	**Profit Before Tax (7-8)**	**2,153.39**	**(2,863.23)**	**2,489.94**	**5,109.79**
10.	**Tax Expenses**				
	(1) Current Tax				
	Current Year	737.48	656.59	661.60	3,074.39
	Earlier Years	-	13.03	-	(0.09)
	(2) Deferred Tax Liability(+) / Asset(-)	(12.68)	(123.36)	115.79	(90.90)
11.	**Profit (Loss) for the period from continuing operations (9-10)**	**1,428.59**	**(3,409.49)**	**1,712.55**	**2,126.39**
12.	**Paid-up Equity Share Capital (Face Value of Share is ₹ 10)**	2,640.08	2,640.08	1,320.04	2,640.08
13.	**Reserves excluding Revaluation reserves (As per audited balance Sheet as at 31st March)**	--	--	--	33,830.13
14.	**Earnings Per Share (EPS) (Face value ₹ 10/- each) (not annualised)**				
	(1) Basic (₹)	**5.41**	**(12.92)**	**6.49**	**8.05**
	(2) Diluted (₹)	**5.41**	**(12.92)**	**6.49**	**8.05**

See accompanying notes to the financial results

Notes: -	
1	The above financial results for the quarter ended 30.06.2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006 have been reviewed and recommended by the Audit Committee of Directors and approved by the Board of Directors in their respective meetings held on 10.08.2017. The same have been subjected to Limited Review by K.B.Chandna & Co., Chartered Accountants and M.K.Aggarwal & Co., Chartered Accountants.
2	A. Asset classification and Provisioning: The Company is following RBI Prudential norms contained in RBI's "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" as amended from time to time read with specific directions mentioned below: (1) Asset classification norms : (i) In line with RBI's letter dated 25.07.2013, for the purpose of asset classification and NPA provisioning, facilities granted to Government Sector and Private Sector Entities are considered borrower-wise, other than Government Sector loans which are considered on project-wise basis provided cash flows from each project are separately identifiable and applied to the same project. (ii) in line with RBI's letter dated 03.10.2016: (a) loan assets (excluding lease asset) outstanding as at 31.03.2018 and overdue for 3 months or more will be classified as Non-Performing Asset (NPA) and classification during the year is based on prevailing norm of overdue for 4 months or more, (b) NPA as at 31.03.2018 for a period not exceeding 12 months will be classified as Sub-standard asset and classification during the year is based on prevailing norm of NPA for a period not exceeding 14 months, and (c) NPA as at 31.03.2018 for a period exceeding 12 months will be classified as Doubtful asset and classification during the year is based on prevailing norm of NPA for a period exceeding 14 months. (2) Restructuring norms: (i) RBI vide letter dated 11.06.2014 has directed that for new project loans to generating companies restructured w.e.f. 01.04.2015, the provisioning requirement would be 5% and for stock of such outstanding loans as on 31.03.2015 to all generating companies, provisioning shall commence with a provision of 2.75% with effect from 31.03.2015 and reaching 5% by 31.03.2018. (ii) RBI vide letter dated 11.04.2017 has stated that in case of a Govt. Sector account, if the project has not commenced commercial operation within DCCO envisaged at the time of financial closure (or revised DCCO within the permissible thresholds as given in RBI Norms for Restructured Advances), the classification is to be done project-wise instead of borrower-wise till 31.03.2022. B. Credit Concentration Norms RBI vide its letter dated 16.06.2016 has extended exemption in respect of exposure to Central / State Government entities till 31.03.2022. Thus, the Company continues to follow MoP approved credit concentration norms for Central / State Government entities.
3	In line with RBI's letter dated 11.06.2014, Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters were regulated by the restructuring norms approved by MoP till 31.03.2017. Accordingly, with effect from 01.04.2017, RBI restructuring norms are applicable for any future restructuring undertaken in these loans.

4	(a) Provisions at (4) above includes: (i) Standard Assets provision of ₹ 46.28 crore for the current quarter (corresponding previous quarter ₹ (17.91) crore), on the outstanding balance of standard assets. (ii) Restructured Standard Assets provision of ₹ 94.62 crore for the current quarter (corresponding previous quarter ₹ 107.57 crore). The qualifying Restructured / Rescheduled / Renegotiated (R/R/R) loans outstanding as at 30.06.2017 amount to ₹ 18,090.09 crore in Private sector and ₹ 36,504.98 crore in Govt. Sector (as at 31.03.2017 ₹ 19,445.92 crore in Private sector and ₹ 35,994.70 crore in Govt. Sector),and (iii) Non-Performing Asset provision of ₹ 251.31 crore for the current quarter (corresponding previous quarter ₹ 110.95 crore). Gross Non-performing assets as at 30.06.2017 amount to ₹ 31,515.80 crore (as at 31.03.2017 ₹ 30,718.61 crore). These NPAs include loans to state sector amounting to ₹ 23,362.90 crore (₹ 23,309.30 crore as at 31.03.2017), having no over dues as on 30.06.2017, which have been classified as NPA in line with DCCO related RBI restructuring norms. (b) As regards provision on Standard Assets as per RBI norms, the accounting policy for the current year has been changed in quarter ended 30.06.2017 which requires provision enhancement from 0.35% on 31.03.2017 to 0.40% by 31.03.2018. Accordingly, provision for the quarter ended 30.06.2017 has been made on pro-rata basis. Due to this change in the accounting policy, profit before tax for the current quarter has decreased by ₹ 20.83 crore. (c) As regards R/R/R loans (stock of such outstanding loans as on 31.03.2015 to all generating companies) on which restructuring provisioning as per RBI norms is applicable, the accounting policy for the current year has been changed in quarter ended 30.06.2017 which requires provision enhancement from 4.25% on 31.03.2017 to 5% by 31.03.2018. Accordingly, provision for the quarter ended 30.06.2017 has been made on pro-rata basis. Due to this change in the accounting policy, profit before tax for the current quarter has decreased by ₹ 99.65 crore. Further, in case of a loan asset restructured as per RBI's SDR norms, Company is required to hold provision of at least 15% on residual loan balance by the end of 18 month period from the reference date. Accordingly, additional provision of ₹ 29.93 crore has been made during the quarter on pro-rata basis to reach 15% provisioning by 31.01.2018. (d) Company has adopted RBI restructuring norms (in place of MoP approved norms) on projects covered under note 3 above and accounting policy in this regard stands changed with effect from 01.04.2017.Accordingly, (i) Three loan assets having aggregate balance of ₹ 383.37 crore have been classified as NPA. Consequently, during the quarter: a) interest income of ₹ 6.65 crore accrued and remaining unrealised has not been recognized, and b) additional provision of ₹ 37 crore has been created on such loans. (ii) A standard asset having balance of ₹ 521.83 crore has been categorized as restructured standard asset, resulting in additional provision of ₹ 21.33 crore. (e) Provision at note 4(a) above includes impact on provisioning as discussed at note 4(b),(c)&(d) above.
5	In case of a restructured loan asset, categorized as sub-standard by the Company on 15.04.2015, the borrower had obtained an ad-interim stay on further proceedings from Hon'ble High Court of Madras vide order dated 17.06.2015. The Company had sought a legal opinion with respect to asset classification, based on which, the loan asset was re-classified from restructured sub-standard to restructured standard asset during the financial year 2015-16 and the Company continues to maintain the same asset classification. On 30.06.2016, the Company has moved petition for vacating the order of ad-interim stay. The said petition is pending for hearing and ad-interim stay is continuing. Further, from quarter ended 31.03.2017, Company has not recognised income accrued but remaining unrealised on this account.

	Subsequent to above, (i) Interest/income of ₹ 76.61 crore accrued and remaining unrealised has not been recognized during current quarter. (ii) Provision, as applicable based on the existing asset classification, has been made which stands at ₹ 175.55 crore as on 30.06.2017 (as on 31.03.2017 ₹ 163.17 crore). (iii) Provision treating the account as doubtful, on the loan balance of ₹ 5,036.10 crore as on 30.06.2017 (as at 31.03.2017 ₹ 4,893.39 crore), after considering the provision as stated at (ii) above, has not been recognized amounting to ₹ 831.66 crore (previous year ₹ 815.50 crore).
6	The Company amortizes exchange differences on long term foreign currency monetary items over their tenure. Consequently, as at 30.06.2017, the unamortized debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 568.52 crore (as at 31.03.2017 debit balance of ₹ 647.56 crore).
7	In accordance with the requirement of Section 135 of the Companies Act, 2013 read with DPE guidelines, during the quarter ended 30.06.2017, provision of ₹ 149.21 crore for FY 2017-18 (corresponding previous quarter ₹ 166.15 crore) has been made for Corporate Social Responsibility activities.
8	For all the secured bonds issued by the Company and outstanding as at 30.06.2017, 100% security cover has been maintained by way of mortgage on specified immovable properties and/or charge on the receivables of the Company.
9	During the current quarter, the Central Government vide notification dated 8th June, 2017 has notified that any bond issued by PFC Ltd on or after 15th June, 2017 under section 54EC of the Income-Tax Act, 1961 and redeemable after three years will be considered as 'long-term specified asset' for the purpose of Capital Gains Tax exemption under the said section. Accordingly, the Company on 03.07.2017 has opened the issue under section 54EC of Income-Tax Act,1961 for private placement of secured, non-convertible, non-cumulative, redeemable, taxable bonds in the nature of debentures of ₹ 10,000/- each carrying a coupon rate of 5.25%.p.a for ₹ 500 crore with a green shoe option to retain oversubscription. The issue will remain open upto 31.03.2018 or as decided by the Company.
10	The identification of business segment is done in accordance with the system adopted for internal financial reporting to the Board of Directors and management structure. The Company's primary business is to provide finance for power sector which in the context of Accounting Standard - 17 is considered the only primary business segment. Hence, no segmental reporting is required.
11	Consequent upon the issue of bonus shares in the ratio of one equity share of ₹ 10/- each for one equity share of ₹ 10/- each during quarter ended 30.09.2016, Earning Per Share (basic and diluted) has been adjusted for corresponding previous quarter presented.
12	Figures for the previous period have been regrouped / reclassified wherever necessary, to confirm to current period classification.

	RAJEEV SHARMA
Place : New Delhi	**Chairman & Managing Director**
Date : 10.08.2017	**DIN - 00973413**

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Independent Auditors' Report

TO THE MEMBERS OF POWER FINANCE CORPORATION LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Power Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting & auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017 and its profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to the following matters in the notes to financial statements:

(a) Note No. 15 of Part-C ‘Other Notes on Accounts’, regarding adoption of Reserve Bank of India Prudential Norms on restructuring as against MoP approved norms, resulting in higher provision by ₹ 3,427.18 crore and reversal of income by ₹ 527.37 crore during the year on state sector loans.

(b) Note No. 19 of Part-C ‘Other Notes on Accounts’, regarding income reversal of ₹ 413.03 crore remaining unrealised, in case of a restructured loan asset categorised as standard in view of ad-interim stay taken by the borrower from Hon’ble High Court of Madras.

(c) Note No. 5 (E) of Part-C ‘Other Notes on Accounts’, whereby income of ₹ 178.15 crore has been recognized during the year due to change in accounting policy on derivative contracts.

Our opinion is not modified in respect of above matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(5) of the Act, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the financial statements of the Company are given in the **Annexure A**.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure B** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

3. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure C**.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note no. 2(B), 2(C) & note no. 3 of Part-C 'Other Notes on Accounts' to the financial statements;

   ii. There are no long-term contracts including derivative contracts existing as on the date of balance sheet for which provision is required to be made under the applicable law or accounting standards for any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Refer Note Part – C 36 of the Standalone Financial Statements.

FOR M.K. AGGARWAL & CO.
Chartered Accountants
Firm's Registration No.: 01411N
by the hand of

CA M.K. AGGARWAL
Partner
Membership No.014956

FOR K. B. CHANDNA & CO.
Chartered Accountants
Firm's Registration No.: 00862N
by the hand of

CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 29.05.2017
Place: New Delhi

Annexure-A to Independent Auditors' Report on the Standalone Financial Statements

As required under the Section 143(5) of the Act, with respect to the directions and sub-directions issued by The Comptroller & Auditor General of India, we report that:

Sl. No.	Questionnaire	Replies
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	Yes, the Company has clear title / lease deeds for freehold and leasehold land respectively.
2	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	During FY 2016-17: (A) In line with MoP's OM dated 20th November 2015, interest on interest amounting to ₹ 12.57 crore and penal interest amounting to ₹ 3.56 crore has been waived off in respect of states who have signed MoU under Ujwal DISCOM Assurance Yojna (UDAY). (B) Commitment charges aggregating to ₹ 0.27 crore were waived off in respect of one borrower as per the request of the borrower and extant delegation of powers. (C) Additional Interest aggregating to ₹ 3.56 crore were waived off in respect of two borrowers as per the request of the borrowers and extant delegation of powers.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities?	N.A.
4	In respect of provisioning requirement of all restructured, rescheduled or renegotiated loan, whether a system of periodical assessment of realizable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard may be suitably commented upon along with financial implication.	Company has adopted RBI's restructuring norms wherein classification and recognition of income is done as per extant guidelines. RBI on 11.04.2017 has exempted the Company from borrower wise classification of loans to state sector utilities which are downgraded to NPA due to non-achievement of DCCO (Date of commencement of commercial operation) within RBI prescribed limits. Further, in case of restructured standard assets,

		provision is made as per RBI directions. As regards project loans to Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters which are exempted from RBI restructuring norms till 31.03.2017. There is no deficiency in provisioning as per our audit.

FOR M.K. AGGARWAL & CO.
Chartered Accountants
Firm's Registration No.: 01411N
by the hand of

CA M.K. AGGARWAL
Partner
Membership No. 014956

FOR K. B. CHANDNA & CO.
Chartered Accountants
Firm's Registration No.: 00862N
by the hand of

CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 29.05.2017
Place: New Delhi

Annexure B to Independent Auditor's Report on the Standalone Financial Statements

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the management carries out the physical verification of fixed assets at the year end in a phased manner. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification necessitating any adjustment.

(c) The Company has clear title deeds of immovable properties held in its name.

ii. The Company is a Non-Banking Finance Company. Accordingly it does not hold any inventory. Thus, clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

iii. As explained to us and verified from books and records, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Further, clauses 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

iv. The Company has not given any loans, investment, guarantees and securities which may be covered under section 185 and 186 of the Companies Act, 2013.

v. According to the information and explanations given to us, the Company has not accepted any deposit from public during the year within the meaning of section 73 to 76 or any other relevant provision of the companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clauses 3(vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

vii. In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the company, we report that:

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Service Tax and Value Added Tax and other material statutory dues as applicable to it and there is no undisputed amount payable in respect of aforesaid dues outstanding for a period of more than six months as on 31st March, 2017, as per the accounts of the Company.

(b) Wherever any dues / demand has been raised by any statutory authority and has been disputed by the Company, the same has been duly deposited under contest except in following cases:

Name of the Statute	Nature of the Dues	Pending Amount (in Rs)	Amount paid under protest (in Rs)	Total Disputed Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Chapter V of Finance	Service Tax and	80,65,660/-	5,90,170/-	86,55,830 /-	01 April, 2011 to 31 December,	CESTAT, Delhi

Act, 1994	Penalty				2015	
		16,91,418/-	Nil	16,91,418 /-	01 January, 2016 to 30th November, 2016	Commissioner, CE& ST, LTU, New Delhi

viii. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

ix. Money raised by way of all types of debt instruments and term loans during the year was applied for the purposes for which it was raised.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

xi. Being a Government Company, Section 197 of Companies Act, 2013 does not apply to the Company. Accordingly paragraph 3(xi) of the Companies (Auditor's Report) Order, 2016 is not applicable.

xii. The Company is not a Nidhi Company. Hence, the Nidhi Rules, 2014 are not applicable to the Company. Accordingly, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

xiii. All transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable. The details have been disclosed in the Financial Statements as per the requirement of the accounting standard.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. The Company has not entered into any non-cash transactions with directors or persons connected with them which are covered under Section 192 of Companies Act, 2013.

xvi. The Company is a Non- Banking Finance Company and has obtained registration u/s 45-IA of the Reserve Bank of India Act, 1934.

FOR M.K. AGGARWAL & CO.
Chartered Accountants
Firm's Registration No.: 01411N
by the hand of

CA M.K. AGGARWAL
Partner
Membership No. 014956

FOR K. B. CHANDNA & CO.
Chartered Accountants
Firm's Registration No.: 00862N
by the hand of

CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 29.05.2017

Place: New Delhi

Annexure – C to the Independent Auditors' Report on the Standalone Financial Statements

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013("the Act")

We have audited the internal financial controls over financial reporting of **Power Finance Corporation Limited** ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS'RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of the Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR M.K. AGGARWAL & CO.
Chartered Accountants
Firm’s Registration No.: 01411N
by the hand of

CA M.K. AGGARWAL
Partner
Membership No.014956

FOR K. B. CHANDNA & CO.
Chartered Accountants
Firm’s Registration No.: 00862N
by the hand of

CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 29.05.2017
Place: New Delhi

POWER FINANCE CORPORATION LIMITED

CIN L65910DL1986GOI024862

BALANCE SHEET AS AT 31st MARCH, 2017

(₹ in Crore)

Description			Note Part	As at 31.03.2017		As at 31.03.2016	
A	**EQUITY AND LIABILITIES**						
	(1)	**Shareholders' Funds**					
	(i)	Share Capital	A-1	2,640.08		1,320.04	
	(ii)	Reserves & Surplus	A-2	33,830.13	36,470.21	34,445.99	35,766.03
	(2)	**Non-Current Liabilities**					
	(i)	Long Term Borrowings	A-3				
		Secured		20,106.17		19,869.75	
		Un-secured		154,735.19	174,841.36	152,679.95	172,549.70
	(ii)	Deferred Tax Liabilities (Net)	C-29		250.51		302.06
	(iii)	Other Long Term Liabilities	A-4		6,142.58		548.75
	(iv)	Long Term Provisions	A-5		2,544.96		1,229.28
	(3)	**Current Liabilities**					
	(i)	Short -Term Borrowings	A-3				
		Secured		2,400.79		0.00	
		Un-secured		0.00		7,571.57	
	(ii)	Other Current Liabilities					
	a)	Current Maturity of Long Term Borrowings	A-3				
		Secured		3.70		1,916.91	
		Un-secured		25,342.19		18,446.26	
	b)	Other Short Term Liabilities	A-4	8,420.17		7,500.77	
	(iii)	Short Term Provisions	A-5	1,927.11	38,093.96	805.44	36,240.95
		Total			**258,343.58**		**246,636.77**
B	**ASSETS**						
	(1)	**Non-Current Assets**					
	(i)	Fixed Assets	A-6				
	a)	Tangible Assets		106.51		105.13	
		Less: Accumulated Depreciation		44.63	61.88	42.57	62.56
	b)	Intangible Assets		8.95		8.77	
		Less: Accumulated Amortization		8.26	0.69	7.42	1.35
	c)	Intangible Assets under Development			0.00		0.16
	(ii)	Non-Current Investments	A-7				
		Trade		465.60		466.73	
		Others		1,800.00	2,265.60	1,800.00	2,266.73
	(iii)	Long Term Loans	A-8				
		Secured		138,306.30		134,642.08	
		Un-Secured		62,026.71	200,333.01	65,394.00	200,036.08
	(iv)	Other Non-Current Assets	A-9		5,450.62		314.98
	(2)	**Current Assets**					
	(i)	Current Investments	A-10	1,325.53		410.74	
	(ii)	Cash and Bank Balances	A-11	3,573.15		78.45	
	(iii)	Short Term Loans	A-8				
		Secured		1,490.49		1,092.51	
		Un-Secured		4,468.71		2,711.45	
	(iv)	Other Current Assets					
	a)	Current Maturity of Long Term Loans	A-8				
		Secured		28,635.13		12,191.12	
		Un-Secured		5,241.68		21,431.03	
	b)	Others	A-9	5,497.09	50,231.78	6,039.61	43,954.91
		Total			**258,343.58**		**246,636.77**
		SIGNIFICANT ACCOUNTING POLICIES	**Part B**				
		OTHER NOTES ON ACCOUNTS	**Part C**				

Notes from Part A to Part C form integral part of Financial Statements.

For and on behalf of the Board of Directors

(MANOHAR BALWANI)	**R.NAGARAJAN**	**RAJEEV SHARMA**
Company Secretary	**Director (Finance)**	**Chairman & Managing Director**
	DIN - 00701892	**DIN - 00973413**

Signed in terms of our report of even date attached

	For M.K. Aggarwal & Co.	**For K.B.Chandna & Co.**
	Chartered Accountants	**Chartered Accountants**
	Firm Regn. No - 01411N	**Firm Regn. No.: 00862N**
	(M. K. AGGARWAL)	**(SANJEEV CHANDNA)**
Place : New Delhi	**PARTNER**	**PARTNER**
Date : 29.05.2017	**Membership No - 014956**	**Membership No - 087354**

POWER FINANCE CORPORATION LIMITED

CIN L65910DL1986GOI024862

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

(₹ in Crore)

	Description	Note Part	Year ended 31.03.2017		Year ended 31.03.2016	
I.	**Revenue from Operations**					
	Interest	A-12	26,270.08		27,079.44	
	Other Operating Income	A-12	129.81		118.38	
	Other Financial Services	A-12	316.34	26,716.23	275.83	27,473.65
II.	**Other Income**					
	Other Income	A-13		302.34		90.66
III.	**Total Income (I + II)**			**27,018.57**		**27,564.31**
IV.	**Expenses**					
	Finance Costs	A-14		16,432.69		16,473.81
	Bond Issue Expenses	A-15		26.58		33.44
	Employee Benefit Expenses	A-16		114.97		90.37
	Provisions	C-16		5101.08		1,609.32
	Contingent Provisions against Standard Assets			0.00		-
	Provision for decline in value of investments	C-21		(7.51)		96.26
	Depreciation and Amortization expenses	A-6		5.56		6.17
	CSR Expenses	C-22(a)		166.15		145.79
	Other Expenses	A-17		67.79		50.62
	Prior Period Items (Net)	A-18		1.47		(2.13)
	Total Expenses			**21,908.78**		**18,503.65**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**			**5,109.79**		**9,060.66**
VI.	Exceptional Items			0.00		0.00
VII.	**Profit before extraordinary items and tax (V-VI)**			**5,109.79**		**9,060.66**
VIII.	Extraordinary Items			0.00		0.00
IX.	**Profit Before Tax (VII-VIII)**			**5,109.79**		**9,060.66**
X.	**Tax Expenses**					
	(1) Current Tax					
	Current Year		3,074.39		2,822.26	
	Earlier Years		(0.09)	3,074.30	12.11	2,834.37
	(2) Deferred Tax liability(+) / Asset(-)			(90.90)		112.81
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**			**2,126.39**		**6,113.48**
XII.	**Earnings per equity share of par value of ₹ 10/- each**	C-32				
	Basic (₹)			**8.05**		**23.16**
	Diluted (₹)			**8.05**		**23.16**
	SIGNIFICANT ACCOUNTING POLICIES	**Part B**				
	OTHER NOTES ON ACCOUNTS	**Part C**				

Notes from part A to part C form integral part of Financial Statements.

For and on behalf of the Board of Directors

(MANOHAR BALWANI)	**R.NAGARAJAN**	**RAJEEV SHARMA**
Company Secretary	**Director (Finance)**	**Chairman & Managing Director**
	DIN - 00701892	**DIN - 00973413**

Signed in terms of our report of even date attached

	For M.K. Aggarwal & Co.	**For K.B.Chandna & Co.**
	Chartered Accountants	**Chartered Accountants**
	Firm Regn. No - 01411N	**Firm Regn. No.: 00862N**
	(M. K. AGGARWAL)	**(SANJEEV CHANDNA)**
Place : New Delhi	**PARTNER**	**PARTNER**
Date : 29.05.2017	**Membership No - 014956**	**Membership No - 087354**

POWER FINANCE CORPORATION LIMITED
CIN L65910DL1986GOI024862
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017

(₹ in Crore)

	Description	Note Part	Year ended 31.03.2017		Year ended 31.03.2016	
I.	**Cash Flow from Operating Activities :-**					
	Net Profit before Tax and Extraordinary items		5,109.79		9,060.66	
	ADD: Adjustments for					
	Loss on Sale of Fixed Assets (net)		0.16		0.14	
	Profit on sale of Investments	A-13	(0.50)		(0.49)	
	Depreciation / Amortization (including Prior period depreciation)	A-6	5.78		6.17	
	Amortization of Zero Coupon Bonds & Commercial Papers		99.49		(11.55)	
	Foreign Exchange Translation Loss		221.48		306.16	
	Net Change in Fair Value of Derivatives	A-14	(178.15)		0.00	
	Provision for decline in value of investments		(7.51)		96.26	
	Provisions		5101.08		1609.32	
	Dividend / Interest on investment	A-13	(290.41)		(70.66)	
	CSR Expenses		166.15		145.79	
	Interest Subsidy Fund		2.22		(3.88)	
	Provision for interest under IT Act		0.69		0.00	
	Excess Liabilities written back	A-13	(0.12)		(0.30)	
	Provision for Retirement Benefits / Other Welfare Expenses / Wage revision		18.59		20.84	
	Operating profit before working Capital Changes:		10,248.74		11,158.46	
	Increase / Decrease :					
	Loan Assets (Net)		(6,939.35)		(21,220.77)	
	Other Assets		(4,572.82)		(774.44)	
	Foreign Currency Monetary Item Translation Difference A/c	A-2(C)(v)	92.18		(359.18)	
	Liabilities and provisions		6,324.91		878.88	
	Cash flow before extraordinary items		5,153.66		(10,317.05)	
	Extraordinary items		0.00		0.00	
	Cash Inflow / Outflow from operations before Tax		5,153.66		(10,317.05)	
	Income Tax paid		(3,302.04)		(3,059.54)	
	Income Tax Refund		68.61		37.62	
	Net Cash flow from Operating Activities			1,920.23		(13,338.97)
II.	**Cash Flow From Investing Activities :**					
	Sale / adjustment of Tangible / Intangible Assets		0.09		0.14	
	Purchase of Tangible / Intangible Assets	A-6	(4.51)		(4.57)	
	Increase / decrease in Intangible assets under development	A-6	(0.02)		(0.16)	
	Investments in Subsidiaries		0.00		(0.20)	
	Dividend / Interest on investment		260.08		70.66	
	Purchase / Sale of Other Investments		(564.55)		(1921.72)	
	Net Cash Used in Investing Activities			(308.91)		(1855.85)
III.	**Cash Flow From Financing Activities :**					
	Issue of Bonds (including premium) (Net)		18,570.20		11,711.11	
	Raising of Long Term Loans (Net)		(9,000.00)		(3585.00)	
	Foreign Currency Loans (Net)		(2,559.98)		732.75	
	Commercial paper (Net)		(5,350.00)		3195.00	
	Loan Against Fixed Deposits / Working Capital Demand Loan / OD / CC / Line of Credit (Net)		115.59		357.03	
	Unclaimed Bonds (Net)		(3.32)		(0.13)	
	Unclaimed Dividend (Net)		(0.29)		0.40	
	Payment of Final Dividend of Previous year		(79.20)		(79.20)	
	Payment of Interim Dividend of Current year		0.00		(1,755.66)	
	Payment of Corporate Dividend Tax		(217.64)		(372.86)	
	Net Cash in-flow from Financing Activities			1,475.36		10,203.44
	Net Increase / Decrease in Cash & Cash Equivalents			3,086.68		(4,991.38)
	Add : Cash & Cash Equivalents at beginning of the financial year			28.06		5,019.44
	Cash & Cash Equivalents at the end of the financial year			3,114.74		28.06
Details of Cash & Cash Equivalents at the end of the year:		A-11				
i)	Balances in current accounts with:					
	Reserve Bank of India		0.02		0.05	
	Scheduled Banks		42.84	42.86	28.01	28.06
ii)	Cheques in hand			0.00		0.00
iii)	Imprest with postal authority			0.00		0.00
iv)	Fixed Deposits with Scheduled Banks (original maturity up to three months)			3071.88		0.00
	Sub Total (I)			3,114.74		28.06
Details of Earmarked Cash and Bank Balances at the end of the year:		A-11				
i)	Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.			458.41		6.41
ii)	IPDS / R-APDRP					
	Balances in current account with schedule banks			0.00		13.01
iii)	Fixed Deposits with Banks - for Redemption of Debentures (original maturity up to 3 months)			0.00		30.97
	Sub Total (II)			458.41		50.39
	Total Cash and Bank Balance at the end of the year (I+II)			3,573.15		78.45

For and on behalf of the Board of Directors

(MANOHAR BALWANI)	R.NAGARAJAN	RAJEEV SHARMA
Company Secretary	Director (Finance)	Chairman & Managing Director
	DIN - 00701892	DIN - 00973413

Signed in terms of our report of even date attached

For M.K. Aggarwal & Co.	For K.B.Chandna & Co.
Chartered Accountants	Chartered Accountants
Firm Regn. No - 01411N	Firm Regn. No.: 00862N
(M. K. AGGARWAL)	(SANJEEV CHANDNA)
PARTNER	PARTNER
Membership No - 014956	Membership No - 087354

Place : New Delhi
Date : 29.05.2017

NOTE - Part A - 1
SHARE CAPITAL

(₹ in Crore)

	Description	As at 31.03.2017	As at 31.03.2016
A	**Authorized :**		
	10,00,00,00,000 equity shares of par value of ₹ 10/- each* (Previous year 200,00,00,000 equity shares of par value of ₹ 10/- each)	10,000.00	2,000.00
	Total	**10,000.00**	**2,000.00**
B	**Issued, subscribed and fully paid up :**		
	132,00,40,704 Equity shares of ₹ 10/- each fully paid-up (Previous year 132,00,40,704 equity shares of ₹ 10/- each fully paid up)	1,320.04	1,320.04
	Add : 132,00,40,704 Equity shares of ₹ 10/- each fully paid-up* (Previous year Nil)	1,320.04	0.00
	Total	**2,640.08**	**1,320.04**

*Refer Note No. 31 of Part-C - Other Notes on Accounts

Notes:-

1. During the year, the Company has issued bonus shares in the ratio of 1:1 and has not bought back any shares.

2. The Company has only one class of equity shares having a par value of ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meetings of shareholders.

3. Redeemable preference shares as on 31.03.2017 stand at Nil (Previous year Nil).

4. During the year, no shares have been allotted under ESOP scheme.

5. Reconciliation of the number of outstanding equity shares:

Description	As at 31.03.2017	As at 31.03.2016
Opening Balance	1,320,040,704	1,320,040,704
Bonus Shares issued during the year	1,320,040,704	Nil
Closing Balance	2,640,081,408	1,320,040,704

6. Information on shares in the Company held by each shareholder holding more than 5 percent of paid -up equity share capital :

Name of Holders		As at 31.03.2017	As at 31.03.2016
President of India (Refer Note No. 30 of Part-C - Other Notes on Accounts)	% of Share Holding	66.35	67.80
	No. of Shares Held	1,751,631,394	894,924,366
Life Insurance Corporation of India	% of Share Holding	8.65	9.08
	No. of Shares Held	228,252,101	119,830,788

7. During the year, Government of India, Ministry of Power, has disinvested 3,82,17,338 equity shares of par value of₹ 10/- each by transferring it to CPSE ETF.

8. Information of aggregate number and class of shares allotted as fully paid-up by way of bonus shares for the period of 5 years immediately preceding the date of Balance Sheet:

Particulars	No of Shares issued	Year of issue
Issue of fully paid-up equity shares of face value ₹ 10/- with rights at par with existing equity shares in the ratio of 1:1	1,320,040,704	2016-17

NOTE - Part A - 2

RESERVES & SURPLUS

(₹ in Crore)

	Description	As at 31.03.2017		As at 31.03.2016	
(A)	**Securities Premium Account**				
	Opening balance	4,096.58		4,096.37	
	Add : Addition during the year	0.00		0.21	
	Less: Utilization for Bonus Issue (Refer Note No. 31 of Part-C - Other Notes on Accounts)	1,320.04	2,776.54	0.00	4096.58
(B)	**Debenture Redemption Reserve** (Refer Note No. 4(A) of Part-C - Other Notes on Accounts)				
	Opening balance	1,172.55		856.28	
	Add : Transfer from Profit and Loss Appropriation	298.02		316.27	
	Less: Transfer to Surplus on account of utilization	36.40	1,434.17	0.00	1,172.55
(C)	**Others**				
(i)	**Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income-Tax Act,1961**				
	Opening balance	2,547.14		2,117.93	
	Add : Transfer from Profit and Loss Appropriation	467.55	3,014.69	429.21	2,547.14
(ii)	**Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97**		599.85		599.85
(iii)	**Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98**				
	Opening balance	12,506.91		10,540.21	
	Add : Transfer from Profit and Loss Appropriation	1,803.78		2,004.16	
	Add : Transfer from Surplus	0.00		28.76	
	Less: Transfer to General Reserve	0.00	14,310.69	66.22	12,506.91
(iv)	**General Reserve**				
	Opening balance	5,364.33		4,197.11	
	Add : Transfer from Profit and Loss Appropriation	0.00		1,101.00	
	Add : Gain - Change in fair value of derivatives (Refer Note No. 5(E) of Part-C - Other Notes on Accounts)	74.35		0.00	
	Add: Transfer from Special Reserve	0.00	5,438.68	66.22	5,364.33
(v)	**Foreign Currency Monetary Item Translation Difference A/c** (Refer Note No. 5(C) of Part-C - Other Notes on Accounts)				
	Opening balance	(739.74)		(380.56)	
	Add : Net addition during the year	92.18	(647.56)	(359.18)	(739.74)
(D)	**Surplus**				
	Opening balance	8,898.37		8,871.98	
	Add : Profit after tax for the year	2126.39		6113.48	
	Less : Transfer to Reserves				
	Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1)(viia)(c) of Income Tax Act, 1961	467.55		429.21	
	Transfer to Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	1803.78		2004.16	
	Debenture Redemption Reserve	298.02		316.27	
	General Reserve	0.00		1101.00	
	Less : Dividend & Corporate Dividend Tax				
	Interim Dividend (Refer Note No. 33(A) of Part-C - Other Notes on Accounts)	1320.04		1755.66	
	Proposed Final Dividend	0.00		79.20	
	Corporate Dividend Tax on Interim Dividend	268.73		356.74	
	Proposed Corporate Dividend Tax	0.00		16.12	
	Adjustments during the Year				
	Add: Transfer from Debenture Redemption Reserve on account of utilization	36.40		0.00	
	Add: Adjustment made during the year	0.03		0.03	
	Less : Transfers to Special Reserve under Income Tax Act, 1961	0.00	6,903.07	28.76	8,898.37
	Total (A) + (B) + (C) +(D)		**33,830.13**		**34,445.99**

NOTE - Part A - 3
BORROWINGS

(₹ in Crore)

Description	As at 31.03.2017			As at 31.03.2016		
	Current	Non-Current	Total	Current	Non-Current	Total
A. Long Term Borrowings						
I. Secured						
Bonds						
Infrastructure Bonds (Refer Note No. I)	3.70	281.06	284.76	316.91	44.64	361.55
Tax Free Bonds (Refer Note No. II)	0.00	12,275.11	12,275.11	0.00	12,275.11	12,275.11
Other Bonds (Refer Note No. III)	0.00	7,550.00	7,550.00	1,600.00	7,550.00	9,150.00
Sub Total (I)	**3.70**	**20,106.17**	**20,109.87**	**1,916.91**	**19,869.75**	**21,786.66**
II. Unsecured						
a) Bonds						
Other Bonds / Debentures (Refer Note No. IV & V)	24,155.40	141,678.10	165,833.50	15,868.00	129,682.64	145,550.64
Subordinated Bonds (Refer Note No. VI)	0.00	3,800.00	3,800.00	0.00	3,800.00	3,800.00
Foreign Currency Notes (Refer Note No. VII)	1167.30	0.00	1,167.30	0.00	1,201.86	1,201.86
	25,322.70	**145,478.10**	**170,800.80**	**15,868.00**	**134,684.50**	**150,552.50**
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) (Refer Note No. VIII)	19.49	184.74	204.23	20.68	217.19	237.87
Syndicated Foreign Currency Loans from banks / Financial Institutions (Refer Note No. IX)	0.00	7,072.35	7,072.35	2,057.58	7,278.26	9,335.84
	19.49	**7,257.09**	**7,276.58**	**2,078.26**	**7,495.45**	**9,573.71**
c) Rupee Term Loans						
Rupee Term Loans (From Banks) (Refer Note No X)	0.00	2,000.00	2,000.00	500.00	10,500.00	11,000.00
	0.00	**2,000.00**	**2,000.00**	**500.00**	**10,500.00**	**11,000.00**
Sub Total (II)	**25,342.19**	**154,735.19**	**180,077.38**	**18,446.26**	**152,679.95**	**171,126.21**
B. Short Term Borrowings						
I. Secured						
Loan against FD (From Banks) (Refer Note No XI)	2400.79	0.00	2400.79	0.00	0.00	0.00
Sub Total (I)	**2,400.79**	**0.00**	**2,400.79**	**0.00**	**0.00**	**0.00**
II. Unsecured						
Commercial Paper	0.00	0.00	0.00	5,286.37	0.00	5,286.37
Working Capital Demand Loan / OD / CC / Line of Credit from Banks	0.00	0.00	0.00	2,285.20	0.00	2,285.20
Sub Total (II)	**0.00**	**0.00**	**0.00**	**7,571.57**	**0.00**	**7,571.57**
Total (A) + (B)	**27,746.68**	**174,841.36**	**202,588.04**	**27,934.74**	**172,549.70**	**200,484.44**

Notes:-

I. Details of Infrastructure Bonds outstanding as at 31.03.2017 are as follows:

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Redemption details	Nature of Security	Extent of Security
1	Infrastructure Bonds 86 A Series	30-Mar-12	8.43%	7.39	30-Mar-22	Redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.	100%
2	Infrastructure Bonds 86 B Series	30-Mar-12	8.43%	15.48	30-Mar-22	Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.		
3	Infrastructure Bonds (2011-12) Series-I	21-Nov-11	8.50%	21.85	21-Nov-21	Redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
4	Infrastructure Bonds (2011-12) Series-II	21-Nov-11	8.50%	36.34	21-Nov-21	Redeemable at par on a date falling ten years from the date of allotment.		
5	Infrastructure Bonds (2010-11) Series-1	31-Mar-11	8.30%	49.95	31-Mar-21	Redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,090.80 crore as on 31.03.2017 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.	100%
6	Infrastructure Bonds (2010-11) Series-2	31-Mar-11	8.30%	109.11	31-Mar-21	Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.		
7	Infrastructure Bonds (2011-12) Series-III	21-Nov-11	8.75%	3.23	22-Nov-18	On exercise of buy-back option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise , redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
8	Infrastructure Bonds (2011-12) Series - IV	21-Nov-11	8.75%	8.83	22-Nov-18	On exercise of buy-back option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise , redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.		
9	Infrastructure Bonds (2010-11) Series-3	31-Mar-11	8.50%	6.13	1-Apr-18	On exercise of buy-back option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise , redeemable at par on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,090.80 crore as on 31.03.2017 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.	100%
10	Infrastructure Bonds (2010-11) Series-4	31-Mar-11	8.50%	22.75	1-Apr-18	On exercise of buy-back option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise , redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.		
11	Infrastructure Bonds 86 C Series	30-Mar-12	8.72%	0.95	31-Mar-18	On exercise of buy-back option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise , redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.	100%
12	Infrastructure Bonds 86 D Series	30-Mar-12	8.72%	2.75	31-Mar-18	On exercise of buy-back option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day from the date of allotment; otherwise , redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.		
		Total		**284.76**				

II. Details of Tax Free Bonds outstanding as at 31.03.2017 are as follows:							
	Bond Series	**Date of allotment**	**Rate of Interest p.a.**	**Amount (₹ in crore)**	**Date of Redemption**	**Nature of Security**	**Extent of Security**
13	Tax Free Bonds 2015-16 SR-3A	17-Oct-15	7.35%	213.57	17-Oct-35	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
14	Tax Free Bonds 2015-16 SR-3B	17-Oct-15	7.60%	155.48	17-Oct-35		
15	Tax Free Bonds (2013-14) - Series 3A	16-Nov-13	8.67%	1,067.38	16-Nov-33	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
16	Tax Free Bonds (2013-14) - Series 3B	16-Nov-13	8.92%	861.96	16-Nov-33		
17	Tax Free Bonds 2015-16 SR-2A	17-Oct-15	7.27%	131.33	17-Oct-30	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
18	Tax Free Bonds 2015-16 SR-2B	17-Oct-15	7.52%	45.18	17-Oct-30		
19	Tax Free Bonds (2013-14) - Series 2A	16-Nov-13	8.54%	932.70	16-Nov-28	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
20	Tax Free Bonds (2013-14) - Series 2B	16-Nov-13	8.79%	353.32	16-Nov-28		
21	Tax Free Bonds Series 107 B	30-Aug-13	8.46%	1,011.10	30-Aug-28	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and/or others under / pursuant to the Transaction Documents.	100%
22	Tax Free Bonds (2012-13) tranche - II - Series II	28-Mar-13	7.04%	6.06	28-Mar-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)	100%
23	Tax Free Bonds (2012-13) tranche - II - Series II	28-Mar-13	7.54%	63.15	28-Mar-28		
24	Tax Free Bonds (2012-13) tranche - I - Series II	4-Jan-13	7.36%	150.14	4-Jan-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.	100%
25	Tax Free Bonds (2012-13) tranche - I - Series II	4-Jan-13	7.86%	206.86	4-Jan-28		
26	Tax Free Bonds Series 95 B	29-Nov-12	7.38%	100.00	29-Nov-27	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables/ loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.	100%
27	Tax Free Bonds Series 94 B	29-Nov-12	7.38%	25.00	22-Nov-27		
28	Tax Free Bonds(2011-12) tranche -I - Series II	1-Feb-12	8.30%	1,280.58	1-Feb-27	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
29	Tax Free Bonds Series 80 B	25-Nov-11	8.16%	209.34	25-Nov-26	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.	100%
30	Tax Free Bonds Series 79 B	15-Oct-11	7.75%	217.99	15-Oct-26		

31	Tax Free Bonds 2015-16 SR-1A	17-Oct-15	7.11%	75.09	17-Oct-25	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
32	Tax Free Bonds 2015-16 SR-1B	17-Oct-15	7.36%	79.35	17-Oct-25		
33	Tax Free Bonds Series 136	17-Jul-15	7.16%	300.00	17-Jul-25	First pari passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and/or others under / pursuant to the Transaction Documents.	100%
34	Tax Free Bonds (2013-14) - Series 1A	16-Nov-13	8.18%	325.07	16-Nov-23	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
35	Tax Free Bonds (2013-14) - Series 1B	16-Nov-13	8.43%	335.47	16-Nov-23		
36	Tax Free Bonds Series 107 A	30-Aug-13	8.01%	113.00	30-Aug-23	First pari passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and/or others under / pursuant to the Transaction Documents.	100%
37	Tax Free Bonds (2012-13) tranche - II - Series I	28-Mar-13	6.88%	50.14	28-Mar-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)	100%
38	Tax Free Bonds (2012-13) tranche - II - Series I	28-Mar-13	7.38%	46.01	28-Mar-23		
39	Tax Free Bonds (2012-13) tranche - I - Series I	4-Jan-13	7.19%	185.90	4-Jan-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
40	Tax Free Bonds (2012-13) tranche - I - Series I	4-Jan-13	7.69%	156.85	4-Jan-23		
41	Tax Free Bonds Series 95 A	29-Nov-12	7.22%	30.00	29-Nov-22	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables/ loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.	100%
42	Tax Free Bonds Series 94 A	29-Nov-12	7.21%	255.00	22-Nov-22		
43	Tax Free Bonds(2011-12) tranche -I - Series I	1-Dec-12	8.20%	2,752.55	1-Feb-22	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
44	Tax Free Bonds Series 80 A	25-Nov-11	8.09%	334.31	25-Nov-21	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.	100%
45	Tax Free Bonds Series 79 A	15-Oct-11	7.51%	205.23	15-Oct-21		
		Total		**12,275.11**			

III. The details of Taxable Bonds (Secured) outstanding as at 31.03.2017 are as follows:							
	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Nature of Security	Extent of Security
46	Taxable Bonds Series 112 C	31-Jan-14	9.70%	270.00	31-Jan-21	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.	100%
47	Taxable Bonds Series 112 B	31-Jan-14	9.70%	270.00	31-Jan-20		
48	Taxable Bonds Series 113	3-Mar-14	9.69%	2,240.00	3-Mar-19	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.	100%
49	Taxable Bonds Series 112 A	31-Jan-14	9.70%	270.00	31-Jan-19	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.	100%
50	Taxable Bonds Series 109	7-Oct-13	9.81%	4,500.00	7-Oct-18	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.	100%
		Total		**7,550.00**			

IV. Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 479.60 crore (previous year ₹443.74 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 [net of Unamortized Interest of ₹ 270.40 crore (previous year ₹ 306.26 crore)].

V. Details of other Unsecured Taxable Bonds as on 31.03.2017 are as follows :

	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
1	Series 71	9.05%	15-Dec-30	192.70
2	Series 66-C	8.85%	15-Jun-30	633.00
3	Series 118-B-III	9.39%	27-Aug-29	460.00
4	Series 103	8.94%	25-Mar-28	2,807.00
5	Series 102-A(III)	8.90%	18-Mar-28	403.00
6	Series 101-B	9.00%	11-Mar-28	1,370.00
7	Series 155	7.23%	5-Jan-27	2,635.00
8	Series 152	7.55%	25-Sep-26	4,000.00
9	Series 151B	7.56%	16-Sep-26	210.00
10	Series 77-B	9.45%	1-Sep-26	2,568.00
11	Series 150B	7.63%	14-Aug-26	1,675.00
12	Series 76-B	9.46%	1-Aug-26	1,105.00
13	Series 147	8.03%	2-May-26	1,000.00
14	Series 71	9.05%	15-Dec-25	192.70
15	Series 141-B	8.40%	18-Sep-25	1,000.00
16	Series 66-B	8.75%	15-Jun-25	1,532.00
17	Series 65	8.70%	14-May-25	1,337.50
18	Series 130-C	8.39%	19-Apr-25	925.00
19	Series 64-III	8.95%	30-Mar-25	492.00
20	Series 131-C	8.41%	27-Mar-25	5,000.00
21	Series 63-III	8.90%	15-Mar-25	184.00
22	Series 128	8.20%	10-Mar-25	1,600.00
23	Series 62-B	8.80%	15-Jan-25	1,172.60
24	Series 126	8.65%	4-Jan-25	5,000.00
25	Series 125	8.65%	28-Dec-24	2,826.00
26	Series 61	8.50%	15-Dec-24	351.00
27	Series 124-C	8.48%	9-Dec-24	1,000.00
28	Series 120-A	8.98%	8-Oct-24	961.00
29	Series 120-B	8.98%	8-Oct-24	950.00
30	Series 118-B-II	9.39%	27-Aug-24	460.00
31	Series 117-B	9.37%	19-Aug-24	855.00
32	Series 57-C	8.60%	7-Aug-24	866.50
33	Series 85-D	9.26%	15-Apr-23	736.00
34	Series 102-A(II)	8.90%	18-Mar-23	403.00
35	Series 102-B	8.87%	18-Mar-23	70.00
36	Series 100-B	8.84%	4-Mar-23	1,310.00
37	Series 92-C	9.29%	21-Aug-22	640.00
38	Series 91-B	9.39%	29-Jun-22	2,695.20
39	Series 88-C	9.48%	15-Apr-22	184.70
40	Series 154	7.27%	22-Dec-21	1,101.00
41	Series 124-B	8.55%	9-Dec-21	1,200.00
42	Series 123-C	8.66%	27-Nov-21	200.00
43	Series 153	7.40%	30-Sep-21	1,830.00
44	Series 78-B	9.44%	23-Sep-21	1,180.00
45	Series 151A	7.47%	16-Sep-21	2,260.00
46	Series 150A	7.50%	16-Aug-21	2,660.00
47	Series 76-A	9.36%	1-Aug-21	2,589.40
48	Series 115-III	9.20%	7-Jul-21	700.00
49	Series 75-C	9.61%	29-Jun-21	2,084.70
50	Series 74	9.70%	9-Jun-21	1,693.20
51	Series 28	8.85%	31-May-21	600.00
52	Series 146	8.05%	27-Apr-21	300.00
53	Series 73	9.18%	15-Apr-21	1,000.00
54	Series 72-B	8.99%	15-Jan-21	1,219.00
55	Series 71	9.05%	15-Dec-20	192.70

56	Series 70	8.78%	15-Nov-20	1,549.00
57	Series 141-A	8.46%	18-Sep-20	1,000.00
58	Series 163	7.50%	17-Sep-20	2,435.00
59	Series 140-B	8.36%	4-Sep-20	1,250.00
60	Series 138	8.45%	10-Aug-20	1,000.00
61	Series 137	8.53%	24-Jul-20	2,700.00
62	Series 68-B	8.70%	15-Jul-20	1,424.00
63	Series 165	7.42%	26-Jun-20	3,605.00
64	Series 66-A	8.65%	15-Jun-20	500.00
65	Series 149	8.04%	30-May-20	100.00
66	Series 159	7.05%	15-May-20	2,551.00
67	Series 65	8.70%	14-May-20	1,337.50
68	Series 131-B	8.38%	27-Apr-20	1,350.00
69	Series 130-B	8.42%	18-Apr-20	200.00
70	Series 85-C	9.30%	15-Apr-20	79.50
71	Series 157	6.83%	15-Apr-20	2,000.00
72	Series 64-II	8.95%	30-Mar-20	492.00
73	Series 87-D	9.42%	20-Mar-20	650.80
74	Series 63-II	8.90%	15-Mar-20	184.00
75	Series 100-A	8.86%	4-Mar-20	54.30
76	Series 127	8.36%	26-Feb-20	4,440.00
77	Series 99-B	8.82%	20-Feb-20	733.00
78	Series 62-A	8.70%	15-Jan-20	845.40
79	Series 61	8.50%	15-Dec-19	351.00
80	Series 124-A	8.52%	9-Dec-19	1,220.00
81	Series 123-B	8.65%	28-Nov-19	836.00
82	Series 60-B	1YINCMTBMK+179 bps (floating rate)	20-Nov-19	925.00
83	Series 122	8.76%	7-Nov-19	1,000.00
84	Series 121-B	8.96%	21-Oct-19	1,100.00
85	Series 59-B	8.80%	15-Oct-19	1,216.60
86	Series 119-B	9.32%	17-Sep-19	1,591.00
87	Series 118-B-I	9.39%	27-Aug-19	460.00
88	Series 57-B	8.60%	7-Aug-19	866.50
89	Series 115-II	9.15%	7-Jul-19	100.00
90	Series 135-B	8.50%	29-Jun-19	1,500.00
91	Series 90-B	9.41%	1-Jun-19	391.00
92	Series 148	7.95%	13-May-19	1,915.00
93	Series 145	7.85%	15-Apr-19	2,928.00
94	Series 143	8.12%	28-Feb-19	700.00
95	Series 98-III	8.72%	8-Feb-19	324.00
96	Series 82-C	9.70%	15-Dec-18	2,060.00
97	Series 52-C	11.25%	28-Nov-18	1,950.60
98	Series 142-B	8.00%	22-Oct-18	1,000.00
99	Series 51-C	11.00%	15-Sep-18	3,024.40
100	Series 140-A	8.28%	4-Sep-18	1,930.00
101	Series 139-C	8.17%	18-Aug-18	800.00
102	Series 49-B	10.85%	11-Aug-18	428.60
103	Series 161	6.90%	16-Jul-18	1,850.00
104	Series 162	6.90%	16-Jul-18	1,060.00
105	Series 48-C	10.55%	15-Jul-18	259.70
106	Series 135-A	8.40%	29-Jun-18	1,210.00
107	Series 130-A	8.40%	19-Jun-18	1,175.00
108	Series 129-A	8.29%	13-Jun-18	980.00
109	Series 129B	8.29%	13-Jun-18	100.00
110	Series 47-C	9.68%	9-Jun-18	780.70
111	Series 134-B	8.39%	28-May-18	1,500.00
112	Series 132-B	8.09%	16-May-18	200.00
113	Series 131-A	8.34%	27-Apr-18	100.00

114	Series 132-A	8.03%	9-Apr-18	272.00
115	Series 102-A(I)	8.90%	18-Mar-18	403.00
116	Series 101-A	8.95%	11-Mar-18	3,201.00
117	Series 99-A	8.77%	20-Feb-18	2.00
118	Series 98-II	8.72%	8-Feb-18	324.00
119	Series 72-A	8.97%	15-Jan-18	144.00
120	Series 40-C	9.28%	28-Dec-17	650.00
121	Series 123-A	8.50%	28-Nov-17	1,075.00
122	Series 18	7.87%	13-Nov-17	25.00
123	Series 121-A	8.90%	21-Oct-17	1,500.00
124	Series 142-A	7.88%	21-Oct-17	800.00
125	Series 93-B	8.91%	15-Oct-17	950.00
126	Series 17	8.21%	3-Oct-17	25.00
127	Series 118-A	9.30%	27-Aug-17	2,160.00
128	Series 92-A	9.01%	21-Aug-17	50.00
129	Series 92-B	9.27%	21-Aug-17	1,930.00
130	Series 117-A	9.32%	19-Aug-17	1,311.00
131	Series 115-I	9.11%	7-Jul-17	1,650.00
132	Series 91-A	9.40%	29-Jun-17	107.50
133	Series 90-A	9.61%	1-Jun-17	537.90
134	Series 134-A	8.35%	27-May-17	1,500.00
135	Series 13	9.60%	24-May-17	65.00
136	Series 139-B	8.12%	22-May-17	1,435.00
137	Series 35	9.96%	18-May-17	530.00
138	Series 13	9.60%	16-May-17	125.00
139	Series 89-A	9.52%	2-May-17	165.00
140	Series 133-B	8.00%	24-Apr-17	605.00
141	Series 144	7.98%	21-Apr-17	1,775.00
142	Series 139-A	8.12%	17-Apr-17	565.00
143	Series 133-A	8.00%	3-Apr-17	545.00
			Total*	**165,353.90**

*As at 31.03.2017, Bonds of ₹ 5.60 crore (previous year ₹ 6.10 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.60 crore (previous year ₹ 0.50 crore) are held by PFC Ltd. Employees Gratuity Trust.

VI. Details of Unsecured Subordinated Bonds as on 31.03.2017 are as follows :

	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
1	Subordinated Tier II Debt Bond	9.70%	21-Feb-24	2,000.00
2	Subordinated Tier II Debt Bond	9.65%	13-Jan-24	1,000.00
3	Subordinated Tier II Debt Bond	8.19%	14-Jun-23	800.00
			Total	**3,800.00**

VII. Foreign currency 6.61 % Senior Notes (USPP) amounting to ₹ 1,167.30 crore (previous year ₹ 1,201.86 crore) are redeemable at par on 05.09.2017.

VIII. Details of Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) outstanding as at 31.03.2017 are as follows:

S.No	Loan	Rate of Interest p.a. as on 31.03.2017	Amount (₹ in crore)	Date of Repayment
1	KfW I	0.75%	1.14	30-Jun-35
2	KfW I	0.75%	1.30	30-Dec-34
3	KfW I	0.75%	1.31	30-Jun-34
4	KfW I	0.75%	1.31	30-Dec-33
5	KfW I	0.75%	1.30	30-Jun-33
6	KfW I	0.75%	1.31	30-Dec-32
7	KfW I	0.75%	1.30	30-Jun-32
8	KfW I	0.75%	1.30	30-Dec-31
9	KfW I	0.75%	1.31	30-Jun-31
10	KfW I	0.75%	1.30	30-Dec-30
11	KfW I	0.75%	1.30	30-Jun-30
12	KfW I	0.75%	1.31	30-Dec-29
13	KfW I	0.75%	1.30	30-Jun-29
14	KfW I	0.75%	1.30	30-Dec-28
15	ADB (New Loan)	6m USD LIBOR + 0.60%	0.27	15-Oct-28
16	Credit National France	2.00%	0.03	30-Jun-28
17	KfW I	0.75%	1.30	30-Jun-28
18	ADB (New Loan)	6m USD LIBOR + 0.60%	1.88	15-Apr-28
19	Credit National France	2.00%	0.03	31-Dec-27
20	KfW I	0.75%	1.30	30-Dec-27
21	ADB (New Loan)	6m USD LIBOR + 0.60%	2.23	15-Oct-27
22	Credit National France	2.00%	0.06	30-Jun-27
23	KfW I	0.75%	1.30	30-Jun-27
24	ADB (New Loan)	6m USD LIBOR + 0.60%	2.36	15-Apr-27
25	Credit National France	2.00%	0.36	31-Dec-26
26	KfW I	0.75%	1.30	30-Dec-26
27	ADB (New Loan)	6m USD LIBOR + 0.60%	2.59	15-Oct-26
28	Credit National France	2.00%	0.36	30-Jun-26
29	KfW I	0.75%	1.30	30-Jun-26
30	ADB (New Loan)	6m USD LIBOR + 0.60%	4.32	15-Apr-26
31	Credit National France	2.00%	0.43	31-Dec-25
32	KfW I	0.75%	1.30	30-Dec-25
33	ADB (New Loan)	6m USD LIBOR + 0.60%	4.32	15-Oct-25
34	Credit National France	2.00%	0.92	30-Jun-25
35	KfW I	0.75%	1.30	30-Jun-25
36	ADB (New Loan)	6m USD LIBOR + 0.60%	4.32	15-Apr-25
37	Credit National France	2.00%	2.52	31-Dec-24
38	KfW I	0.75%	1.30	30-Dec-24
39	ADB (New Loan)	6m USD LIBOR + 0.60%	4.32	15-Oct-24
40	Credit National France	2.00%	3.05	30-Jun-24
41	KfW I	0.75%	1.30	30-Jun-24
42	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Apr-24
43	Credit National France	2.00%	3.08	31-Dec-23
44	KfW I	0.75%	1.31	30-Dec-23
45	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Oct-23
46	Credit National France	2.00%	3.78	30-Jun-23
47	KfW I	0.75%	1.30	30-Jun-23
48	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Apr-23
49	Credit National France	2.00%	3.78	31-Dec-22
50	KfW I	0.75%	1.31	30-Dec-22
51	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Oct-22
52	Credit National France	2.00%	3.78	30-Jun-22
53	KfW I	0.75%	1.30	30-Jun-22
54	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Apr-22
55	Credit National France	2.00%	3.78	31-Dec-21
56	KfW I	0.75%	1.30	30-Dec-21
57	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Oct-21
58	Credit National France	2.00%	3.78	30-Jun-21
59	KfW I	0.75%	1.30	30-Jun-21
60	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Apr-21

61	Credit National France	2.00%	3.78	31-Dec-20
62	KfW I	0.75%	1.31	30-Dec-20
63	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Oct-20
64	Credit National France	2.00%	3.78	30-Jun-20
65	KfW I	0.75%	1.30	30-Jun-20
66	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Apr-20
67	Credit National France	2.00%	3.78	31-Dec-19
68	KfW I	0.75%	1.30	30-Dec-19
69	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Oct-19
70	Credit National France	2.00%	3.78	30-Jun-19
71	KfW I	0.75%	1.30	30-Jun-19
72	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Apr-19
73	Credit National France	2.00%	3.78	31-Dec-18
74	KfW I	0.75%	1.31	30-Dec-18
75	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Oct-18
76	Credit National France	2.00%	3.78	30-Jun-18
77	KfW I	0.75%	1.30	30-Jun-18
78	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Apr-18
79	Credit National France	2.00%	3.78	31-Dec-17
80	KfW I	0.75%	1.30	30-Dec-17
81	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Oct-17
82	Credit National France	2.00%	3.78	30-Jun-17
83	KfW I	0.75%	1.31	30-Jun-17
84	ADB (New Loan)	6m USD LIBOR + 0.60%	4.64	15-Apr-17
			204.23	

Note: In case of ADB (new loan) a variable rebate is offered by ADB at the time of reset.

IX. Details of Syndicated Foreign Currency Loans from banks / Financial Institutions outstanding as at 31.03.2017 are as follows:

S.No	Loan	Rate of Interest p.a. as on 31.03.2017	Amount (₹ in crore)	Date of Repayment
1	SLN XVIII	6m JPY LIBOR + 0.75%	844.28	4-Nov-22
2	SLN XVIII	6m JPY LIBOR + 0.75%	844.29	8-Nov-21
3	SLN XVII-(III)	6m USD LIBOR +1.28%	972.75	24-Sep-21
4	SLN XVII-(II)	6m USD LIBOR +1.28%	972.75	26-Mar-21
5	SLN XVIII	6m JPY LIBOR + 0.75%	844.28	6-Nov-20
6	SLN XVII-(I)	6m USD LIBOR +1.28%	972.75	28-Sep-20
7	SLN XVI	6m USD LIBOR +1.55%	1621.25	4-Dec-19
			7,072.35	

X. Details of Rupee Term Loans (From Banks) outstanding as at 31.03.2017 are as follows:

S.No	Loan	Rate of Interest p.a. as on 31.03.2017	Amount (₹ in crore)	Date of Repayment
1	ICICI Bank	7.90%	1,500.00	30-Apr-2018
2	J&K Bank	8.10%	500.00	30-Apr-2018
			2,000.00	

XI. Details of Loan against FD (From Banks) outstanding as at 31.03.2017 are as follows:

S.No	Loan	Rate of Interest p.a. as on 31.03.2017	Amount (₹ in crore)	Date of Repayment
1	Oriental Bank of Commerce	7.25%	177.15	3-Apr-2017
2	Vijaya Bank	6.50%	1,800.00	3-Apr-2017
3	J&K Bank	5.50%	100.00	3-Apr-2017
4	Allahabad Bank	4.50%	323.64	3-Apr-2017
			2,400.79	

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

(₹ in Crore)

Description	As at 31.03.2017			As at 31.03.2016		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Interest Subsidy Fund from GOI (Refer Note No. 12(A)(ii) of Part-C - Other Notes on Accounts)	3.59	106.10	**109.69**	6.88	100.59	**107.47**
Interest Differential Fund - KFW (Refer Note No. 10 of Part-C - Other Notes on Accounts)	0.00	63.88	**63.88**	0.00	60.71	**60.71**
Advance received / amount payable to Subsidiaries (including interest payable thereon) (Refer Note No. 8(A)(ii) of Part-C - Other Notes on Accounts)	193.38	249.04	**442.42**	185.05	198.78	**383.83**
Amount payable to GoI under R-APDRP	0.00	0.00	**0.00**	13.00	0.00	**13.00**
Other Bonds (Amount Payable- Bonds fully serviced by GoI)* (Refer Note No. 13 of Part-C - Other Notes on Accounts)						
a) Principal	0.00	5,000.00	**5,000.00**	0.00	0.00	**0.00**
b) Interest accrued but not due	38.21	0.00	**38.21**	0.00	0.00	**0.00**
Sub Total	**235.18**	**5,419.02**	**5,654.20**	**204.93**	**360.08**	**565.01**
Interest Accrued but not due :						
On Bonds	7,226.02	288.23	**7,514.25**	6,841.49	188.50	**7,029.99**
On Loans	27.14	0.00	**27.14**	58.36	0.00	**58.36**
Sub Total	**7,253.16**	**288.23**	**7,541.39**	**6,899.85**	**188.50**	**7,088.35**
Unpaid / Unclaimed						
Bonds	0.52	0.00	**0.52**	3.84	0.00	**3.84**
Interest on Bonds	14.17	0.00	**14.17**	8.33	0.00	**8.33**
Dividend	1.43	0.00	**1.43**	1.72	0.00	**1.72**
Sub Total	**16.12**	**0.00**	**16.12**	**13.89**	**0.00**	**13.89**
Others	915.71	435.33	**1,351.04**	382.10	0.17	**382.27**
Sub Total	**915.71**	**435.33**	**1,351.04**	**382.10**	**0.17**	**382.27**
Grand Total	**8,420.17**	**6,142.58**	**14,562.75**	**7,500.77**	**548.75**	**8,049.52**

*Details of Other Unsecured Taxable Bonds as on 31.03.2017 are as follows :

Bond Series	Date of allotment	Coupon Rate	Date of Redemption	Amount (₹ in crore)
1. PFC Bond Series 164-GoI Fully Serviced Bond	22-Mar-17	7.75%	22-Mar-27	2,000.00
2. PFC Bond Series 160-GoI Fully Serviced Bond	20-Feb-17	7.60%	20-Feb-27	1,465.00
3. PFC Bond Series 158-GoI Fully Serviced Bond	20-Jan-17	7.18%	20-Jan-27	1,335.00
4. PFC Bond Series 156-GoI Fully Serviced Bond	11-Jan-17	7.10%	11-Jan-27	200.00
Total				5,000.00

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

(₹ in Crore)

	Description	As at 31.03.2017			As at 31.03.2016		
		Short Term	Long Term	Total	Short Term	Long Term	Total
I.	**Employee Benefits***						
	Economic Rehabilitation of Employees	0.17	1.46	**1.63**	0.21	1.29	**1.50**
	Leave Encashment	1.78	28.90	**30.68**	2.37	24.52	**26.89**
	Staff Welfare Expenses (Refer Note No. 20(D) of Part-C - Other Notes on Accounts)	3.98	4.92	**8.90**	1.07	21.61	**22.68**
	Gratuity / Superannuation Fund	1.28	0.00	**1.28**	0.20	0.00	**0.20**
	Proposed Pay Revision	9.94	0.00	**9.94**	0.00	0.00	**0.00**
	Bonus / Incentive	5.58	0.00	**5.58**	9.87	0.00	**9.87**
	Sub Total	**22.73**	**35.28**	**58.01**	**13.72**	**47.42**	**61.14**
II.	**Others**						
	Income Tax (net)	0.00	12.57	**12.57**	0.00	49.49	**49.49**
	CSR & SD Expenses (Refer Note No. 21 & 22 of Part-C - Other Notes on Accounts)	100.20	0.00	**100.20**	102.16	0.00	**102.16**
	Contingent provision against Standard Assets (Refer Note No. 16(A)(i) of Part-C - Other Notes on Accounts)	99.96	457.88	**557.84**	103.44	493.97	**597.41**
	Contingent Provisions against Restructured Standard Assets (Refer Note No. 16(A)(ii) of Part-C - Other Notes on Accounts)	317.00	2,039.23	**2,356.23**	490.80	638.40	**1,129.20**
	Interim Dividend (Refer Note No. 33(A) of Part-C - Other Notes on Accounts)	1,320.04	0.00	**1,320.04**	0.00	0.00	**0.00**
	Proposed Final Dividend	0.00	0.00	**0.00**	79.20	0.00	**79.20**
	Corporate Dividend Tax on Interim Dividend	67.18	0.00	**67.18**	0.00	0.00	**0.00**
	Proposed Corporate Dividend Tax	0.00	0.00	**0.00**	16.12	0.00	**16.12**
	Sub Total	**1,904.38**	**2,509.68**	**4,414.06**	**791.72**	**1,181.86**	**1,973.58**
	Grand Total	**1,927.11**	**2,544.96**	**4,472.07**	**805.44**	**1,229.28**	**2,034.72**

*Refer Note No. 21 of Part-C - Other Notes on Accounts

NOTE - Part A - 6
FIXED ASSETS

(₹ in Crore)

	Description	GROSS BLOCK				DEPRECIATION						NET BLOCK	
		Opening Balance as at 01.04.2016	Additions / Adjustments	Deductions / Adjustments	Closing Balance as at 31.03.2017	Opening Balance as at 01.04.2016	For the period 01.04.2016 to 31.03.2017	Adjustment	Prior period Adjustments	On Assets Sold/Written off from books	Closing Balance as at 31.03.2017	As at 31.03.2017	As at 31.03.2016
I.	**Tangible Assets* :** **Owned Assets**												
	Land (Freehold)	3.38	0.00	0.00	3.38	0.00	0.00	0.00	0.00	0.00	0.00	3.38	3.38
	Land (Leasehold)**	37.87	0.00	0.00	37.87	0.00	0.00	0.00	0.00	0.00	0.00	37.87	37.87
	Buildings	24.92	0.00	0.00	24.92	9.69	0.74	0.00	0.00	0.00	10.43	14.49	15.23
	EDP Equipments	15.94	1.65	2.43	15.16	13.34	1.94	0.00	0.00	2.27	13.01	2.15	2.60
	Office and other equipments	15.08	2.68	0.55	17.21	12.59	1.78	0.00	0.20	0.49	14.08	3.13	2.49
	Furniture & Fixtures	7.74	0.18	0.15	7.77	6.84	0.23	0.00	0.02	0.12	6.97	0.80	0.90
	Vehicles	0.20	0.00	0.00	0.20	0.11	0.03	0.00	0.00	0.00	0.14	0.06	0.09
	Total	**105.13**	**4.51**	**3.13**	**106.51**	**42.57**	**4.72**	**0.00**	**0.22**	**2.88**	**44.63**	**61.88**	**62.56**
	Previous year	**104.48**	**4.06**	**3.41**	**105.13**	**40.42**	**5.28**	**0.00**	**0.00**	**3.13**	**42.57**	**62.56**	
II.	**Intangible Assets* :**												
	Purchased Software (Useful Life - 5 years)	**8.77**	**0.18**	**0.00**	**8.95**	**7.42**	**0.84**	**0.00**	**0.00**	**0.00**	**8.26**	**0.69**	**1.35**
	Previous year	**8.26**	**0.51**	**0.00**	**8.77**	**6.53**	**0.89**	**0.00**	**0.00**	**0.00**	**7.42**	**1.35**	
III.	**Intangible assets under development**	**0.16**	**0.02**	**0.18**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.16**
	Previous year	**0.00**	**0.16**	**0.00**	**0.16**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.16**	

*Refer Note No. 24 of Part-C - Other Notes on Accounts

**Refer Note No. 26 of Part-C - Other Notes on Accounts

NOTE - Part A - 7
NON- CURRENT INVESTMENTS

(₹ in Crore)

	Description	As at 31.03.2017 Number	As at 31.03.2017 Amount		As at 31.03.2016 Number	As at 31.03.2016 Amount	
Long Term Investments							
(A)	**Trade Investments (Face value of ₹10 /- each fully paid up - unless otherwise stated)**						
I.	**Equity Instruments (Quoted)**						
	- Valued at Cost						
	PTC India Ltd.	12,000,000		12.00	12,000,000		12.00
II.	**Equity Instruments (Unquoted)***						
	- Valued at Cost (Less diminution, if any, other than temporary)						
	National Power Exchange Ltd. (Refer Note No. 7(A)(c)(i) of Part-C - Other Notes on Accounts)	0	0.00		2,187,015	2.19	
	Less : Provision for diminution		0.00	0.00		1.06	1.13
	Power Exchange India Ltd.	3,220,000	3.22		3,220,000	3.22	
	Less : Provision for diminution		3.22	0.00		3.22	0.00
	Energy Efficiency Services Ltd (Refer Note No. 7(A)(c)(ii) of Part-C - Other Notes on Accounts)	146,500,000		146.50	47,500,000		47.50
	Subsidiaries (Refer Note No. 7(A)(a)&(b) of Part-C - Other Notes on Accounts)	100,950,000		100.95	100,950,000		100.95
III.	**Preference Shares (Unquoted)***						
	- Valued at Cost						
	10% Cumulative Fully Convertible Preference shares of Subsidiary (Refer Note No. 7(A)(a)(ii)(b) of Part-C - Other Notes on Accounts)	200,000,000		200.00	200,000,000		200.00
IV.	**Others (Unquoted)***						
	Units of "Small is Beautiful" Fund of KSK Investment Advisor Pvt. Ltd.**	6,152,200		6.15	6,152,200		6.15
V.	**Application Money pending allotment of Equity Shares**						
	Energy Efficiency Services Ltd	0		0.00	99,000,000		99.00
	Sub Total			**465.60**			**466.73**
(B)	**Other Investment -Bonds (Quoted) (Face value of ₹10,00,000/- each fully paid up - unless otherwise stated)**						
	10,000 Bonds of Dena Bank and 8000 Bonds of Andhra Bank	18,000		1,800.00	18,000		1,800.00
	Sub Total			**1,800.00**			**1,800.00**
	TOTAL			**2,265.60**			**2,266.73**
Particulars				**As at 31.03.2017**			**As at 31.03.2016**
Aggregate of Quoted Investments							
Book Value				1,812.00			1,812.00
Market Value***				1,912.08			1,876.80
Aggregate of Un-Quoted Investments							
Book Value				453.60			355.73
Aggregate Provision for Diminution in value				3.22			4.28
Aggregate of Application Money pending allotment of Equity Shares				0.00			99.00

*Being Unquoted Investments, market value is not available.

**NAV as on 31-Mar-2017 is ₹10.24 per unit (31-Mar-2016 ₹ 10.24 per unit). The fluctuation in NAV is considered as temporary.

***10,000 Bonds of Dena Bank and 8000 Bonds of Andhra Bank are listed on NSE platform, however, market price as at 31.03.2017 is not available on NSE platform and the bonds have not been traded in the market till 31.03.2017. Accordingly, the face value of the above bonds has been considered as market price

NOTE - Part A - 8

LOANS*

(₹ in Crore)

Description	As at 31.03.2017 Current maturities (Twelve Months)		Non-Current		Total		As at 31.03.2016 Current maturities (Twelve Months)		Non-Current		Total	
A. Long Term Loans												
I Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings, JV Borrowers and State Governments	18,719.04		91,769.20		**110,488.24**		8,882.51		110,318.91		**119,201.42**	
RTLs to Independent Power Producers	6,630.50		22,578.26		**29,208.76**		1,873.11		18,421.67		**20,294.78**	
Foreign Currency Loans to Independent Power Producers	5.03		0.00		**5.03**		20.58		5.14		**25.72**	
Buyer's Line of Credit	67.48		1,376.96		**1,444.44**		318.44		764.04		**1,082.48**	
Lease Financing to Borrowers**	8.62		185.70		**194.32**		7.89		196.20		**204.09**	
RTLs to Equipment Manufacturers	18.95	25,449.62	870.05	116,780.17	**889.00**	**142,229.79**	18.95	11,121.48	842.35	130,548.31	**861.30**	**141,669.79**
b) Others												
RTL to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings, JV Borrowers and State Governments - NPA	2,323.18		21,064.92		**23,388.10**		374.35		347.61		**721.96**	
Less: Provision for contingencies	328.58	1,994.60	2,134.66	18,930.26	**2,463.24**	**20,924.86**	74.87	299.48	69.52	278.09	**144.39**	**577.57**
RTL to Independent Power Producers - NPA	1,689.43		3,237.05		**4,926.48**		947.64		4,251.81		**5,199.45**	
Less: Provision for contingencies	527.87	1,161.56	708.42	2,528.63	**1,236.29**	**3,690.19**	202.61	745.03	577.38	3,674.43	**779.99**	**4,419.46**
FCL to Independent Power Producers - NPA	58.70		134.48		**193.18**		35.90		201.79		**237.69**	
Less: Provision for contingencies	29.35	29.35	67.24	67.24	**96.59**	**96.59**	10.77	25.13	60.54	141.25	**71.31**	**166.38**
Sub Total (I)		**28,635.13**		**138,306.30**		**166,941.43**		**12,191.12**		**134,642.08**		**146,833.20**
II. Un-Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments #	3,799.06		57,954.91		**61,753.97**		19,378.04		56,435.04		**75,813.08**	
RTLs to Independent Power Producers	1,127.87		3,413.96		**4,541.83**		1,836.77		7,705.09		**9,541.86**	
Foreign Currency Loans to State Power Utilities	0.00		0.00		**0.00**		14.16		0.00		**14.16**	
Buyer's Line of Credit #	72.35	4,999.28	70.17	61,439.04	**142.52**	**66,438.32**	202.06	21,431.03	99.07	64,239.20	**301.13**	**85,670.23**

b) Others												
RTL to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings, JV Borrowers and State Governments - NPA #	269.33		373.83		**643.16**		0.00		0.00		**0.00**	
Less: Provision for contingencies	26.93	**242.40**	127.20	**246.63**	**154.13**	**489.03**	0.00	**0.00**	0.00	**0.00**	**0.00**	**0.00**
RTL to Independent Power Producers - NPA	369.85		828.95		**1,198.80**		41.56		1,064.35		**1,105.91**	
Less : Provision for contingencies	369.85	0.00	828.95	0.00	**1,198.80**	**0.00**	41.56	0.00	329.14	735.21	**370.70**	**735.21**
FCL to Independent Power Producers - NPA	0.00		61.91		**61.91**		0.00		22.04		**22.04**	
Less: Provision for contingencies	0.00	0.00	61.91	0.00	**61.91**	**0.00**	0.00	0.00	22.04	0.00	**22.04**	**0.00**
Sub Total (II)		**5,241.68**		**61,685.67**		**66,927.35**		**21,431.03**		**64,974.41**		**86,405.44**
Total A (I + II)		**33,876.81**		**199,991.97**		**233,868.78**		**33,622.15**		**199,616.49**		**233,238.64**
B. Bonds												
I Un-secured Bonds / Debentures												
Bonds / Debentures from State Power Corporations		0.00		311.60		**311.60**		0.00		390.15		**390.15**
Bonds / Debentures from Independent Power Producers***		0.00		29.44		**29.44**		0.00		29.44		**29.44**
Total B		**0.00**		**341.04**		**341.04**		**0.00**		**419.59**		**419.59**
C. Short Term Loans												
I Secured Loans - Considered Good												
Working Capital Loans to State Electricity Boards and State Power Corporations		1,467.91		0.00		**1,467.91**		1,092.51		0.00		**1,092.51**
Working Capital Loans to Independent Power Producers		22.58		0.00		**22.58**		0.00		0.00		**0.00**
Sub Total (I)		**1,490.49**		**0.00**		**1,490.49**		**1,092.51**		**0.00**		**1,092.51**
II Un-Secured Loans - Considered Good												
Working Capital Loans to State Electricity Boards, State Power Corporations and to Government Companies #		3,806.69		0.00		**3,806.69**		2,180.07		0.00		**2,180.07**
Working Capital Loans to Independent Power Producers		516.73		0.00		**516.73**		369.00		0.00		**369.00**
Others - NPA	290.58		0.00		**290.58**		231.97		0.00		**231.97**	
Less : Provision for contingencies	145.29	145.29	0.00	0.00	**145.29**	**145.29**	69.59	162.38	0.00	0.00	**69.59**	**162.38**
Sub Total (II)		**4,468.71**		**0.00**		**4,468.71**		**2,711.45**		**0.00**		**2,711.45**
Total C (I + II)		**5,959.20**		**0.00**		**5,959.20**		**3,803.96**		**0.00**		**3,803.96**
Grand Total (A+B+C)		**39,836.01**		**200,333.01**		**240,169.02**		**37,426.11**		**200,036.08**		**237,462.19**

*Refer Note No. 16(A) of Part-C - Other Notes on Accounts

**Refer Note No. 11(A)(i) of Part-C - Other Notes on Accounts

#Loans guaranteed by respective State Governments amounts to ₹23,353.40 crore (Previous Year ₹37,095.20 crore).

***Bonds under issue

NOTE - Part A - 9
OTHER ASSETS

(₹ in Crore)

Description	As at 31.03.2017						As at 31.03.2016					
	Current		Non-Current		Total		Current		Non-Current		Total	
A LOANS & ADVANCES												
I Loans (considered good)*												
a) to Employees (Secured)	2.25		11.94		**14.19**		2.33		14.33		**16.66**	
b) to Employees (Unsecured)	9.76	12.01	48.22	60.16	**57.98**	**72.17**	8.48	10.81	46.68	61.01	**55.16**	**71.82**
II Advances (Unsecured considered good) Advances recoverable in cash or in kind or for value to be received												
a) to Subsidiaries (including interest recoverable there on) (Refer Note No. 8(A)(i) of Part-C - Other Notes on Accounts)	262.04		133.72		**395.76**		195.58		118.19		**313.77**	
b) to Employees*	0.82		0.01		**0.83**		0.84		0.01		**0.85**	
c) Prepaid Expenses	1.95		0.00		**1.95**		2.96		0.00		**2.96**	
d) Others	1,259.94		6.31		**1,266.25**		199.77		9.34		**209.11**	
e) Advance Income Tax and Tax Deducted at Source (net)	0.00		228.00		**228.00**		0.00		107.18		**107.18**	
f) Security Deposits	0.42	1,525.17	0.38	368.42	**0.80**	**1,893.59**	3.22	402.37	0.38	235.10	**3.60**	**637.47**
B Amount Recoverable on account of Bonds fully serviced by GoI (Unsecured considered good) (Refer Note No. 13 of Part-C - Other Notes on Accounts)												
a) Principal	0.00		5,000.00		**5,000.00**		0.00		0.00		**0.00**	
b) Interest	38.21	38.21	0.00	5,000.00	**38.21**	**5,038.21**	0.00	0.00	0.00	0.00	**0.00**	**0.00**
C OTHER ASSETS												
I Accrued but not due :												
a) Interest on Loan Assets	3,723.25		0.00		**3,723.25**		4,807.00		0.00		**4,807.00**	
b) Other charges	0.00		0.00		**0.00**		11.92		0.00		**11.92**	
c) Interest on Loans to Employee	0.60		22.04		**22.64**		0.50		18.87		**19.37**	
d) Interest on Deposits and Investments	30.33	3,754.18	0.00	22.04	**30.33**	**3,776.22**	28.92	4,848.34	0.00	18.87	**28.92**	**4,867.21**
II Accrued and due :												
Incomes accrued & due on loans	167.52	167.52	0.00	0.00	**167.52**	**167.52**	777.93	777.93	0.00	0.00	**777.93**	**777.93**
D Loans & Advances (Unsecured - Others) (Refer Note No. 16(B)(i) of Part-C - Other Notes on Accounts)												
Non Performing Assets (NPAs)	16.40		0.00		**16.40**		1.17		0.00		**1.17**	
Less : Provision for contingencies	16.40	0.00	0.00	0.00	**16.40**	**0.00**	1.01	0.16	0.00	0.00	**1.01**	**0.16**
Total		5,497.09		5,450.62		10,947.71		6,039.61		314.98		6,354.59

*Includes:

Description	Balance as at 31.03.2017	Balance as at 31.03.2016
Loans & Advances given to Directors & Other Officers (KMPs) (Refer Note No. 6(B) of Part-C - Other Notes on Accounts)	0.50	0.39

NOTE - Part A -10
CURRENT INVESTMENTS

(₹ in Crore)

	Description	As at 31.03.2017			As at 31.03.2016		
		Number	Amount		Number	Amount	
A.	**Equity Instruments (Quoted) (Face value of ₹ 10/- each fully paid up)**						
	- Valued for category at lower of cost or market value						
	PGCIL (Cost Price ₹ 52 per Share)	439,349	2.28		489,349	2.54	
	REC Ltd.*	95,904	0.50		47,952	0.50	
	Coal India Ltd. (Cost Price ₹ 358.58 per Share)	13,964,530	500.74		13,964,530	500.74	
	NHPC Limited (Cost Price ₹ 21.78 per Share) (Refer Note No. 9(A)(i) of Part-C - Other Notes on Accounts)	260,542,051	567.50		0	0.00	
	Less : Provision for diminution on Equity Instruments (Quoted)**		0.00	1,071.02		93.04	410.74
B.	**Equity Instruments (Borrower Companies) (Un-quoted) (Face value of ₹ 10/- each fully paid up)**						
	Shree Maheshwar Hydel Power Corporation Ltd. (NPA Borrower) (Refer Note No. 9(B)(i) of Part-C - Other Notes on Accounts)	131,846,779	66.10		0	0.00	
	Less : Provision for diminution on Equity Instruments (Un-quoted)		66.10	0.00		0.00	0.00
	(Valued in accordance with Para - 5.2 of Note Part - B - Significant Accounting Policies)						
	GMR Chhattisgarh Energy Ltd. (Refer Note No. 9(B)(ii) of Part-C - Other Notes on Accounts)	275,000,000	275.00		0	0.00	
	Less : Provision for diminution on Equity Instruments (Un-quoted)		20.49	254.51		0.00	0.00
	Total			**1,325.53**			**410.74**

	Description	As at 31.03.2017			As at 31.03.2016		
	Aggregate of Quoted Investments						
	Book Value			1,071.02			410.74
	Market Value			1,258.02			415.30
	Aggregate of Unquoted Investments						
	Book Value			254.51			0.00
	Aggregate Provision for Diminution in value			(86.59)			93.04

*Shares acquired at a cost of ₹105 per share. Subsequent to issue of bonus shares in the ratio of 1:1 during FY 2016-17, revised cost price comes to ₹ 52.5 per share.

**Refer Para - 5.1 of Note Part - B - Significant Accounting Policies. Provision as at 31.03.2016 pertains to Coal India Ltd. based on Significant Accounting Policy of that year.

NOTE - Part A -11
CASH AND BANK BALANCES

(₹ in Crore)

		Description	As at 31.03.2017		As at 31.03.2016	
I	**Cash and Cash Equivalents:**					
	i)	Balances in current accounts with:				
		Reserve Bank of India	0.02		0.05	
		Scheduled Banks	42.84	42.86	28.01	28.06
	ii)	Cheques in hand		0.00		0.00
	iii)	Imprest with postal authority		0.00		0.00
	iv)	Fixed Deposits with Scheduled Banks (original maturity up to 3 months)		3,071.88		0.00
		Sub Total (I)		**3,114.74**		**28.06**
II	**Earmarked Balances:**					
	i)	Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.		458.41		6.41
	ii)	IPDS / R-APDRP				
		Balances in current account with schedule banks		0.00		13.01
	iii)	Fixed Deposits with Banks - for Redemption of Debentures (original maturity up to 3 months)		0.00		30.97
		Sub Total (II)		**458.41**		**50.39**
		Total (I+II)		**3,573.15**		**78.45**

NOTE - Part A - 12

REVENUE FROM OPERATIONS

(₹ in Crore)

	Description	Year ended 31.03.2017		Year ended 31.03.2016	
I.	**Interest**				
	Interest on Loans	26,587.14		27,359.13	
	Less : Rebate for Timely Payment to Borrowers	316.65		297.42	
	Less : Post COD Timely Payment Rebate	22.39	26,248.10	2.56	27,059.15
	Lease income		21.98		20.29
	Sub Total (I)		**26,270.08**		**27,079.44**
II.	**Other Operating income**				
	Income from surplus funds		117.71		97.60
	Interest received on advances given to subsidiaries		12.10		11.73
	Profit on sale of Bonds of Borrowers		0.00		9.05
	Sub Total (II)		**129.81**		**118.38**
III.	**Other Financial Services**				
	Prepayment Premium on Loans		201.77		170.46
	Upfront fees on Loans		37.87		18.72
	Management, Agency & Guarantee Fees		48.13		46.42
	Commitment charges on Loans	5.44		5.07	
	Less : Commitment charges on Loans waived	0.27	5.17	0.01	5.06
	Fee on account of GoI Schemes:				
	Nodal Agency Fee - R-APDRP (Refer Note No. 12(B)(ii) of Part-C - Other Notes on Accounts)	2.24		0.66	
	Nodal Agency Fee - IPDS	21.16	23.40	34.51	35.17
	Sub Total (III)		**316.34**		**275.83**
	Total (I+II+III)		**26,716.23**		**27,473.65**

NOTE - Part A - 13

OTHER INCOME

(₹ in Crore)

Description	Year ended 31.03.2017	Year ended 31.03.2016
Dividend / Interest Income on Non-Current Investments	203.02	32.22
Dividend Income on Current Investments	87.39	38.44
Profit on sale of Fixed Assets	0.03	0.03
Profit on sale of Non-Current Investments	0.00	0.05
Profit on sale of Current Investments	0.50	0.44
Interest on Income Tax Refund	3.88	9.10
Miscellaneous Income	7.40	10.08
Excess Liabilities written back	0.12	0.30
Total	**302.34**	**90.66**

NOTE - Part A - 14
FINANCE COSTS

(₹ in Crore)

	Description	Year ended 31.03.2017		Year ended 31.03.2016	
I.	**Interest**				
	On Bonds	15,592.33		15,071.06	
	On Loans	322.15		644.34	
	GOI on Interest Subsidy Fund	9.06		8.86	
	Financial Charges on Commercial Paper	389.72		277.43	
	Swap Premium (Net)	(23.42)	16,289.84	1.65	16,003.34
II.	**Other Charges**				
	Commitment & Agency Fees	0.65		0.67	
	Guarantee, Listing & Trusteeship fees	2.17		2.13	
	Management Fees on Foreign Currency Loans	0.01		37.82	
	Bank / Other Charges	0.00		0.00	
	Interest paid on advances received from subsidiaries	6.35	9.18	5.11	45.73
III.	Net Translation / Transaction Exchange Loss (+) / Gain (-)		311.82		424.74
IV.	Net Change in Fair Value of Derivatives - Loss (+) / Gain (-) (Refer Note No. 5(E) of Part-C - Other Notes on Accounts)		(178.15)		0.00
	Total		**16,432.69**		**16,473.81**

NOTE - Part A - 15

BOND ISSUE EXPENSES

(₹ in Crore)

Description	Year ended 31.03.2017	Year ended 31.03.2016
Interest on Application Money	0.00	11.51
Credit Rating Fees	4.65	4.20
Other Issue Expenses	14.04	11.23
Stamp Duty Fees	7.89	6.50
Total	**26.58**	**33.44**

NOTE - Part A - 16		
EMPLOYEE BENEFIT EXPENSES		
		(₹ in Crore)
Description	**Year ended 31.03.2017**	**Year ended 31.03.2016**
Salaries, Wages and Bonus	83.41	65.30
Contribution to Provident and other funds	10.29	8.19
Staff Welfare	15.66	12.23
Rent for Residential accommodation of employees (Refer Note No. 11(B) of Part-C - Other Notes on Accounts)	5.61	4.65
Total	**114.97**	**90.37**

NOTE - Part A - 17		
OTHER EXPENSES		
		(₹ in Crore)
Description	**Year ended 31.03.2017**	**Year ended 31.03.2016**
Office Rent (Refer Note No. 11(B) of Part-C - Other Notes on Accounts)	0.50	0.50
Electricity & Water charges	1.50	1.56
Insurance	0.16	0.12
Repairs & Maintenance	3.30	2.85
Stationery & Printing	1.88	1.64
Travelling & Conveyance	10.04	8.15
Postage, Telegraph & Telephone	2.25	1.87
Professional & Consultancy charges	2.02	3.51
Miscellaneous Expenses#	39.97	18.83
Loss on sale of Fixed Assets	0.19	0.17
Loss on Disposal of Investment	0.98	0.00
Auditors' Remuneration#	0.60	0.77
Service Tax	2.58	9.26
Rates & Taxes	1.41	0.88
Contribution to PMC (MoP)	0.41	0.51
Total	**67.79**	**50.62**
# Note :-		
1) Miscellaneous Expenses includes :		
Legal & Filing Fees	17.42	0.04
Books & Periodicals	0.07	0.04
Advertisement	5.28	5.52
Membership & Subscription	1.09	0.73
Entertainment	0.97	0.62
Conference & Meeting Expenses	2.63	1.65
Security Expenses	1.60	1.32
Training	1.55	0.99
Other EDP Expenses	3.01	2.37
Business Promotion / Related Expenses	0.62	0.12
Interest on income tax	0.69	0.00
2) Auditors' Remuneration includes :		
Audit fees	0.35	0.30
Tax Audit fees	0.06	0.06
Other certification services	0.19	0.38
Reimbursement of Expenses	0.00	0.03

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

(₹ in Crore)

Description	Year ended 31.03.2017		Year ended 31.03.2016	
Prior Period Expenses :				
Interest & other Charges	0.24		0.00	
Personnel & Administration Expenses - Others	0.77		0.10	
Depreciation	0.22	1.23	0.00	0.10
Less: Prior Period Income :				
Interest Income	(0.20)		0.00	
Other Income	(0.04)	(0.24)	2.23	2.23
Total		**1.47**		**(2.13)**

Note - Part – B (SIGNIFICANT ACCOUNTING POLICIES)

1. (a) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, relevant provisions of the Companies Act, 1956 and 2013, applicable regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and prevailing practices.

(b) USE OF ESTIMATES

The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES

2. RECOGNITION OF INCOME/EXPENDITURE

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

2.1.1 In accordance with the prudential norms which are applicable to the Company, income on non-performing assets is recognized in the year of its receipt and any unrealized income recognized in respect of such assets is reversed.

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

2.1.3 In accordance with the prudential norms which are applicable to the Company, income from dividend on shares of corporate bodies and units of mutual funds are taken into account on cash basis. Provided that the income from dividend on shares of corporate bodies is taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the right to receive payment is established.

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

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

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

2.5 In accordance with the prudential norms which are applicable to the Company, income from bonds and debentures of corporate bodies is taken into account on accrual basis, provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

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

2.7 Prepaid expenses upto ₹ 5,000/- are charged to natural heads of account.

3. TANGIBLE ASSETS/DEPRECIATION

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

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

3.3 Depreciation on tangible assets is provided on, original cost of the asset reduced by its residual value estimated from time to time, as per written down value method, over the useful lives of the assets as prescribed in Schedule II to the Companies Act, 2013 except for Cell Phone where useful life has been taken as 2 years as estimated by the Company.

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

4. INTANGIBLE ASSETS / AMORTIZATION

4.1 Intangible assets such as software are shown at the cost of acquisition less accumulated amortization, and amortization is done under straight-line method over the life of the assets estimated by the Company as 5 years.

5. INVESTMENTS

5.1 In accordance with the prudential norms which are applicable to the Company, quoted current investments are valued category-wise, at lower of cost or market value.

5.2 Unquoted Equity shares held in a borrower company, on account of conversion of loan asset classified as non-performing asset, are considered as current investments and such Equity Shares are valued at Rupee One. Depreciation in value in these Equity shares is not set off against the appreciation in any other securities held under the 'current investment' category.

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

6. ASSET CLASSIFICATION AND PROVISIONS

6.1 BASIS OF ASSET CLASSIFICATION

Loans & other credits and lease assets are classified into the following classes, namely:

6.1.1 Standard Assets: Standard asset means an asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

6.1.2 (i) An asset is considered as non-performing asset (NPA) and sub-categorized as Sub-standard, Doubtful and Loss Asset, as mentioned below:

<table>
<tr><th rowspan="2">As at</th><th rowspan="2">NPA
(loan assets excluding lease assets)</th><th colspan="3">NPA Sub-Categorization
(all loan assets including lease assets)</th></tr>
<tr><th>Sub-Standard</th><th>Doubtful</th><th>Loss</th></tr>
<tr><td>31st March 2017</td><td>Overdue for 4 months or more</td><td>NPA for a period not exceeding 14 months</td><td>NPA for a period exceeding 14 months</td><td rowspan="2">(a) Asset identified as loss asset by the Company or its internal or external auditor or by RBI during inspection of the Company, to the extent it is not written off by the Company and (b) Asset adversely affected by a potential threat of non-recoverability due to either</td></tr>
<tr><td>31st March 2018 and thereafter</td><td>Overdue for 3 months or more</td><td>NPA for a period not exceeding 12 months</td><td>NPA for a period exceeding 12 months</td></tr>
</table>

				erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

(ii) The classification of project loans as a sub-standard asset is also done as per the RBI norms for restructured advances.

(iii) A lease asset, in respect of which installment / rental remains over due for a period of six months or more, has been classified as non-performing asset. However, with effect from 31.03.2018, a lease asset will be classified as NPA if it remains overdue for a period of 3 months or more.

6.2 PROVISIONING AGAINST STANDARD LOANS AND NPAs

6.2.1 The provisioning is made in respect of loans and other credit as under:

S. No.	Description	Rate of Provision
1.	Standard Asset (Provisioning for Restructured Standard Loans is made as detailed at Para 6.3)	0.35%
2.	Sub-Standard Asset	10%
3.	Doubtful Asset Secured portion of Doubtful assets Upto one year More than one year to upto three years More than three years Doubtful assets not covered by the realizable value of the security to which the Company has a valid recourse	 20% 30% 50% 100%
4.	Loss Asset if not written off	100%

6.2.2 Provision on Standard Assets is made as per RBI norms whereby the Company is required to enhance provision in a phased manner from 0.30% on 31.03.2016 to 0.35% by 31.03.2017 and 0.40% by 31.03.2018.

6.2.3 Provision on hire purchase and lease assets is as per para 13(2) of the "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" as amended from time to time.

6.3 PROVISIONING AGAINST RESTRUCTURED LOANS

6.3.1 For the following cases, the provisioning against Restructured Standard Assets is made as per RBI norms, including provision on diminution in fair value:

a) new project loans to generating companies restructured w.e.f. 01.04.2015, where provisioning is at the rate of 5%.
b) all loans to generating companies categorised as restructured as per RBI restructuring norms other than (a) above (as per RBI in case of stock of outstanding restructured loan, the provisioning has to be increased in a phased manner i.e. commencing with a provision of 2.75% with effect from 31.03.2015 and shall reach 3.5% by 31.03.2016, 4.25% by 31.03.2017 and 5% by 31.03.2018).

6.3.2 RBI has exempted the Company from application of RBI restructuring norms for project loans to Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters for a period of 3 years i.e. till 31.03.2017.

Accordingly, where facilities to such projects is partly secured, a provision to the extent of shortfall in the security available, is made while restructuring and/or rescheduling and/or renegotiation of the loans apart from the provision required on present value basis.

6.4 For the purpose of asset classification and NPA provisioning, facilities granted to Government Sector and Private Sector Entities are considered borrower-wise, other than Government Sector loans which are considered on project-wise basis provided cash flows from each project are separately identifiable and applied to the same project.

Further, in case of a Government Sector account, if the project has not commenced commercial operation within the date of commencement of commercial operation (DCCO) envisaged at the time of financial closure (or revised DCCO within the permissible thresholds as given in RBI Norms for restructured advances), the classification is done project-wise instead of borrower-wise (till 31.03.2022 as exempted by RBI).

7. FOREIGN CURRENCY TRANSACTIONS

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

(i) Expenses and income in foreign currency; and

(ii) Amounts borrowed and lent in foreign currency.

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

(i) Foreign currency loan liabilities.

(ii) Funds kept in foreign currency account with banks abroad.

(iii) Contingent liabilities in respect of guarantees given in foreign currency.

(iv) Income earned abroad but not remitted / received in India.

(v) Loans granted in foreign currency.

(vi) Expenses and income accrued but not due on foreign currency loans/borrowing.

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

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

8. DERIVATIVE TRANSACTIONS

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

8.2 These derivative transactions are done for hedging purpose, and not for trading or speculative purpose.

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

8.4 Derivative contracts not covered by Accounting Standard 11 and covered under Guidance Note on Accounting for Derivative Contracts issued by ICAI are measured at fair value with changes in fair value being recognized in the statement of profit and loss.

9. ACCOUNTING OF GOVERNMENT OF INDIA (GOI) SCHEMES

9.1 The Company acts as a channelizing / nodal agency for pass-through of loans / grants / subsidies to beneficiaries under various schemes of the Govt. of India. The Company receives the amount on such account and disburses it to the eligible entities in accordance with the relevant schemes.

9.1.1 Where funds are received in advance from Govt. of India, the same are shown as current liabilities till the payments are released to the beneficiary.

9.1.2 The income on account of fee etc. arising from implementation of such GoI schemes is accounted for in accordance with the respective scheme / GoI directives as applicable.

10. INTEREST SUBSIDY FUND

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

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

11. INCOME/RECEIPT/EXPENDITURE ON SUBSIDIARIES

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

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

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

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

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

12. EMPLOYEE BENEFITS

12.1 PROVIDENT FUND, GRATUITY, PENSION FUND AND POST RETIREMENT BENEFITS

Company's contribution paid / payable during the financial year towards provident fund and pension fund are charged in the statement of Profit and Loss. The Company's obligation towards gratuity to employees and post retirement benefits such as medical benefits, economic rehabilitation benefit, and settlement allowance after retirement are actuarially determined and provided for as per Accounting Standard – 15.

12.2 OTHER EMPLOYEE BENEFITS

The Company's obligation towards sick leave, earned leave, service award scheme are actuarially determined and provided for, as per Accounting Standard – 15.

13. INCOME TAX

13.1 Income Tax comprising of current tax is determined in accordance with the applicable tax laws and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) in accordance with Accounting Standard – 22 on Accounting for Taxes on Income.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

13.2 Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

14. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.

15. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Note Part – C
Other Notes on Accounts

1. The Company is a Government Company engaged in extending financial assistance to power sector and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India as an Infrastructure Finance Company. Equity shares of the Company are listed on NSE and BSE.

2. Contingent Liabilities and Commitments:

2.1 Contingent Liabilities

(A) Guarantees etc.

(₹ in crore)

S. No	Description	As at 31.03.2017	As at 31.03.2016
(i)	Guarantees issued in domestic currency	190.11	226.48
(ii)	Claims against the Company not acknowledged as debts	-	-
(iii)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	1,640.56	403.07
	Total	**1,830.67**	**629.55**

(B) Income Tax Demands

Additional demands raised by and paid to the Income Tax Department totaling to ₹ 40.53 crore (Previous year ₹ 45.23 crore) of earlier years are being contested. Further, the Income Tax Department has filed appeals against the relief allowed by appellate authorities to the Company aggregating to ₹ 165.39 crore (Previous year ₹ 121.04 crore). The same are also being contested. The Management does not consider it necessary to make provision, as the liability is not considered probable.

(C) Service Tax Demands

Service Tax demand / show cause notices raised by Service Tax Department totaling to ₹ 23.51 crore (Previous year Nil) of earlier years are being contested. Further, the Service Tax Department has also filed an appeal before CESTAT against the order of Commissioner (CE&ST) who had dropped a demand of service tax of ₹ 1.11 crore (Previous year ₹ 1.11 crore). The same is also being contested. The Management does not consider it necessary to make provision, as the liabilities are not considered probable.

2.2 Other Commitments

Estimated amount of contract remaining to be executed on account of capital account, not provided for, is Nil (Previous year Nil).

3. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) paid and provided for under contest by the Company, are detailed below:

(₹ in crore)

S. No.	Description	Year ended 31.03.2017	Year ended 31.03.2016
1.	Opening Balance	95.39$	78.50
2.	Addition during the year	23.90	17.65
3.	Reversal during the year	(0.90)	(0.76)
4.	Closing Balance	118.39*	95.39$

* Pertaining to Assessment Year 2001-02 to 2014-15.
$ Pertaining to Assessment Year 2001-02 to 2013-14.

4.	A. The Company is creating Debenture Redemption Reserve (DRR) for public issue of bonds or debentures @ 50% (as per MCA Circular No. 6/3/2001 – CL.V dated 18.04.2002) for public issues wherein prospectus had been filed before 11.02.2013 and @ 25% (as required by Companies (Share Capital and Debentures) Rules, 2014) for the subsequent public issues. B. The Company raises funds through various instruments including series of non-convertible bond issues. During the year, the Company has not defaulted in servicing of its borrowings. As regards non-convertible Rupee denominated bonds, the previous due date for payment of interest and principal was 31.03.2017.

5\. A. Foreign currency expenditure and earning:

(₹ in crore)

S. No.	Description	For the Year ended 31.03.2017	For the Year ended 31.03.2016
A.	**Expenditure in foreign currency**		
(i)	Interest on foreign currency loans *	255.47	250.90
(ii)	Financial & Other charges*	1.81	39.38
(iii)	Traveling Expenses	-	0.30
(iv)	Training Expenses	0.29	0.26
B.	**Earning in foreign currency**	-	-

*excluding withholding tax

B. Foreign currency liabilities not hedged by a derivative instrument or otherwise:-

Description	As at 31.03.2017		As at 31.03.2016	
	Millions in respective currency	₹ in Crore	Millions in respective currency	₹ in Crore
USD	581	3,764.80	979	6,535.38
EURO	16	108.03	17	129.28
JPY*	43,668	2,532.85	57,102	3,405.56
Total		**6,405.68**		**10,070.22**

*Includes JPY loan liability partly hedged through forward rate contract entered for one leg (USD/INR) for USD 45 million / ₹ 291.83 crore (Previous year USD / JPY leg USD 105 million / ₹ 701.09 crore).

C. The Company amortizes exchange differences on long term foreign currency monetary items over their tenure. Consequently, as at 31.03.2017 unamortized debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 647.56 crore (Previous year debit balance ₹ 739.74 crore).

D. Liabilities and assets denominated in foreign currency have generally been translated at FEDAI spot rate at year end as given below:

S. No.	Exchange Rates	As at 31.03.2017	As at 31.03.2016
(i)	USD / INR	64.85	66.77
(ii)	JPY / INR	0.580025	0.5964
(iii)	EURO / INR	69.2925	75.78

In-case of specific provision in the loan agreement, rate as prescribed in respective loan agreement has been used.

E. During the year ended 31.03.2017, Company has amended the accounting policy for accounting of derivative contracts in order to align it with the ₹Guidance Note on Accounting for Derivative Contracts’ issued by The Institute of Chartered Accountants of India which has become applicable from 01.04.2016. The said Guidance Note require derivative contracts to be accounted either on fair value basis or as per hedge accounting and the Company has opted for accounting on fair value basis.

Accordingly, Derivative contracts not covered by AS-11 but covered under Guidance Note are measured at fair value with changes in fair value being recognized in the Statement of Profit & Loss. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 74.35 crore (net of Deferred Tax Liability of ₹ 39.35 crore) has been adjusted in the opening balance of reserves, representing the cumulative impact of change in the fair value (gain) of the interest rate swaps till 31.03.2016 net of amount accrued. Thereafter, further fair value gain (net) on interest rate swaps has been booked to the Statement of Profit & Loss. Due to this change in the accounting policy, profit before tax for the year has increased by ₹ 178.15 crore.

6. Related Party Disclosures as per disclosure requirement of Accounting Standard-18:

(A) Key managerial personnel (KMP):

Description	Period
Shri Rajeev Sharma, CMD and CEO	with effect from 01.10.2016
Shri M. K. Goel, CMD and CEO	with effect from 22.01.2015 till 30.09.2016
Shri R Nagarajan, Director (Finance) and CFO	with effect from 31.07.2009
Shri C. Gangopadhyay, Director (Projects)	with effect from 01.01.2017
Shri A K Agarwal, Director (Projects)	with effect from 13.07.2012 till 31.12.2016
Shri D. Ravi, Director (Commercial)	With effect from 16.11.2015
Shri Manohar Balwani, CS	With effect from 01.04.2014[#]

[#] Joined the Company on 11.04.2013, KMP from 01.04.2014 as per Companies Act 2013.

(B) Transactions with Key Management Personnel (KMP):

Managerial remuneration of KMP for the year ended 31.03.2017 is ₹ 3.50 crore (Previous year ₹ 2.36 crore). Loans & Advances given to KMP is ₹ 0.50 crore (Previous year ₹ 0.39 crore) as on 31.03.2017.

7. (A) Investment in share capital of companies incorporated and operating in India as subsidiaries / joint venture companies including companies promoted as Special Purpose Vehicles (SPVs) for Ultra Mega Power Projects (UMPPs) are given below:

S. No.	Name of the companies	Date of investment	No. of equity shares subscribed (as at 31.03.2017)	% of ownership as at 31.03.2017	Amount as at 31.03.2017 (₹ in crore)	Amount as at 31.03.2016 (₹ in crore)
(a)	**Subsidiary Companies [(i)]**					
(i)	PFC Consulting Limited (PFCCL)[(ii)]	09.04.2008	50,000	100%	0.05	0.05
(ii)(a)	PFC Green Energy Limited (PFCGEL) (Equity Shares) [(iii)]	29.07.2011 08.12.2011 29.03.2012 21.03.2013 18.06.2013 07.10.2013	50,000 44,50,000 4,90,000 2,10,00,000 1,36,00,000 6,04,10,000	100%	100.00	100.00
(ii)(b)	PFCGEL (Preference Shares) [(iii)]	21.03.2013 18.06.2013 07.10.2013	8,40,00,000 5,44,00,000 6,16,00,000	100%	200.00	200.00
(iii)	PFC Capital Advisory Services Limited (PFCCAS)[(ii)]	01.09.2011	1,00,000	100%	0.10	0.10
(iv)	Power Equity Capital Advisors (Private) Limited (PECAP)[(iv)]	15.04.2008 11.10.2011	15,000 35,000	100%	0.05	0.05
	Sub-Total (A)				**300.20**	**300.20**
(b)	**Subsidiary Companies promoted as SPVs for UMPPs [(v)]**					
(i)	Coastal Maharashtra Mega Power Limited	05.09.2006	50,000	100%	0.05	0.05
(ii)	Orissa Integrated Power	05.09.2006	50,000	100%	0.05	0.05

	Limited					
(iii)	Coastal Karnataka Power Limited	14.09.2006	50,000	100%	0.05	0.05
(iv)	Coastal Tamil Nadu Power Limited	31.01.2007	50,000	100%	0.05	0.05
(v)	Chhattisgarh Surguja Power Limited	31.03.2008	50,000	100%	0.05	0.05
(vi)	Sakhigopal Integrated Power Company Limited	27.01.2010	50,000	100%	0.05	0.05
(vii)	Ghogarpalli Integrated Power Company Limited	27.01.2010	50,000	100%	0.05	0.05
(viii)	Tatiya Andhra Mega Power Limited (TAMPL) [vi]	27.01.2010	50,000	100%	0.05	0.05
(ix)	Deoghar Mega Power Limited	30.07.2012	50,000	100%	0.05	0.05
(x)	Cheyyur Infra Limited	24.03.2014	50,000	100%	0.05	0.05
(xi)	Odisha Infrapower Limited	27.03.2014	50,000	100%	0.05	0.05
(xii)	Deoghar Infra Limited	25.08.2015	50,000	100%	0.05	0.05
(xiii)	Bihar Infrapower Limited	26.08.2015	50,000	100%	0.05	0.05
(xiv)	Bihar Mega Power Limited	27.08.2015	50,000	100%	0.05	0.05
(xv)	Jharkhand Infrapower Limited	05.02.2016	50,000	100%	0.05	0.05
	Sub-Total (B)				**0.75**	**0.75**
(c)	**Joint venture Companies[i]**					
(i)	National Power Exchange Limited (NPEL)[vii]	-	-	-	-	2.19
(ii)	Energy Efficiency Services Limited (EESL)	21.01.2010 26.03.2013 21.08.2015 25.04.2016	6,25,000 2,18,75,000 2,50,00,000 9,90,00,000	31.71%	146.50	47.50
	Sub-Total (C)				**146.50**	**49.69**
	TOTAL [viii] (A+ B+ C)				**447.45**	**350.64**

(i) Financial statements are consolidated as per Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures.

(ii) Subsequent to decision by the Board of Directors of respective subsidiaries, merger of PFCCAS with PFCCL is under progress.

(iii) The Board has in- principle approved the merger of PFCGEL with PFCL in meeting held on 9th August 2016 which is under progress.

(iv) Decision of voluntary winding up of PECAP is under consideration of MoP, GoI.

(v) Subsidiary companies were incorporated as SPVs under mandate from the GoI for development of UMPPs with the intention to hand over the same to successful bidders on completion of the bidding process. Financial statements of these subsidiaries are not consolidated, in accordance with paragraph 11 of Accounting Standard-21.

(vi) MoP vide its OM dated 21st June, 2016 has conveyed its approval for the wound up of TAMPL. The related proceedings are under way.

(vii) Board of Directors of NPEL (erstwhile JV of the Company) had approved a plan of Voluntary Liquidation with effect from 28.10.2014. The Voluntary winding up of NPEL has been completed on 26.07.2016. The Company has received ₹ 1.21 crore in July 2016 as final settlement from NPEL's liquidator. Accordingly, during the year, accumulated provision ₹ 1.06 crore has been reversed and loss on disposal of investments of ₹ 0.98 crore has been recognised. Accordingly financial statements of NPEL have not been consolidated for the FY 2016-17.

(viii) Maximum amount of investment during the year is same as investment at the year-end for each of the entities except NPEL where maximum amount during the year stood at ₹ 2.19 crore gross of provision for diminution.

(B) The Company's share of assets, liabilities, contingent liabilities and capital commitment as at 31.03.2017 and income and expenses for the period in respect of joint venture entities based on financial statements are given below:

(₹ in crore)

S.No.	Description	As at 31.03.2017			As at 31.03.2016		
		NPEL#	EESL@	Total	NPEL	EESL	Total
	Ownership (%)	**-**	**31.71**		**16.66**	**28.79**	
A	Assets						
	Non-Current assets	NA	336.90	**336.90**	0.01	180.87	**180.88**
	Current assets	NA	510.19	**510.19**	1.22	253.66	**254.88**
	Total	NA	**847.09**	**847.09**	**1.23**	**434.53**	**435.76**
B	Liabilities						
	Non-Current Liabilities	NA	263.59	263.59	0.00	65.89	**65.89**
	Current Liabilities	NA	399.32	399.32	0.03	248.82	**248.85**
	Total	NA	**662.91**	**662.91**	**0.03**	**314.71**	**314.74**
C	Contingent liabilities	NA	11.74	**11.74**	0.00	-	0.00
D	Capital commitments	NA	103.95	**103.95**	0.00	84.24	84.24
		For the Year ended 31.03.2017			**For the Year ended 31.03.2016**		
E	Total Income	NA	410.10	**410.10**	0.09	205.68	**205.77**
F	Total Expenses	NA	386.08	**386.08**	0.00	191.40	**191.40**

Reference may be made to footnote (vii) of Part C – 7(A) of notes on accounts.

@ Based on unaudited provisional financials.

8. A. Loans and Advances in the nature of Loans:

(i) The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

(₹ in crore)

Name of the Subsidiary Companies	As at 31.03.2017*	As at 31.03.2016*	Maximum during the year ended 31.03.2017	Maximum during the year ended 31.03.2016
Coastal Maharashtra Mega Power Limited	11.10	9.99	11.10	10.14
Orissa Integrated Power Limited	138.93	89.04	138.93	132.11
Coastal Karnataka Power Limited	4.95	4.35	4.95	4.35
Coastal Tamil Nadu Power Limited	113.60	96.85	113.60	96.85
Chhattisgarh Surguja Power Limited	89.07	82.13	89.07	82.13
Sakhigopal Integrated Power Company Limited	7.12	6.41	7.12	6.58
Ghogarpalli Integrated Power Company Limited	6.08	5.46	6.11	5.72
Tatiya Andhra Mega Power Limited	9.36	9.26	9.36	9.26
Deoghar Mega Power Limited	10.69	8.70	10.69	8.70
PFC Green Energy Limited	0.11	0.24	0.36	0.43
PFC Capital Advisory Services Limited	0.03	0.19	0.20	0.23
Cheyyur Infra Limited	0.04	0.02	0.04	0.02
Odisha Infra Power Limited	0.20	0.16	0.22	0.16
Bihar Infra Power Limited	0.02	0.01	0.18	0.01
Bihar Mega Power Limited	4.28	0.95	5.73	0.95
Deoghar Infra Limited	0.15	0.01	0.15	0.01
Jharkhand Infrapower Limited	0.03	0.00	0.03	0.00
PFC Consulting Limited	0.00	0.00	0.79	0.00
Total	**395.76**	**313.77**	**398.63**	**357.65**

* Amount is in the nature of advances, does not include any loan.

(ii) The details of amount payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:

(₹ in crore)

Name of the Subsidiary Companies	As at 31.03.2017	As at 31.03.2016	Maximum during the year ended 31.03.2017	Maximum during the year ended 31.03.2016
PFC Consulting Limited	1.06	2.70	6.40	2.70
Coastal Maharashtra Mega Power Limited	65.50	62.81	65.50	62.81
Orissa Integrated Power Limited	87.66	83.06	87.66	83.06
Coastal Tamil Nadu Power Limited	78.26	73.56	78.26	73.56
Chhattisgarh Surguja Power Limited	75.70	71.00	75.70	71.00
Sakhigopal Integrated Power Company Limited	26.30	25.05	26.30	25.05
Ghogarpalli Integrated Power Company Limited	24.88	23.72	24.88	23.72
Tatiya Andhra Mega Power Limited	26.36	25.73	26.36	25.73
Bihar Mega Power Limited	42.64	16.20	42.64	16.20
PFC Green Energy Limited	0.00	0.00	0.51	0.00
PFC Capital Advisory Services Limited	0.04	0.00	0.04	0.00
Deoghar Mega Power Limited	14.02	0.00	14.02	0.00
Total	**442.42**	**383.83**	**448.27**	**383.83**

	(iii) Loans and Advances, in the nature of loans, to subsidiaries are given below: **(₹ in crore)** <table><tr><th>Name of the Firms / companies</th><th>Outstanding as at 31.03.2017</th><th>Outstanding as at 31.03.2016</th><th>Maximum during the year ended 31.03.2017</th><th>Maximum during the year ended 31.03.2016</th></tr><tr><td>PFC Green Energy Limited</td><td>252.69</td><td>11.58</td><td>255.06</td><td>11.58</td></tr></table> B. None of the related party loanee is holding any equity investment in the Company as on 31.03.2017 (Previous year Nil).
9.	A. Major Investments made during the year: i) During the year, the Company has subscribed to 26,05,42,051 fully paid equity shares of NHPC Limited of face value of ₹ 10/- per share under Offer for Sale by GoI. The shares have been subscribed at a cost of ₹ 21.78/- per share including brokerage and other statutory charges aggregating to ₹ 567.50 crore. ii) The Company has subscribed to 9,90,00,000 fully paid equity shares of EESL of face value of ₹ 10/- per share as on 31.03.2016 and the same have been allotted on 25.04.2016. B. Conversion of Debt into Equity: i) In case of a borrower which was classified as a doubtful loan asset, the Company invoked the pledge of equity shares. Accordingly, 6,57,46,779 number of equity shares of ₹ 10/- each pledged by the promoters have been transferred to the Company on 01.06.2016. These equity shares have been recognised at a value of ₹ 1/-. Further, 6,61,00,000 number of equity shares of ₹ 10/- each have been allotted to the Company on 01.06.2016 on partial conversion of sub-debt loan given earlier to the extent of ₹ 66.10 crore. A provision for diminution in value of these shares has been made. The impact of provision after netting the provision earlier made is ₹ 46.27 crore. Carrying value of these equity shares as on 31.03.2017 amounts to ₹ 1. As on 31.03.2017, the Company holds 23.32% of paid-up equity share capital of the borrower company. ii) In case of another borrower, the Company has converted its debt into equity under approved Strategic Debt Restructuring (SDR) package and 27,50,00,000 number of equity shares of ₹ 10/- each have been allotted to the Company on 23.02.2017. As at 31.03.2017, provision for diminution in value of investment works out to ₹ 81.95 crore. Company has opted to distribute the provision over four quarters in accordance with RBI's SDR norms. Accordingly, a provision for diminution in value of investment of ₹ 20.49 crore has been provided in the last quarter of the current year. As at 31.03.2017, Company holds 4.81% of paid-up equity share capital of the borrower.
10.	Interest Differential Fund (IDF) – KFW The agreement between KFW and the Company provides that IDF belongs to the borrowers solely and will be used to cover exchange risk variations under this loan and any excess will be used in accordance with the agreement. Balance in IDF has been kept under separate account head titled as Interest Differential Fund – KFW and shown as a liability. Total fund accumulated as on 31.03.2017 is ₹ 63.88 crore (Previous year ₹ 60.71 crore), after transferring exchange difference of ₹ 12.56 crore (Previous year ₹ 13.48 crore).
11.	As required under AS-19, disclosure with respect to various leases are given below: (A) <u>Asset under finance lease after 01.04.2001:</u> (i) Gross investment in leased assets and present value of minimum value receivable at the balance sheet date and value of unearned financial income are given in table below:

(₹ in crore)

Description	As at 31.03.2017	As at 31.03.2016
Total of future minimum lease payments recoverable (Gross Investments)	335.79	364.78
Present value of lease payments recoverable	194.32	204.09
Unearned finance income	**141.47**	**160.69**
Maturity profile of total of future minimum lease payments recoverable (Gross Investment):-		
Not later than one year	27.11	27.11
Later than one year and not later than 5 years	107.10	107.54
Later than five years	201.58	230.13
Total	**335.79**	**364.78**
Break up of present value of lease payments recoverable:-		
Not later than one year	8.62	7.89
Later than one year and not later than 5 years	43.17	39.52
Later than five years	142.53	156.68
Total	**194.32**	**204.09**

(ii) The Company had sanctioned an amount of ₹ 88.90 crore in year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). Sanction was reduced to ₹ 88.85 crore in December 2006. Gross investment stood at the level of ₹ 0.89 crore as on 31.03.2017 (Previous year ₹ 1.33 crore). Lease rent is to be recovered within a period of 15 Years, starting from 19.07.2004, which comprises of 10 years as primary period and 5 years as secondary period. Secondary period is in force with effect from 19.07.2014.

(iii) The Company had sanctioned an amount of ₹ 98.44 crore in year 2004 as finance lease for financing wind turbine generator (commissioned on 18.5.2004). Gross investment stood at ₹ 3.45 crore as on 31.03.2017 (Previous year ₹ 3.94 crore). Lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as primary period and a maximum of another 10 years as secondary period. Secondary period is in force with effect from 01.04.2014.

(iv) The Company had sanctioned an amount of ₹ 93.51 crore in year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). Gross investment stood at ₹ 3.74 crore as on 31.03.2017 (Previous year ₹ 4.21 crore). Lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as primary period and a maximum of 9 years and 11 months as secondary period. Secondary period is in force with effect from 01.04.2015.

(v) The Company had sanctioned an amount of ₹ 228.94 crore in year 2008 as finance lease for financing wind turbine generator (commissioned on 18.05.2011). Gross investment stood at ₹ 327.71 crore as on 31.03.2017 (Previous year ₹ 355.30 crore). Lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as primary period and a maximum of 7 years as secondary period.

(B) The Company's operating leases consist of:

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 5.61 crore (Previous year ₹ 4.65 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 16 – Employee Benefit Expenses. Lease payments in respect of premises for offices amounting to ₹ 0.50 crore (Previous year ₹ 0.50 crore) are shown as office rent in Note Part A 17 – Other Expenses. Future lease payments in respect of these lease agreements are given below:

(₹ in crore)

Future minimum lease rent payments	Year ended 31.03.2017	Year ended 31.03.2016
Not later than one year	3.69	3.00
Later than one year and not later than 5 years	1.02	1.05
Later than 5 years	-	-
Total	**4.71**	**4.05**

12.	Implementation of GoI Schemes

(A) Subsidy under Accelerated Generation & Supply Programme (AG&SP):

(i) The Company claimed subsidy from GoI at net present value calculated at indicative interest rates in accordance with GOI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of actual repayment schedule, moratorium period and duration of repayment. Amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. Impact of difference between indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after end of respective schemes. However, on the basis of projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), the Company estimated net excess amount of ₹ 8.67 crore and ₹ 93.56 crore as on 31.03.2017 (Previous year ₹ 7.80 crore and ₹ 87.47 crore) for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. This net excess amount is worked out on overall basis and not on individual basis and may vary due to change in assumptions, if any, during the projected period such as changes in moratorium period, repayment period, loan restructuring, pre-payment, interest rate reset etc. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of respective scheme.

(ii) Balance under the head Interest Subsidy Fund shown as liability, represents amount of subsidy received from MoP, GoI which is to be passed on to borrowers against their interest liability arising in future under AG&SP, comprises of the following : -

(₹ in crore)

Description	**Year ended 31.03.2017**	**Year ended 31.03.2016**
Opening Balance	107.47	111.35
Add : Received during the period	-	-
: Interest credited during the period	9.06	8.87
: Refund by the borrower due to non – commissioning of project in time	-	-
Less : Interest subsidy passed on to borrowers	6.84	12.75
: Refunded to MoP:-		
(a) Estimated net excess against IX Plan	-	-
(b) Due to non- commissioning of Project in time	-	-
(c) Estimated net excess against X Plan	-	-
Closing Balance	**109.69**	**107.47**

(B) Re-structured Accelerated Power Development and Reforms Programme (R – APDRP):

(i) The Company is Nodal Agency for operationalization and associated service for implementation of R – APDRP.

Amounts received from the GoI under R – APDRP as a Nodal agency for on-lending to eligible borrowers are back to back arrangements with no profit or loss arising to the Company. The amount on-lended but not converted in to grants as per applicable guidelines will become payable along-with interest to the GoI on receipt from borrowers.

Details are furnished below:

(₹ in crore)

Description	**Amount recoverable from borrowers & payable to GOI**		**R – APDRP Grant**		**Amount payable to GOI (Interest earned on Fixed Deposit)**	
	Year ended 31.03.2017	**Year ended 31.03.2016**	**Year ended 31.03.2017**	**Year ended 31.03.2016**	**Year ended 31.03.2017**	**Year ended 31.03.2016**
A. GoI Loan under R-APDRP (Principal)						
Opening Balance	8,230.45	7,687.84	-	-	-	-
Additions during the period	1,349.56	667.82	1349..56	667.82	-	-
Recoveries / refunds / changes during the period	(357.78)	(125.21)	(1349.56)	(667.82)	-	-
Closing Balance (A)	**9,222.23**	**8,230.45**	-	-	-	-
B. Interest Accrued but not due (Int. earned on FD)		-	NA			-
C. Interest on loan under R-APDRP		-	NA			
(i) Accrued but not due						
Opening Balance	2,136.83	2,563.89				
Additions during the period	852.49	650.36				
Transfers to / from Accumulated Moratorium Interest	(19.24)	(986.16)				
Transfer to Interest Accrued and Due	(64.98)	(91.26)				

Closing Balance (i)	2,905.10	2,136.83				
(ii) Accrued and due						
Opening Balance	142.05	3.68				
(+)Additions/(-) Reversal due to extension of project completion period	(19.25)	182.27				
(-) Recovery & refund to GOI/ (+) Reversal due to extension of project completion period	(21.20)	(43.90)				
Closing Balance (ii)	101.60	142.05				
Interest on loan under R-APDRP (C) = (i + ii)	**3,006.70**	**2,278.88**				
D. Accumulated Moratorium Interest			NA			
Opening Balance	999.68	38.85				
(+)Additions/(-) Reversal due to extension of project completion period	(540.98)	994.90				
(-) Recovery & refund to GOI/ (+) Reversal due to extension of project completion period	28.78	(34.07)				
Closing Balance (D)	487.48	**999.68**				
E. Interest on Accumulated Moratorium Interest			NA			
(i) Accrued but not due						
Opening Balance	7.26	0.15				
(+) Additions/(-) Reversal due to extension of project completion period	(18.93)	34.99				
(-) Transfer to Accrued and due/ (+) Reversal due to extension of project completion period	13.77	(27.88)				
Closing Balance (i)	2.10	7.26				
(ii) Accrued and due						
Opening Balance	55.22	1.18				
(+) Additions/(-) Reversal due to extension of project completion period	(35.77)	71.92				
(-) Recovery & refund to GOI/ (+) Reversal due to extension of project completion period	4.88	(17.88)				
Closing Balance (ii)	24.33	55.22				
Interest on Accumulated Moratorium Int. (E) = (i + ii)	**26.43**	**62.48**				
F. **Interest on Interest, Interest on "Interest on Accumulated Moratorium Interest" and Penal Interest**			**NA**			
(i) Interest on Interest						
Opening Balance	4.63	0.05				
Additions During the period	14.86	4.64				
Recoveries / refunds / changes during the period	(16.31)	(0.06)				
Closing Balance (i)	3.18	4.63				
(ii) Interest on " Interest on Accumulated Moratorium Interest"						
Opening Balance	1.80	0.02				
(+) Additions/(-) Reversal due to extension of project completion period	(0.43)	1.80				
(-) Recovery & refund to GOI/ (+) Reversal due to extension of project completion period	0.01	(0.02)				
Closing Balance (ii)	1.38	1.80				
(iii) Penal Interest						
Opening Balance	5.18	0.05				
Additions During the period	7.65	5.21				
Recoveries / refunds / changes on account of extension of project completion period during the year	(11.03)	(0.08)				
Closing Balance (iii)	1.80	5.18				
Interest on Interest, Interest on "Interest on Accumulated Moratorium Interest" and Penal Interest (F) = (i + ii + iii)	**6.36**	**11.61**				
Closing Balance (A+B+C+D+E+F)	**12,749.20**	**11,583.10**		-	-	-

(ii) Nodal Agency Fee under R – APDRP scheme for XIth plan is being accounted for @ 1% of sanctioned project cost in three stages - 0.40% on sanction of project, 0.30% on disbursement of funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B). In addition, actual expenditure including expenditure allocable on account of Company's manpower, incurred for operationalizing the R–APDRP is reimbursable by MoP, GoI. The cumulative claim for fee and reimbursement of expenditure is subject to cap of ₹ 850 crore or 1.7% of likely project outlay under Part A & B of R-APDRP, whichever is less.

From XIIth plan onwards, in accordance with Company's claim, approved by MoP vide its letter dated 31.03.2015 and subsequent clarification issued by MoP vide letter dated 20.05.2015, the Company continues to restrict its claims only to reimbursement of actual expenditure excluding Company's own manpower and administrative charges.

As at 31.03.2017, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by the

Company is given below:

(₹ in crore)

Description	Year ended 31.03.2017	Year ended 31.03.2016	Accumulated up-to year ended 31.03.2017	Accumulated up-to year ended 31.03.2016
Nodal agency fee[1]	2.24	0.66	130.31	128.07
Reimbursement of expenditure	22.74	22.99	150.41	127.67
Total	**24.98**	**23.65**	**280.72**	**255.74**

[1]Exclusive of Service Tax

(C) Integrated Power Development Scheme (IPDS)

Ministry of Power on 03.12.2015 has launched IPDS for (i) strengthening of sub-transmission and distribution network in urban areas, (ii) metering of feeders / distribution transformers / consumers in urban areas and (iii) IT enablement of distribution sector and strengthening of distribution network by subsuming R-APDRP and carrying forward the approved outlay for R-APDRP to IPDS.

The scope of works under IPDS includes work relating to strengthening of sub-transmission and distribution system, including provisioning of solar panels, metering of distribution transformers / feeders / consumers in the urban areas and IT enablement of distribution sector.

The Company has been designated as Nodal Agency for operationalization and implementation of scheme under overall guidance of the MoP, GoI. Role of Nodal agency is mentioned in IPDS scheme which inter-alia includes administration of GoI grant to eligible utilities which can be recalled / pre-closed subject to certain conditions mentioned in IPDS guidelines.

The Company will be eligible for 0.5% of total project cost approved by Monitoring Committee or award cost, whichever is lower, as nodal agency fee to be claimed / accrued as under:

i. 1st installment: 40% of nodal agency fee in financial years in which projects are approved by the Monitoring Committee under IPDS.
ii. 2nd installment: 30% of nodal agency fee on award of approved projects.
iii. 3rd installment: 20% of nodal agency fee after one year of claiming 2nd installment.
iv. 4th installment: 10% of nodal agency fee after completion of works.

The details are furnished below :

(₹ in crore)

Description	Amount of GoI grant administered to the eligible utilities		IPDS Grant		Amount payable to GOI (Interest earned on Fixed Deposit)	
	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2017	Year ended 31.03.2016
Opening Balance	358.70	-	-	50.00	-	0.01
Additions during the period	2,202.31	358.70	2,202.31	308.70	-	2.14
Recoveries / refunds / changes during the period	-	-	(2,202.31)	358.70	-	(2.15)
Closing Balance	**2,561.01**	**358.70**	**-**	**-**	**-**	**-**

13 Government of India Fully Serviced Bonds

For meeting GOI's funding requirement of central sector schemes, during the year, the Company has raised an aggregate amount of ₹ 5,000 crore through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per O.M. dated 20.10.2016 of Ministry of Finance, these bonds will be fully serviced by GoI. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from GoI.

14	A. Asset classification and Provisioning: 1) The Company has aligned with RBI Prudential norms during the year, contained in RBI's "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" as amended from time to time read with specific directions mentioned below: 1. Assets classification norms in line with RBI's letter dated 03.10.2016: i. loan assets (excluding lease asset) outstanding as at 31.03.2017 and overdue for 4 months or more is classified as Non-Performing Asset (NPA) and classification during the year is based on prevailing norm of overdue for 5 months or more, ii. NPA as at 31.03.2017 for a period not exceeding 14 months is classified as Sub-standard asset and classification during the year is based on prevailing norm of NPA for a period not exceeding 16 months, and iii. NPA as at 31.03.2017 for a period exceeding 14 months is classified as Doubtful asset and classification during the year is based on prevailing norm of NPA for a period exceeding 16 months. 2. Restructuring Norms: (i) In line with RBI's letter dated 11.06.2014, Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters are regulated by the restructuring norms approved by MoP till 31.03.2017. Accordingly, with effect from 01.04.2017, RBI restructuring norms will be applied for any future restructuring undertaken in these loans. Further, RBI vide letter dated 11.06.2014 has directed that for new project loans to generating companies restructured w.e.f. 01.04.2015, the provisioning requirement would be 5% and for stock of such outstanding loans as on 31.03.2015 to all generating companies, provisioning shall commence with a provision of 2.75% with effect from 31.03.2015 and reaching 5% by 31.03.2018. (ii) As regard implementation of RBI restructuring norms (shifting from MoP, GoI approved restructuring norms), based on the various correspondence exchanged, RBI in letter dated 11.04.2017 has stated that in case of a Govt. Sector account, if the project has not commenced commercial operation within DCCO envisaged at the time of financial closure (or revised DCCO within the permissible thresholds as given in RBI Norms for Restructured Advances), the classification is to be done project-wise instead of borrower-wise till 31.03.2022. 2) a) The Company has been applying RBI restructuring norms on new generation loans sanctioned w.e.f. 01.04.2015 (Before 01.04.2015, MoP, GoI approved restructuring norms were applicable). b) After receipt of RBI letter dated 11.04.2017, Company has adopted RBI restructuring norms on remaining loans (other than loans as stated at 14A(1)(2)(i) above). In generation loans sanctioned before 31.03.2015 and where restructuring has been done w.e.f. 01.04.2015, the asset classification has been given effect on 31.03.2017 as per RBI norms with consequent provisioning. B. Credit Concentration Norms For credit concentration norms, RBI vide its letter dated 16.06.2016, has extended exemption in respect of exposure to Central / State Government entities till 31.03.2022. Thus, the Company continues to follow MoP approved credit concentration norms for Central / State Government entities.
15.	Pursuant to adoption of RBI's restructuring norms during the year (shifting from MoP, GoI approved restructuring norms), in respect of loans to state sector, regular in servicing, having no overdues as on 31.03.2017: a) Company has categorised standard assets amounting to ₹ 35,994.70 crore as restructured standard assets. The provision on such loans has been increased from 0.35% to 4.25%. Thus, profit before tax for the year ended 31.03.2017 has decreased by ₹ 1,403.79 crore. b) Company has classified two loan assets as NPA having amount outstanding of ₹ 8,284.47 crore as on 31.03.2017, which achieved DCCO on or before 31.03.2017 after 2/3/4 years from original DCCO (as permitted under norms). During the

	year, un-realised income on these loans amounting to ₹ 163.71 crore has been reversed and additional provision of ₹ 799.45 crore has been made on such loans. Thus, profit before tax for the year ended 31.03.2017 has decreased by ₹ 963.16 crore. c) Company has classified three loan assets as NPA having amount outstanding of ₹ 4,157.28 crore as on 31.03.2017, which by year ended 31.03.2017 could not achieve date of commencement of commercial operation (DCCO) within 2/3/4 years from original DCCO (as permitted under norms). During the year, un-realised income on these loans amounting to ₹ 103.04 crore has been reversed and additional provision of ₹ 401.18 crore has been made on such loans. Thus, profit before tax for the year ended 31.03.2017 has decreased by ₹ 504.22 crore. d) Company has classified one loan asset as NPA having amount outstanding of ₹ 5,793.83 crore as on 31.03.2017, which was restructured after achievement of DCCO. During the year, un-realised income on this loans amounting to ₹ 142.03 crore has been reversed and additional provision of ₹ 333.14 crore has been made on this loan. Further, in accordance with borrower-wise asset classification norms, other loans to the same borrower have also been classified as NPA. Hence, un-realised income on such other loans amounting to ₹ 118.59 crore has been reversed and additional provision of ₹ 489.62 crore has been made on such other loans having amount outstanding of ₹ 5,073.73 crore as on 31.03.2017. Thus, profit before tax for the year ended 31.03.2017 has decreased by ₹ 1,083.38 crore. The profit before tax for the year has decreased by ₹ 3,954.55 crore on account of para a to d above.
16.	Loan Assets, Other assets and provisions thereon:

(₹ in crore)

S. No.	Asset Classification	As at 31.03.2017			As at 31.03.2016		
		Principal Outstanding	Provision for the year ended 31.03.2017	Accumulated Provision	Principal Outstanding	Provision for the year ended 31.03.2016	Accumulated Provision
(A) Classification of Loan Assets and provision thereon							
(i)	Standard Assets	159,382.44	-39.57	557.84	199,138.19	110.85	597.41
(ii)	Restructured Standard Assets(1)	55,440.62	1,227.03	2,356.23	32,262.98	564.77	1,129.20
(iii)	Sub-standard Assets	23,751.56(2)	1,887.40	2,375.16	4,877.61	366.83	487.76
(iv)	Doubtful Assets	6,677.81	1,986.27	2,708.25	2,393.15	327.47	721.98
(v)	Loss Assets	272.84	24.56	272.84	248.28	239.36	248.28
(B) Other Assets and provision thereon							
(i)	Other Assets	16.40	15.39	16.40	1.17	0.04	1.01
	Grand Total	**245,541.67**	**5,101.08**	**8,286.72**	**238,921.38**	**1,609.32**	**3,185.64**

(1) R/R/R loans on which restructuring provisioning as per RBI norms is applicable, outstanding as at 31.03.2017 amount to ₹ 19,445.92 crore in private sector and ₹ 35,994.70 crore in Govt. sector as explained at Note Part C-15 (a) above (Previous year ₹ 21,479.20 crore in private sector and ₹ 10,783.78 crore in Govt. sector).

(2) Includes loans amounting to ₹ 23,309.30 crore pertaining to Govt. Sector which became NPA on adoption of RBI RRR Norms during current year as explained at Note Part C-15 (b,c&d) above.

17.	Basis of secured / un-secured categorization of loan assets: a) In cases where Company is a lead or sole lender, it considers the loan asset as secured if hypothecation of movable project assets has been completed and mortgage of more than 50% of the project land for loan assets has been achieved. Further, wherever valuation is required as per applicable norms, the security status is updated on the basis of valuation report. b) In all other cases, secured / un-secured classification is done on the basis of security status obtained from the lead lender.
18.	Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below: (₹ in crore)

S. N	Type of Restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification Details		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured accounts as on April,01 2016	No. of borrowers	Nil					15	3	4	-	**22**	15	3	4	-	**22**
		Amount outstanding (Restructured facility)						32,262.98	3,111.05	1,414.67	-	**36,788.70**	32,262.98	3,111.05	1,414.67	-	**36,788.70**
		Amount outstanding (Other facility)						-	-	232.11	-	**232.11**	-	-	232.11	-	**232.11**
		Provision Thereon						1,129.20	311.11	520.57		**1,960.88**	1,129.20	311.11	520.57	-	**1,960.88**
2	Movement of balance in account appearing in opening balance (including Pre-payment of loan)	No. of borrowers	Nil					2		2		**4**	2		2		**4**
		Amount outstanding (Restructured facility)						(1,867.82)	-	(63.58)	-	**(1,931.40)**	(1,867.82)	-	(63.58)	-	**(1,931.40)**
		Amount outstanding (Other facility)								73.99		**73.99**	-	-	73.99	-	**73.99**
		Provision Thereon						(65.37)		362.53		**297.15**	(65.37)	-	362.53	-	**297.15**
3	Categorised as restructured during the year	No. of borrowers	Nil					11	-	-		**11**	11	-	-		**11**
		Amount outstanding (Restructured facility)						36,445.60	-	-		**36,445.60**	36,445.60	-	-	-	**36,445.60**
		Amount outstanding (Other facility)						-	-	-		**-**	-	-	-	-	**-**
		Provision Thereon						1,548.94	-	-		**1,548.94**	1,548.94	-	-	-	**1,548.94**
4	Up gradations to restructured standard category during the year	No. of borrowers	Nil					-	-	-	-	**-**	-	-	-	-	**-**
		Amount outstanding (Restructured facility)						-	-	-	-	**-**	-	-	-	-	**-**
		Amount outstanding (Other facility)						-	-	-	-	**-**	-	-	-	-	**-**
		Provision Thereon						-	-	-	-	**-**	-	-	-	-	**-**
5	Restructured Standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					(2)				**(2)**	(2)	-	-	-	**(2)**
		Amount outstanding (Restructured facility)						(2,857.41)				**(2,857.41)**	(2,857.41)	-	-	-	**(2,857.41)**
		Amount outstanding (Other facility)						-		-		**-**	-	-	-	-	**-**
		Provision Thereon						(100.01)		-		**(100.01)**	(100.01)	-	-	-	**(100.01)**

6	Down gradation of restructured accounts during the year	No. of borrowers	Nil	(1)	(2)	3		-	(1)	(2)	3	-	-
		Amount outstanding (Restructured facility)		(8,542.74)	4,779.09	3,111.05		-	(8,542.74)	4,779.09	3,111.05		-
		Amount outstanding (Other facility)						-					-
		Provision Thereon		(299.00)	477.91	745.56		**989.73**	(299.00)	477.91	745.56		**989.73**
7	Write-offs restructured accounts during the year	No. of borrowers	Nil					-	-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-
		Provision Thereon						-	-	-	-	-	-
8	Restructured accounts as on March 31, 2017	No. of borrowers	Nil	21	1	7		**29**	21	1	7		**29**
		Amount outstanding (Restructured facility)		55,440.62	7,890.14	4,462.14		**68,445.49**	55,440.62	7,890.14	4,462.14		**68,445.49**
		Amount outstanding (Other facility)		-		306.10		**306.10**	-		306.10		**306.10**
		Provision Thereon		2,356.23	789.02	1,662.61		**4,873.12**	2,356.23	789.02	1,662.61		**4,873.12**

19. In case of a restructured loan asset, categorized as sub-standard by the Company on 15.04.2015, the borrower has obtained an ad-interim stay on further proceedings from Hon'ble High Court of Madras vide order dated 17.06.2015.

The Company had sought a legal opinion with respect to asset classification, based on which, the loan asset was re-classified from restructured sub-standard to restructured standard asset and the NPA provision amounting to ₹ 339.99 crore made till the date of reclassification was reversed during the previous year.

The matter is sub-judice and ad-interim stay is continuing. Based on the subsequent legal opinion sought, the Company maintained asset classification as standard as on 31.03.2016 and continues the same in the current year also amid further progress in the project.

On 30.06.2016, the Company has moved petition for vacating the order of ad-interim stay. The said petition is pending for hearing.

Subsequent to reclassification of the said account in the previous year,

(i) interest / income of ₹ 413.03 crore accrued and remaining unrealised as on 31.03.2017 has been reversed;

(ii) provision, as applicable based on the existing asset classification as restructured standard asset, has been made which stands at ₹ 163.17 crore as on 31.03.2017 (as on 31.03.2016 ₹ 148.82 crore);

(iii) provision treating the account as doubtful, on the loan balance of ₹ 4,893.39 crore as on 31.03.2017 (as at 31.03.2016 ₹ 4,251.91 crore), after considering the provision as stated at (ii) above, has not been recognized amounting to ₹ 815.50 crore (previous year ₹ 276.37 crore).

20. Disclosures as per Accounting Standard –15 :-

A. Provident fund

The Company pays fixed contribution on account of provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the statement of profit and loss. 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.

B. Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. The provision for the same has been made on actuarial valuation based on total number of years of service rendered by an employee subject to a maximum amount of ₹ 10 lakh per employee.

C. Pension

The Company has a defined contribution pension scheme which is in line with guidelines of the Department of Public Enterprise (DPE) and is managed by a separate trust. Employee and Employer contribution to the fund has been contributed on monthly basis. Pension is payable to the employees of the Company as per the scheme.

D. Post-Retirement Medical Scheme (PRMS)

The Company has Post-Retirement Medical Scheme (PRMS), under which retired employees and their dependent family member are provided with medical facilities in empanelled hospitals. They can also avail reimbursement of out-patient treatment subject to a ceiling fixed by the Company.

This scheme is managed by a separate trust. Trust was registered during the F.Y. 2014-15 in the name of PFC Superannuation Medical Fund and started operations from the FY 2016-17. Provision on this account as on 31.03.2016 amounting to ₹ 17.83 crore was transferred by the Company to the trust on 11.07.2016. The provision for the same has been made on actuarial valuation. The trust has to ensure, adequate corpus for meeting the medical expenditure incurred by the retired employees. However, any short fall has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

E. Terminal Benefits

Terminal benefits include settlement in home town for employees & their dependents.

F. Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis @ 15 days and 10 days, respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. Earned leave is en-cashable during the service; while half pay leave is not en-cashable during the service or on separation / superannuation before 10 years. On separation after 10 years of service or on superannuation, earned leave plus half pay leave together can be en-cashed subject to a maximum of 300 days. However, there is no restriction in the number of years of service for earned leave encashment on separation from the service.

G. The above mentioned schemes (D, E and F) are unfunded and are recognized on the basis of actuarial valuation.

H. The summarised position of various defined benefits recognized for the year 31.03.2017 in the statement of profit and loss account, balance sheet are given below {Figures in brackets ( ) are for Previous year}:

i) Expenses recognised in Statement of Profit and Loss Account

(₹ in crore)

Description	Gratuity	PRMS	Leave
Current service cost	1.82 (1.55)	0.78 (0.62)	2.93 (2.34)
Interest cost on benefit obligation	1.66 (1.55)	1.43 (1.17)	2.15 (1.87)
Expected return on plan assets	-1.84 (-1.72)	-1.01 (0.00)	0.00 (0.00)

Net actuarial (gain) / loss recognised in the year	-0.23 (-1.11)	2.84 (2.36)	2.41 (2.18)
Expenses recognised in Statement of Profit & Loss Account*	1.41 (0.27)	4.04 (4.15)	7.49 (6.39)

*During the year, the expenses include ₹ 0.09 crore (previous year ₹ 0.03 crore), ₹ 0.43 crore (previous year ₹ 0.55 crore) and ₹ 0.29 crore (previous year ₹ 0.44 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) Amount recognized in the Balance Sheet

(₹ in crore)

Description	Gratuity	PRMS	Leave
Present value of obligation as at 31.03.2017 (i)	22.95 (20.74)	21.82 (17.83)	30.68 (26.89)
Fair value of plan assets as at 31.03.2017 (ii)	21.74 (20.47)	18.15 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-1.21 (-0.27)	-3.67 (-17.83)	-30.68 (-26.89)
Net asset / (liability) recognized in the Balance Sheet	-1.21 (-0.27)	-3.67 (-17.83)	-30.68 (-26.89)

iii) Changes in present value of defined benefit obligations

(₹ in crore)

Description	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2016	20.74 (19.36)	17.83 (14.58)	26.89 (23.42)
Interest cost	1.66 (1.55)	1.43 (1.17)	2.15 (1.87)
Current service cost	1.82 (1.55)	0.78 (0.62)	2.93 (2.34)
Benefits paid	-0.98 (-0.63)	-1.09 (-0.90)	-3.70 (-2.93)
Net actuarial (gain)/loss on obligation	-0.29 (-1.09)	2.87 (2.36)	2.41 (2.18)
Present value of the defined benefit obligation as at 31.03.2017	22.95 (20.74)	21.82 (17.83)	30.68 (26.89)

iv) Changes in fair value of plan assets

(₹ in crore)

Description	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2016	20.47 (19.14)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	1.84 (1.72)	1.01 (0.00)	0.00 (0.00)
Contributions by employer	0.47 (0.21)	17.93 (0.00)	0.00 (0.00)
Benefit paid	-0.98 (-0.63)	-0.83 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	-0.06 (0.02)	0.04 (0.00)	0.00 (0.00)
Fair value of plan assets as at 31.03.2017	21.74 (20.47)	18.15 (0.00)	0.00 (0.00)

v) One percent increase / decrease in inflation rate would impact liability for medical cost of PRMS, as under:-

(₹ in crore)

Particulars	PRMS	Service and Interest Cost
Cost increase by 1%	3.53	0.36
Cost decrease by 1%	3.44	0.44

vi) During the year, Company has provided liability of ₹ 1.41 crore, ₹ 4.04 crore, ₹ 7.49 crore and Nil (Previous year ₹ 0.27 crore, ₹ 4.15 crore, ₹ 6.39 crore and Nil) towards contribution to the Gratuity Trust, PRMS, leave and towards Pension respectively. Above amount includes ₹ 0.09 crore, ₹ 0.43 crore and ₹ 0.29 crore (Previous year ₹ 0.03 crore, ₹ 0.55 crore and ₹ 0.44 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

I. Other Employee Benefits:-

During the year, provision of ₹ 0.21 crore (Previous year ₹ 0.33 crore) has been made for Economic Rehabilitation Scheme (ERS) for employees and provision of ₹ 0.59 crore (Previous year ₹ 0.48 crore) has been made for Long Service Award (LSA) for employees on the basis of actuarial valuation made at end of the year by charging / crediting statement of profit and loss. LSA includes ₹ 0.05 crore (Previous year ₹ 0.06 crore) allocated to subsidiary companies.

J. (I) Details of Plan Asset:- Gratuity

The details of plan assets at cost, as at 31.03.2017 are given below:

(₹ in crore)

S.No.	Description	As at 31.03.2017	As at 31.03.2016
i)	Government Securities	12.95	11.75
ii)	Corporate bonds / debentures(1)	7.86	8.07
iii)	Mutual Funds	0.31	0.15
	Total	**21.12**	**19.97**

(1)As at 31.03.2017, Bonds of the Company amounting to ₹ 0.60 crore (previous year ₹ 0.50 crore) are held by PFC Limited Gratuity Trust.

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	7.50%
Expected rate of return on assets – Gratuity	7.50%
Future salary increase*	6.00%

*Estimate of future salary increases considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

(II) Details of Plan Asset:- PRMS

The details of the plan assets at cost, as on 31.03.2017 are as follows:-

(₹ in crore)

S.No.	Description	As at 31.03.2017	As at 31.03.2016
i)	Government Securities	8.07	0.00
ii)	Corporate bonds / debentures 1	8.54	0.00
iii)	Mutual Fixed Deposits	0.97	0.00
	Total	**17.58**	**0.00**

(1)As at 31.03.2017, Bonds of the Company amounting to Nil (previous year Nil) are held by PFC Limited PRMS Trust.

Principal assumptions used for actuarial valuation are:-

Method used	**Projected Unit Credit Method**
Discount rate	7.50%
Expected rate of return on assets – PRMS	8.39%
Future salary increase*	6.00%

1Estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

K. Employee benefits (viz. Gratuity, PRMS, Terminal Benefits, Leave encashment and other employee benefits) in respect of Company's employees working in PFCCAS, PFCGEL and PFCCL (subsidiaries of the Company) on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

L. Other disclosures

(₹ in crore)

Gratuity*	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation as at	22.95	20.74	19.36	17.98	16.16
Fair value of plan assets as at	21.74	20.47	19.14	17.12	14.67
Surplus/(Deficit)	(1.21)	(0.27)	(0.21)	(0.86)	(1.48)
Experience adjustment on plan liabilities (loss)/gain	1.38	1.09	1.10	0.31	0.31
Experience adjustment on plan assets (loss)/gain	(0.06)	0.02	0.09	0.26	0.02

*The Company's best estimate of contribution towards gratuity for financial year 2017-18 is ₹ 1.16 crore (Previous year 0.74). Actual return on plan assets during the year ended 31.03.2017 is ₹ 1.79 crore (Previous year ₹ 1.74 crore). Further, expected return on plan assets has been determined considering several applicable factors, mainly, composition of plan assets held, assessed risk of asset management and historical returns from plan assets.

(₹ in crore)

PRMS*	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation as at	21.82	17.83	14.58	11.75	9.50
Fair value of plan assets as at	18.15	-	-	-	-
Surplus/(Deficit)	(3.67)	(17.83)	(14.58)	(11.75)	(9.50)
Experience adjustment on plan liabilities (loss)/gain	(1.34)	(2.36)	(2.11)	(1.54)	(0.16)
Experience adjustment on plan assets (loss)/gain	0.03	-	-	-	-

*The Company's best estimate of contribution towards PRMS for financial year 2017-18 is ₹ 4.97 crore (Previous year 2.73). Actual return on plan assets during the year ended 31.03.2017 is ₹ 1.04 crore (Previous year Nil). Further, expected return on plan assets has been determined considering several applicable factors, mainly, composition of plan assets held, assessed risk of asset management and historical returns from plan assets.

(₹ in crore)

Leave	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation as at	30.68	26.89	23.42	20.66	20.39
Experience adjustment on plan liabilities (loss)/gain	(1.04)	(2.18)	(1.18)	(2.63)	(1.50)

(₹ in crore)

LSA	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation as at	4.99	4.74	4.49	4.04	3.71
Experience adjustment on plan liabilities (loss)/gain	1.18	1.10	0.67	0.46	0.80

(₹ in crore)

ERS	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation as at	1.63	1.50	1.24	1.24	1.31
Experience adjustment on plan liabilities (loss)/gain	0.52	0.02	0.38	0.46	0.43

(₹ in crore)

Baggage Allowance	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation as at	0.13	0.11	0.10	0.09	0.08
Experience adjustment on plan liabilities (loss)/gain	0.00	0.02	0.02	0.01	0.01

21. Disclosure of provision as required under Accounting Standard – 29, {Figures in brackets ( ) are for previous year}, are given below:

(₹ in crore)

Provision for	Opening Balance (1)	Addition during the year (2)	Used during the year (3)	Reversals (4)	Closing Balance 5 = (1+2-3-4)
Post-Retirement Medical Scheme	17.83 (14.58)	4.04 (4.15)	18.09 (0.90)	0.00 (-)	3.78 (17.83)
Pay revision	- (-)	9.94 (-)	- (-)	- (-)	9.94 (-)
Gratuity	0.13 (0.08)	1.41 (0.27)	0.33 (0.22)	- (-)	1.21 (0.13)
Provision for superannuation benefit (Pension)	0.07 (0.07)	- (-)	- (-)	- (-)	0.07 (0.07)
Leave Encashment	26.89 (23.42)	7.49 (6.40)	3.70 (2.93)	- (-)	30.68 (26.89)
Economic Rehabilitation Scheme for employee	1.50 (1.24)	0.21 (0.33)	0.08 (0.07)	0.00 (-)	1.63 (1.50)
Bonus / Incentives	9.87 (10.90)	4.83 (9.22)	9.19 (8.89)	-0.07 (-1.36)	5.58 (9.87)
Baggage Allowances	0.11 (0.10)	0.02 (0.01)	0.00 (0.00)	0.00 (-)	0.13 (0.11)
Service Award	4.74 (4.49)	0.59 (0.48)	0.34 (0.23)	0.00 (-)	4.99 (4.74)
Provision on loan assets etc.[(1)]	3,185.64 (1,576.32)	5,101.08 (1,609.32)	- (0.00)	- (-)	8,286.72 (3,185.64)
Provision for diminution in value of investment	97.32 (1.06)	86.59 (96.26)	0.00 (0.00)	94.10 (-)	89.81 (97.32)
CSR	102.16 (114.30)	166.15 (145.79)	168.11 (157.93)	- (-)	100.20 (102.16)
Income Tax	7,513.58 (6,211.19)	3,075.08 (2,822.26)	2,050.04 (1,519.87)	- (-)	8,538.62 (7,513.58)
Proposed Final Dividend	79.20 (79.20)	0.00 (79.20)	79.20 (79.20)	0.00 (-)	0.00 (79.20)
Proposed Corporate Dividend Tax	16.12 (16.12)	0.00 (16.12)	16.12 (16.12)	0.00 (-)	0.00 (16.12)
Interim Dividend	- (-)	1,320.04 (1,755.66)	- (1,755.66)	- (-)	1,320.04 (-)
Corporate Dividend Tax on Interim dividend	-	268.73 (356.74)	201.55 (356.74)	- (-)	67.18 (-)

[(1)]As detailed at Note Part – C 16.

22. (a) Details of gross amount required to be spent on CSR activities by the Company during the year

(₹ in crore)

Particulars	FY 2016-17	FY 2015-16
CSR provision made at the rate of 2% of the average net Profit Before Tax (PBT) of the Company earned during the three immediately preceding financial years	166.15	145.79
Carry forward from previous year	102.16	114.30
Gross amount required to be spent	268.31	260.09

(b) Amount spent during the year on CSR activities: **(₹ in crore)**

		FY 2016-17			FY 2015-16		
S. No.	**Particulars**	**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	112.52	0.20	112.72	133.85	-	133.85
(iib)	Education / Vocational Skill development	30.32	-	30.32	16.06	-	16.06
(iic)	Environmental Sustainability (Solar Applications / Afforestation / Energy efficient LED lighting)	20.93	0.76	21.69	4.10	0.50	4.60
(iid)	Sports	0.10	-	0.10	-	-	-
(iie)	Others	1.02	-	1.02	-	-	-
(iie)	Administrative overheads including training, impact assessment etc. limited to 5% of total amount required to be spent on CSR	2.02	0.24	2.26	3.16	0.26	3.42
	Total (ii)	**166.91**	**1.20**	**168.11**	**157.17**	**0.76**	**157.93**
	Grand Total (i) and (ii)			**168.11**			**157.93**

c) Details of related party transactions w.r.t. CSR activities as per Accounting Standard (AS) 18, Related Party Disclosures – Nil (Previous year Nil).

d) Movements in the CSR provision during the year as per AS-29 shown separately at Note no. 19 above.

e) During the year ended 31.03.2017, an amount of ₹ 119.48 crore (Previous year ₹ 192.13 crore) has been disbursed against CSR activities.

23. During the year ended 31.03.2017, following modifications in Significant Accounting Policies (Part – B of Notes) have been made:

(₹ in crore)

S. No.	**Significant Accounting Policy**		**Modifications**	**Impact on PBT [(+) increase / (-) decrease]**
	No.	**Title**		
1.	1	Basis of Preparation of Financial Statements	Reworded to bring in more clarity and augmented to include reference of RBI norms[1] as well.	Nil
2.	2.1.1	Recognition of Income	Modified indicating applicability of RBI prudential norms.[1]	Nil
3.	2.1.3	Income from dividend	Added to replace earlier policy no 2.5 enabling recognition of dividend in line with RBI prudential norms.[1]	Nil
4.	2.5	Income from bond & Debentures	Substituted to include recognition of income from bonds etc. in line with RBI prudential norms.[1]	Nil
5.	2.7	Prior period expenses / Income	Portion related to Prior period expenses / Income deleted to align the existing practice with practice envisaged under upcoming Ind AS regime w.e.f. FY 2018-	Nil

			19.	
6.	5.1	Quoted Current Investments	Modified to align with the RBI prudential norms[1] requiring category-wise valuation of Quoted Current Investments against the earlier policy of scrip-wise valuation.	92.06
7.	5.2	Un-Quoted Current Investments	Substituted to include policy on valuation of equity shares converted from debt in line with RBI prudential norms.[1]	(46.27)
8.	5.3	Long term Investment	Earlier policy no. 5.2 renumbered.	Nil
9.	6.1 & 6.4	Asset Classification	6.1.2 (i) Modified to align with the RBI prudential norms.[1] 6.1.2 (ii) & 6.4 Modified to align with RBI Restructuring Norms / Directions[3]	Nil (2,550.76)
10.	6.2	Provisioning against Standard Loans and NPAs	Modified to align with the RBI prudential norms[1] resulting in – i) additional pro-rata provision on standard assets ii) Change in rate of provision from 100% to 50% on doubtful assets exceeding 3 years.	 (79.69) 707.80
11.	6.3	Provisioning against Restructured Loans	Apart from reordering of sub paras, modified to align with the RBI Restructuring Norms / Directions resulting in additional / pro-rata provision on restructured standard assets including an amount of ₹ 1,403.79 crore as explained at Note Part C-15 (a).[3]	(1549.64)
12.	8	Derivative Transactions	Augmented to align with the provisions of Guidance Note on Accounting for Derivative Contracts issued by ICAI applicable w.e.f 01.04.2016. [2]	178.15
Total				**(3,248.34)**

[1] Adoption of RBI norms (Refer Note Part C-14).

[2] Reference may be made to Note Part-C 5(E) for impact on opening reserves.

[3] Reference may be made to Note Part-C-15.

24. Depreciation on assets is provided over the useful life of assets as mentioned below:

S. No.	Category of Assets	Useful Life in Years	Residual value as a % of original Cost
1.	Building	60	5%
2	EDP Equipment		
2A	Servers and networks	6	5%
2B	End user devices i.e. desktops, laptops etc.	3	5%
3.	Office and other Equipment	5	5%
3A	Cell Phone	2	5%
4.	Furniture & Fixture	10	5%
5.	Vehicle (Car)	8	5%
6.	Intangible Assets	5	0%

All assets as mentioned above are depreciated using written down value method, while Intangible Assets are amortized using straight-line method over the useful life estimated by the Company. Further, Company's estimate of useful life for Cell Phone is shorter than life prescribed in Schedule II of the Companies Act, 2013, and for all other items useful life is in line with Schedule II of the Companies Act, 2013.

25. The Company has no outstanding liability towards Micro, Small and Medium enterprises.

26. Leasehold land is not amortized, as it is a perpetual lease.

27. As required under Section 125 of the Companies Act, 2013, ₹ 4.58 crore, (Previous Year ₹ 0.21 crore), became due for transfer to the Investor Education and Protection Fund (IEPF) during the year ended 31.03.2017 and was deposited. Further, an amount of ₹ 2.03 crore (Previous Year ₹ 0.56 crore) remains unpaid pending completion of transfer formalities by the claimants.

28. During the year, the Company has sent letters seeking confirmation of balances as at 31.12.2016 to the borrowers. Confirmation for 99.38% of the said balances have been received and confirmation for ₹ 1,482.46 crore is awaited.

29. Status of net deferred tax assets / liabilities as per Accounting Standard 22 "Accounting for Taxes on Income" is given below :

(₹ in crore)

Description	As at 31.03.2017	As at 31.03.2016
(A) **Deferred Tax Asset (+)**		
(i) Provision for expenses not deductible under Income Tax Act	17.30	18.29
(B) **Deferred Tax Liabilities (-)**		
(i) Depreciation	0.19	(0.07)
(ii) Lease income	(66.00)	(68.73)
(iii) Amortization	(0.24)	(0.47)
(iv) Unamortized Exchange Loss (Net)	(100.76)	(251.08)
(v) Net MTM Receivable from bank against derivative*	(101.00)	-
Net Deferred Tax liabilities (-)/Assets (+)	**(250.51)**	**(302.06)**

30. During the year, Government of India (GoI) has transferred 3,82,17,338 equity shares held in the Company to CPSE ETF (Central Public Sector Enterprises Exchange Traded Fund) account under DIPAM (Department of Investment and Public Asset Management) in connection with Further Fund Offer (FFO) of CPSE ETF Mutual Fund scheme. Shareholding of GoI in the Company has come down from 67.80% to 66.35% of the paid up equity share capital.

31. Shareholders in their Annual General Meeting held on 19th August 2016 have accorded approval:

(a) to increase the authorized share capital of the Company from ₹ 2,000 crore divided into 2,00,00,00,000 equity shares of ₹ 10/- each to ₹ 10,000 crore divided into 10,00,00,00,000 equity shares of ₹ 10/- each, and

(b) for issuance of Bonus Shares in the ratio of 1:1 by capitalizing the Securities Premium Account.

Consequently, the Board of Directors of the Company in its meeting held on 1st September 2016 has accorded approval for allotment of 132,00,40,704 bonus equity shares (in the ratio of 1:1) to the existing shareholders as on 29.08.2016 (record date). As a result of this, paid up equity share capital of Company has increased from ₹ 1,320.04 crore (132,00,40,704 equity shares of ₹ 10 each) to ₹ 2,640.08 crore (264,00,81,408 no of equity shares of ₹ 10 each).

32. In compliance with Accounting Standard – 20 on Earning Per Share, the calculation of Earnings Per Share (basic and diluted) is given below:

Description	During year ended 31.03.2017	During year ended 31.03.2016[1]
Net Profit after tax used as numerator (₹ in crore)	2,126.39	6,113.48
Weighted average number of equity shares used as denominator (basic)	264,00,81,408	132,00,40,704
Diluted effect of outstanding Stock Options	-	-
Weighted average number of equity shares used as denominator (diluted)	264,00,81,408	132,00,40,704
Earning per equity share, face value ₹ 10 each(basic) (₹)[1]	8.05	23.16
Effect of outstanding Stock Options (₹)	-	-
Earning per equity share, face value ₹ 10 each (diluted) (₹)[1]	8.05	23.16

[1]Earnings Per Share (basic and diluted) for FY 2015-16 has been adjusted on account of bonus shares.

33. A) The status of dividend on equity shares of face value of ₹ 10 each, for the year ended 31.03.2017 is as under:

Particulars	Year ended 31.03.2017			Year ended 31.03.2016		
	% of share capital	Per equity share (₹)	Amount (₹ in crore)	% of share capital	Per equity share (₹)	Amount (₹ in crore)
First Interim dividend	50%(1)	5.00	1,320.04	88%	8.80	1,161.64
Second Interim dividend	-	-	-	45%	4.50	594.02
Final Dividend	-	-	-	6%	0.60	79.20(2)
Total Dividend	**50%**	**5.00**	**1,320.04**	**139%**	**13.90**	**1,834.86**

(1)Declared by Board of Directors in their 359th meeting held on 24.03.2017 and paid on 07.04.2017.
(2) Paid on 01.09.2016.

B) Dividend payable to Non-Resident Shareholders

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. Particulars of dividends paid / payable to non-resident shareholders (including Foreign Institutional Investors) are given below:

Description	First Interim Dividend		Second Interim Dividend		Final Dividend	
Year to which the dividend relates	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**
Number of non-resident shareholders	3,343	2,507	NA	2,654	NA	2,740
Number of shares held by them of Face Value of ₹ 10 each	41,32,25,284	17,37,41,847	NA	17,00,05,752	NA	17,55,45,216
Gross amount of Dividend (₹ in crore)	206.61	152.88	NA	76.50	NA	10.52

34. Other key financial parameters:

Description	As at 31.03.2017	As at 31.03.2016
Debt Equity Ratio	5.55	5.61
Net worth (₹ in crore)	36,470.21	35,766.03

35. Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

	Items	As at 31.03.2017	As at 31.03.2016
(i)	Capital Fund - a. Tier I (₹ in crore)	33,454.83	33,217.38
	- b. Tier II (₹ in crore)	6,369.90	6,224.90
(ii)	Risk weighted assets along-with adjusted value of off balance sheet items. (₹ in crore)	206,567.92	1,94,558.46
(iii)	CRAR	19.28%	20.27%
(iv)	CRAR – Tier I Capital	16.20%	17.07%
(v)	CRAR – Tier II Capital	3.08%	3.20%
		During the year ended 31.03.2017	**During the year ended 31.03.2016**
(vi)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(vii)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

36. The Company does not transact in physical cash. Accordingly, no cash in Specified Bank Notes (SBN) was held or transacted during the period from 8th November, 2016 to 30th December, 2016.

37. **(I) Additional disclosures in accordance with RBI directions on Corporate Governance**

(A) Reference may be made to Note Part - B for Significant Accounting Policies.

(B) Capital

Reference may be made to Note Part C - 35 for CRAR.

(C) Investments

(₹ in crore)

Sl. No.	Description			As at 31.03.2017	As at 31.03.2016
(1)	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	3,680.94	2,774.79
		(b)	Outside India	-	-
	(ii)	Provisions for Depreciation			
		(a)	In India	89.81	97.32
		(b)	Outside India	-	-
	(iii)	Net Value of Investments			
		(a)	In India	3,591.13	2,677.47
		(b)	Outside India.		-
(2)	Movement of provisions held towards depreciation on investments.				
	(i)	Opening balance		97.32	1.06
	(ii)	Add : Provisions made during the year		86.59	96.26
	(iii)	Less : Write-off / write-back of excess provisions during the year		94.10	-
	(iv)	Closing balance		89.81	97.32

(D) Derivatives

I. Forward Rate Agreement / Interest Rate Swap in respect of Loan Liabilities:

(₹ in crore)

Sl. No.	Description	As at 31.03.2017	As at 31.03.2016
(i)	Notional principal of swap agreements	6,813.10	7,164.60
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	299.87	121.72
(iii)	Collateral required by NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from swaps	-	-
(v)	Fair value of swap book (obtained from counterparty banks)	299.87	121.72

II. Company does not hold any exchange traded Interest Rate (IR) derivatives (Previous year Nil).

III. Qualitative disclosures on Risk Exposure in Derivatives:

a. Company has put in place a Board approved Currency Risk Management (CRM) policy to manage and hedge risks associated with foreign currency borrowing. The said policy prescribes structure and organization for management of associated risks.

b. Company enters into derivatives viz. Principal only Swaps, Interest Rate Swaps and Forward Contracts for hedging the interest / exchange rate risk in Rupee and foreign currency liabilities. As per the CRM Policy, a system for reporting and monitoring of risks is in place; wherein Risk Management Committee consisting of senior executives monitors the foreign currency exchange rate and interest rate risks and are managed through various derivative instruments.

c. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

d. Reference may be made to Note Part B-8 for relevant accounting policy on derivative transactions.

IV. Quantitative Disclosures on Risk Exposure in Derivatives in respect of Loan Liabilities:

(₹ In Crore)

Sl. No.	Particular		As at 31.03.2017		As at 31.03.2016	
			Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)					
	For hedging[1]		2,107.63	6,813.10	939.65	7,164.60
(ii)	Marked to Market Positions (MTM)					
	a)	Asset (+MTM)	0.00	299.87	6.54	125.42
	b)	Liability (-MTM)	68.41	0.00	181.39	3.70
(iii)	Credit Exposure		-	-	-	-
(iv)	Unhedged Exposures[2]		6,405.68	6,296.24	10,070.22	8,587.86

[1] Interest rate derivatives include derivatives on Rupee liabilities of ₹ 6,164.60 crore (Previous year ₹ 7,164.60 crore)

[2] Includes JPY loan liability partly hedged through forward rate contract entered for one leg (USD/INR) for ₹ 291.83 crore (Previous year covering USD / JPY ₹ 701.09 crore).

(E) Disclosures related to Securitization

I. Company has not entered into any securitization transaction during the year and there is no exposure on account of securitization as at 31.03.2017 (Previous year Nil).

II. Company has not sold any financial assets to Securitization / Asset Reconstruction Company during the year ended 31.03.2017 (Previous Year Nil).

III. Company has not undertaken any assignment transaction during the year ended 31.03.2017 (Previous Year Nil).

IV. Company has neither purchased nor sold any non-performing financial assets during the year ended 31.03.2017 (Previous Year Nil).

(F) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

(₹ in crore)

Description	Up to 30 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances [1]	3,655.60	614.22	615.82	8,240.92	19,525.29	39,071.21	38,282.20	1,35,259.88	**245,265.14**
Investments[2]	0.00	0.00	0.00	0.00	1,325.53	0.00	0.00	2,265.60	**3,591.13**
Borrowings[3]	5,890.79	3,820.00	1,036.40	7,101.00	9,131.58	58,350.85	48,153.21	60,930.73	**194,414.56**
Foreign Currency assets	5.03	0.00	0.00	0.00	0.00	0.00	0.00	255.09	**260.12**
Foreign Currency Liabilities	4.64	0.00	5.08	1,167.30	9.73	1,660.15	4,645.72	951.26	**8,443.88**

[1]Rupee Loan Assets

[2]Net of provision

[3]Rupee Liabilities

(G) Exposures

I. Company does not have any exposure to real estate sector.

II. Exposure to Capital Market:

(₹ in crore)

Sl. No.	Description	Amount as at 31.03.2017	Amount as at 31.03.2016
(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);	1,874.79	869.64
(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;	Nil	Nil
(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;	Nil	Nil
(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);	Nil	Nil
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(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;	2,772.39	1,744.13
(vii)	Bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.15	6.15
	Total Exposure to Capital Market	**4,653.33**	**2,619.92**

III. Details of financing of parent company products:

Company does not have a parent company.

IV. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

Company has not exceeded its prudential exposure limits against Single Borrower / Group Borrower Limits during FY 2016-17 and FY 2015-16.

V. Unsecured Advances:

Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is Nil as at 31.03.2017 (Previous year Nil).

(H) Registration obtained from other financial sector regulators:

Nil.

(I) Disclosure of Penalties imposed by RBI and other regulators

During the year ended 31.03.2017, no penalty has been imposed on the Company by RBI and other regulators (Previous Year Nil).

(J) Credit rating

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

Sl. 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.

b. Long term foreign currency issuer rating assigned to the Company as at 31.03.2017:

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

(K) Net Profit or Loss for the period, prior period items and changes in accounting policies

Reference may be made to Part A-18 and C-23 of notes to accounts regarding prior period items and changes in accounting policies respectively.

(L) Circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties

Nil.

(M) Company is preparing Consolidated Financial Statements in accordance with Accounting Standard – 21 and 27. Reference may be made to Part C – 7 (A) of notes to accounts in this regard.

(N) Provisions and Contingencies

Reference may be made to Note Part C-21 for provisions and contingencies.

(O) Draw Down from Reserves

Reference may be made to Note Part C – 31 and Note - Part A - 2.

(P) Concentration of Deposits, Advances, Exposures and NPAs

a. Concentration of Deposits (for deposit taking NBFCs) - Company is a non-deposit accepting NBFC.

b. Concentration of Advances:

(₹ In crore)

Description	As at 31.03.2017	As at 31.03.2016
Total Advances to 20 largest borrowers	1,53,506.95	1,49,625.35
Percentage of Advances to 20 largest borrowers to Total Advances of the Company	62.60%	62.63%

c. Concentration of Exposures:

(₹ In crore)

Description	As at 31.03.2017	As at 31.03.2016
Total Exposure to twenty largest borrowers / customers	2,40,892.19	2,10,983.79
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	56.23%	56.43%

d. Concentration of NPAs:

(₹ In crore)

Description	As at 31.03.2017	As at 31.03.2016
Total Outstanding to top four NPA accounts	22,667.83	4,461.48

e. Sector-wise NPAs:

Company is a Government Company engaged in extending financial assistance to power sector. As at 31.03.2017, the percentage of Gross NPAs to total loan assets stands at 12.50% (Previous year 3.15%).

(Q) Movement of NPAs in respect of Loan Assets

(₹ In Crore)

Sl. No.	Description		Year ended 31.03.2017	Year ended 31.03.2016
(i)	Net NPAs to Net Advances (%)		10.55	2.55
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	7,519.04	2,533.31
	(b)	Additions during the year	24,573.14	8,385.58
	(c)	Reductions during the year	1,389.97	3,399.85
	(d)	Closing balance	30,702.21	7,519.04
(iii)	Movement of Net NPAs			
	(a)	Opening balance	6,061.02	2,008.96
	(b)	Additions during the year	20,536.65	7,111.93
	(c)	Reductions during the year	1,251.70	3,059.87
	(d)	Closing balance	24,345.97	6,061.02
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	1458.02	524.35
	(b)	Provisions made during the year	4,036.50	1,273.66
	(c)	Write-off / write-back of excess provisions	138.27	339.99
	(d)	Closing balance	5,356.25	1,458.02

(R) Company does not have any Overseas Assets in the form of Joint Ventures and Subsidiaries.

(S) Reference may be made to Part C-7(A)(b) of notes to accounts for list of Off-balance Sheet SPVs sponsored by the Company.

(T) Customer Complaints for FY 2016-17

Sl. No.	Description	Number of complaints
(a)	No. of complaints pending at the beginning of the year	Nil
(b)	No. of complaints received during the year	Nil
(c)	No. of complaints redressed during the year	Nil
(d)	No. of complaints pending at the end of the year	Nil

38. Disclosure so far as applicable in line with Paragraph 18 of RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016:

(₹ in Crore)

		Particulars	Amount as on 31.03.2017		Amount as on 31.03.2016	
		Liabilities Side	**outstanding**	**overdue**	**outstanding**	**overdue**
(1)		**Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid:**				
	(a)	Debentures : Secured	20,109.87	0.00	21,786.66	0.00
		: Unsecured	170,800.80	0.00	150,552.50	0.00
	(b)	(i) Rupee Term Loans	2,000.00	0.00	11,000.00	0.00
		(ii) Foreign Currency Loans	7,276.58	0.00	9,573.71	0.00
	(c)	Commercial Paper	0.00	0.00	5,286.37	0.00
	(d)	Short Term Borrowings	2,400.79	0.00	2,285.20	0.00

			Assets Side	Principal Amount Outstanding as on 31.03.2017	Principal Amount Outstanding as on 31.03.2016
(2)			**Break-up of Loans and Advances including bills receivables (other than those included in (3) below) (Net of Provisions) :**		
	(a)		Secured	168,251.79	147,738.28
	(b)		Unsecured	72,039.40	89,783.11
(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	194.32	204.09
(4)			**Break-up of Investments (Net of Provisions)**		
	Current Investments				
	1.		Quoted		
		(i)	Shares		
			(a) Equity	1,071.02	410.74
	2.		Unquoted		
		(i)	Shares		
			(a) Equity	254.51	0.00
	Long Term Investments				
	1.		Quoted		
		(i)	Shares		
			(a) Equity	12.00	12.00
		(ii)	Debentures and Bonds	1,800.00	1,800.00
	2.		Unquoted		
		(i)	Shares		
			(a) Equity*	247.45	149.58
			(b) Preference	200.00	200.00
		(ii)	Units of SIB Fund	6.15	6.15

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:
(as per applicable provisioning norms)

		Category	Amount Net of Provisions (as on 31.03.2017)			Amount Net of Provisions (as on 31.03.2016)		
			Secured	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
1.		Related Parties						
	(a)	Subsidiaries	0.00	496.18	496.18	0.00	202.04	202.04
	(b)	Other related parties	0.04	0.46	0.50	0.03	0.36	0.39
2.		Other than related parties	168,446.07	71,542.76	239,988.83	147,942.34	89,580.71	237,523.05
		Total	168,446.11	72,039.40	240,485.51	147,942.37	89,783.11	237,725.48

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

		Category	As on 31.03.2017		As on 31.03.2016	
			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	437.91	300.95	348.86	300.95
	(b)	Companies in the same group*	183.86	146.50	61.01	48.63
2.		Other than related parties				
	(i)	Quoted	3,170.10	2,883.02	2,292.10	2,222.74
	(ii)	Unquoted	331.47	260.66	6.30	6.15
		Total	**4,123.34**	**3,591.13**	**2,708.26**	**2,578.47**

(7) Other Information

		Particulars	Amount (as on 31.03.2017)	Amount (as on 31.03.2016)
(i)		Gross Non-performing Assets		
	(a)	Other than related parties	30,718.61	7,520.19
(ii)		Net Non-performing Assets		
	(a)	Other than related parties	25,345.95	6,061.17
(iii)		Assets acquired in satisfaction of debt	341.10	0.00

*Book value as on 31.03.2016 excludes investment of ₹ 99.00 crore to subscribe 9,90,00,000 equity shares of face value of ₹ 10 of EESL (a JV Company).

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

39. Additional disclosure flowing from RBI schemes for dealing with stressed assets:

A. Disclosures on Strategic Debt

Restructuring Scheme (accounts which are currently under the stand-still period)

{Figures in brackets ( ) are for previous year} **(Amount in ₹ Crore)**

No. of accounts where SDR has been invoked	Amount outstanding as on 31.03.2017		Amount outstanding as on 31.03.2017 with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on 31.03.2017 with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
1	928.06 (-)	- (-)	- (-)	- (-)	928.06 (-)	- (-)

B. Disclosures on Change in Ownership outside SDR Scheme

{Figures in brackets ( ) are for previous year} **(Amount in ₹ Crore)**

No. of account s where banks have decided to effect change in owners hip	Amount outstanding as on 31.03.2017		Amount outstanding as on 31.03.2017 with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on 31.03.2017 with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on 31.03.2017 with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
1	- (-)	924.48 (-)	- (-)	- (-)	- (-)	924.48 (-)	- (-)	- (-)

40.	The identification of Business segment is done in accordance with the system adopted for internal financial reporting to the board of directors and management structure. The company's primary business is to provide finance for power sector which in the context of Accounting Standard 17 is considered the only primary business segment. Hence, no segmental reporting is required.
41.	Figures have been rounded off to the nearest crore of rupees with two decimals.
42.	Figures for the previous period have been regrouped / reclassified wherever necessary, to confirm to current period classification.

For and on behalf of the Board of Directors

(Manohar Balwani)
Company Secretary

(R Nagarajan)
Director (Finance)
DIN – 00701892

(Rajeev Sharma)
Chairman & Managing Director
DIN – 00973413

Signed in terms of our report of even date

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

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

(CA M. K. AGGARWAL)
Partner
Membership No - 014956

CA SANJEEV CHANDNA
Partner
Membership No. 087354

Place: New Delhi
Date: 29.05.2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POWER FINANCE CORPORATION LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Power Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting & auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016 and its profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to the following matters in the notes to the financial statements:

(a) Note no. 13 (C) of Part-C 'Other Notes on Accounts' regarding realignment of provisions made on standard assets as per RBI norms for the period 31.03.2016.

(b) Note No. 15 of Part-C 'Other Notes on Accounts', regarding prudential norms as stipulated by Reserve Bank of

India with respect to Restructuring / Reschedulement/ Renegotiation (R/R/R) and realignment of provisions made on restructured standard assets as per RBI norms for the period 31.03.2016.

Our opinion is not modified in respect of above matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(5) of the Act, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the financial statements of the Company given in the **Annexure A.**

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure B** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

3. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure C.**

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note no. 2(B) & note no. 3 of Part-C'Other Notes on Accounts' to the financial statements;

      ii. There are no long-term contracts including derivative contracts existing as on the date of balance sheet for which provision is required to be made under the applicable law or accounting standards for any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR M.K. AGGARWAL & CO.
Chartered Accountants
Firm's Registration No.: 01411N
by the hand of

Sd/-
CA ATUL AGGARWAL
Partner
Membership No.099374

FOR K. B. CHANDNA & CO.
Chartered Accountants
Firm's Registration No.: 00862N
by the hand of

Sd/-
CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 25.05.2016
Place: New Delhi

Annexure- A to Independent Auditors' Report on the Standalone Financial Statements

As required under the Section 143(5) of the Act, with respect to the directions and sub-directions issued by The Comptroller & Auditor General of India, we report that:

Sl. No.	Questionnaire	Replies
1	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available.	Yes, the Company has clear title / lease deeds for freehold and leasehold land respectively
2	Whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	During FY 2015-16: a. In line with MOP's Office Memorandum dated 20th November 2015, interest on interest amounting to ₹34.93 crore and penal interest amounting to ₹5.34 crore has been waived off in respect of states who have signed MoU under Ujwal DISCOM Assurance Yojna (UDAY). b. Commitment charges aggregating to ₹0.01 crore were waived off in respect of one borrower as per the request of the borrower and extant delegation of powers. c. Additional interest aggregating to ₹0.41 crore were waived off in respect of two borrowers as per the request of the borrowers and extant delegation of powers.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities?	N.A.
4	In respect of provisioning requirement of all restructured, rescheduled or renegotiated loan, whether a system of periodical assessment of realizable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard may be suitably commented upon.	The matter is governed by clause 6C (iii) of prudential norms of the Company. This clause is not applicable on the stock of outstanding restructured loans to generating companies as on 31.03.2015. On such stock of loans, provisioning is made as per RBI directions vide letter dated 11.06.2014 i.e. to commence with a provision of 2.75% with effect from 31.03.2015 and reaching 5% by 31.03.2018. The resulting provisioning aligned to RBI's direction as on 31.03.2016 stands at ₹ 1129.20 crore as disclosed at note no. 16 of Note Part –C 'Other Notes on Accounts'. Clause 6C (iii) is applicable only on restructured project loans extended to Transmission &Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters till 31.03.2017. Such loan assets amounting to ₹ 1,016.77 crore are classified as secured as on 31.03.2016. Accordingly, security valuation is not required on such secured loan assets. Further, subsequent to sub-direction, with respect to Clause 6C (iii) a system for periodical assessment of realizable value of securities available has also been devised.

FOR M.K. AGGARWAL & CO.
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FOR K. B. CHANDNA & CO.
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Firm's Registration No.: 00862N
by the hand of
Sd/-
CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 25.05.2016
Place: New Delhi

Annexure B to Independent Auditor's Report on the Standalone Financial Statements

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the management carries out the physical verification of fixed assets at the year end in a phased manner. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification necessitating any adjustment.

(c) The Company has clear title deeds of immovable properties held in its name.

ii. The Company is a Non-Banking Finance Company. Accordingly, it does not hold any Inventory. Thus, clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

iii. As explained to us and verified from books and records, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Further, clauses 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

iv. The Company has not given any loans, investment, guarantees and securities which may be covered under section 185 and 186 of the Companies Act, 2013.

v. According to the information and explanations given to us, the Company has not accepted any deposit from public during the year within the meaning of section 73 to 76 or any other relevant provision of the companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clauses 3(vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

vii. In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the company, we report that:

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Service Tax and Value Added Tax and other material statutory dues as applicable to it and there is no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months as on 31st March, 2016, as per the accounts of the Company.

(b) Wherever any dues / demand has been raised by any statutory authority and has been disputed by the Company, the same has been duly deposited under contest.

viii. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

ix. Money raised by way of debt instruments and term loans during the year was applied for the purposes for which it was raised.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

xi. Being a Government Company, Section 197 of Companies Act, 2013 does not apply to the Company.

xii. The Company is not a Nidhi Company. Hence, the Nidhi Rules, 2014 are not applicable to the Company. Accordingly, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

xiii. All transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable. The details have been disclosed in the Financial Statements as per the requirement of the accounting standard.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. The Company has not entered into any non-cash transactions with directors or persons connected with them which are covered under Section 192 of Companies Act, 2013.

xvi. The Company is a Non- Banking Finance Company and has obtained registration u/s 45-IA of the Reserve Bank of India Act, 1934.

FOR M.K. AGGARWAL & CO.
Chartered Accountants
Firm's Registration No.: 01411N
by the hand of

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FOR K. B. CHANDNA & CO.
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Firm's Registration No.: 00862N
by the hand of

Sd/-
CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 25.05.2016
Place: New Delhi

Annexure – C to the Independent Auditors' Report on the Standalone Financial Statements

Report on the Internal Financial Controls under Clause (i) of Sub-section3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Power Finance Corporation Limited** ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of the Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR M.K. AGGARWAL & CO.
Chartered Accountants
Firm's Registration No.: 01411N
by the hand of

Sd/-
CA ATUL AGGARWAL
Partner
Membership No.099374

FOR K. B. CHANDNA & CO.
Chartered Accountants
Firm's Registration No.: 00862N
by the hand of

Sd/-
CA SANJEEV CHANDNA
Partner
Membership No.087354

Date: 25.05.2016
Place: New Delhi

POWER FINANCE CORPORATION LIMITED
CIN L65910DL1986GOI024862
BALANCE SHEET AS AT 31st MARCH, 2016

(₹ in crore)

	Description			Note Part	As at 31.03.2016		As at 31.03.2015	
A	**EQUITY AND LIABILITIES**							
	(1)		**Shareholders' Funds**					
		(i)	Share Capital	A-1	1,320.04		1,320.04	
		(ii)	Reserves & Surplus	A-2	34,445.99	35,766.03	30,899.17	32,219.21
	(2)		**Non-Current Liabilities**					
		(i)	Long-Term Borrowing	A-3				
			Secured		19,869.75		20,786.66	
			Un-secured		152,679.95	172,549.70	144,186.80	164,973.46
		(ii)	Deferred Tax Liabilities (Net)	C-29		302.06		189.25
		(iii)	Other Long-Term Liabilities	A-4		548.75		333.81
		(iv)	Long-Term Provisions	A-5		1,229.28		963.61
	(3)		**Current Liabilities**					
		(i)	Short -Term Borrowing	A-3				
			Secured		0.00		1,928.17	
			Un-secured		7,571.57		2,136.24	
		(ii)	Other Current Liabilities					
		a)	Current Maturity of Long-Term Borrowing	A-3				
			Secured		1,916.91		1,990.00	
			Un-secured		18,446.26		16,745.28	
		b)	Other	A-4	7,500.77		6,660.15	
		(iii)	Short Term Provisions	A-5	805.44	36,240.95	525.23	29,985.07
			Total			**246,636.77**		**228,664.41**
B	**ASSETS**							
	(1)		**Non-Current Assets**					
		(i)	Fixed Assets	A-6				
		a)	Tangible Assets		105.13		104.48	
			Less: Accumulated Depreciation		42.57	62.56	40.42	64.06
		b)	Intangible Assets		8.77		8.26	
			Less: Accumulated Amortization		7.42	1.35	6.53	1.73
			Intangible Assets under Development			0.16		0.00
		(ii)	Non-Current Investments	A-7				
			Trade		466.73		347.28	
			Others		1,800.00	2,266.73	0.00	347.28
		(iii)	Long-Term Loans	A-8				
			Secured		134,642.08		129,609.30	
			Un-Secured		65,394.00	200,036.08	68,233.61	197,842.91
		(iv)	Other Non-Current Assets	A-9		314.98		224.72
	(2)		**Current Assets**					
		(i)	Current Investments	A-10	410.74		504.04	
		(ii)	Cash and Bank Balances	A-11	78.45		5,070.80	
		(iii)	Short-Term Loans	A-8				
			Secured		1,092.51		549.88	
			Un-Secured		2,711.45		2,456.12	
		(iv)	Other Current Assets					
		a)	Current Maturity of Long-Term Loans	A-8				
			Secured		12,191.12		10,710.13	
			Un-Secured		21,431.03		5,601.96	
		b)	Others	A-9	6,039.61	43,954.91	5,290.78	30,183.71
			Total			**246,636.77**		**228,664.41**
	SIGNIFICANT ACCOUNTING POLICIES			Part B				
	OTHER NOTES ON ACCOUNTS			Part C				

Notes from Part A to Part C form integral part of Financial Statements.

For and on behalf of the Board of Directors

Sd\-	Sd\-	Sd\-
(MANOHAR BALWANI)	**R.NAGARAJAN**	**M.K. GOEL**
Company Secretary	Director (Finance)	Chairman & Managing Director
	DIN - 00701892	DIN - 00239813

Signed in terms of our report of even date attached

	For M.K. Aggarwal & Co.	For K.B.Chandna & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regn. No - 01411N	Firm Regn. No.: 00862N
Place : New Delhi	**Sd\-**	**Sd\-**
Date : 25.05.2016	**(ATUL AGGARWAL)**	**(SANJEEV CHANDNA)**
	PARTNER	PARTNER
	Membership No - 099374	Membership No - 087354

POWER FINANCE CORPORATION LIMITED
CIN L65910DL1986GOI024862
STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31st MARCH, 2016

(₹ in crore)

	Description	Note Part	Year ended 31.03.2016		Year ended 31.03.2015	
I.	**Revenue from Operations**					
	Interest	A-12	27,079.44		24,586.10	
	Other Operating Income	A-12	118.38		132.38	
	Other Financial Services	A-12	275.83	27,473.65	143.89	24,862.37
II.	**Other Income**					
	Other Income	A-13		90.66		45.48
III	**Total Income (I + II)**			**27,564.31**		**24,907.85**
IV.	**EXPENSES**					
	Finance Costs	A-14		16,473.81		15,439.23
	Bond Issue Expenses	A-15		33.44		31.40
	Employee Benefit Expenses	A-16		90.37		85.81
	Provisions	C-16		1609.32		842.91
	Provision for decline in value of investments	C-20		96.26		1.06
	Depreciation and Amortization Expenses	A-6		6.17		6.09
	CSR Expenses	C-21(a)		145.79		117.49
	Other Expenses	A-17		50.62		7.79
	Prior Period Items (Net)	A-18		(2.13)		(2.16)
	Total Expenses			**18,503.65**		**16,529.62**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**			9,060.66		**8,378.23**
VI.	Exceptional Items			0.00		0.00
VII.	**Profit before extraordinary items and tax (V-VI)**			9,060.66		**8,378.23**
VIII.	Extraordinary Items			0.00		0.00
IX.	**Profit Before Tax (VII-VIII)**			9,060.66		**8,378.23**
X.	**Tax Expenses**					
	(1) Current Tax					
	Current Year		2,822.26		2,502.42	
	Earlier Years		12.11	2,834.37	0.46	2,502.88
	(2) Deferred Tax liability(+) / Asset(-)			112.81		**(83.98)**
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**			**6,113.48**		**5,959.33**
XII.	**Earnings per equity share of ₹ 10/- each**	C-30				
	(1) Basic (₹)			46.31		**45.15**
	(2) Diluted (₹)			46.31		**45.15**

SIGNIFICANT ACCOUNTING POLICIES — **Part B**

OTHER NOTES ON ACCOUNTS — **Part C**

Notes from Part A to Part C form integral part of Financial Statements.

For and on behalf of the Board of Directors

Sd\-	Sd\-	Sd\-
(MANOHAR BALWANI)	**R.NAGARAJAN**	**M.K. GOEL**
Company Secretary	Director (Finance)	Chairman & Managing Director
	DIN - 00701892	DIN - 00239813

Signed in terms of our report of even date attached

	For M.K. Aggarwal & Co.	For K.B.Chandna & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regn. No - 01411N	Firm Regn. No.: 00862N
Place : New Delhi	**Sd\-**	**Sd\-**
Date : 25.05.2016	**(ATUL AGGARWAL)**	**(SANJEEV CHANDNA)**
	PARTNER	PARTNER
	Membership No - 099374	Membership No - 087354

POWER FINANCE CORPORATION LIMITED
CIN L65910DL1986GOI024862
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in crore)

	Description	Year ended 31.03.2016		Year ended 31.03.2015	
I.	**Cash Flow from Operating Activities :-**				
	Net Profit before Tax and Extraordinary items	**9,060.66**		**8,378.23**	
	ADD: Adjustments for				
	Loss on Sale of Fixed Assets (net)	0.14		(0.04)	
	Profit on sale of Investments	(0.49)		(1.31)	
	Depreciation / Amortization	6.17		6.09	
	Amortization of Zero Coupon Bonds & Commercial Papers	(11.55)		47.50	
	Foreign Exchange Translation Loss	306.16		222.64	
	Provision for decline in value of investments	96.26		1.06	
	Provisions	1609.32		842.91	
	Dividend / Interest on investment	(70.66)		(31.46)	
	CSR Expenses	145.79		117.49	
	Interest Subsidy Fund	(3.88)		(12.52)	
	Provision for interest under IT Act	0.00		4.32	
	Excess Liabilities written back	(0.30)		(2.45)	
	Provision for Retirement Benefits / Other Welfare Expenses / Wage revision	20.84		21.94	
	Operating profit before working Capital Changes:	**11,158.46**		**9,594.40**	
	Increase / Decrease :				
	Loans Assets (Net)	(21,220.77)		(28,570.46)	
	Other Assets	(774.44)		(725.94)	
	Foreign Currency Monetary Item Translation Difference A/c	(359.18)		328.65	
	Liabilities and provisions	878.88		358.98	
	Cash flow before extraordinary items	**(10,317.05)**		**(19,014.37)**	
	Extraordinary items	0.00		0.00	
	Cash Inflow / Outflow from operations before Tax	**(10,317.05)**		**(19,014.37)**	
	Income Tax paid	(3,059.54)		(2,453.36)	
	Income Tax Refund	37.62		5.67	
	Net Cash flow from Operating Activities		**(13,338.97)**		**(21,462.06)**
II.	**Cash Flow From Investing Activities :**				
	Sale / adjustment of Tangible / Intangible Assets	0.14		0.18	
	Purchase of Tangible / Intangible Assets	(4.57)		(4.30)	
	Increase / decrease in Intangible assets under development	(0.16)		0.00	
	Investments in Subsidiaries	(0.20)		0.00	
	Dividend on investments	70.66		31.46	
	Purchase / Sale of Other Investments	(1921.72)		(498.90)	
	Net Cash Used in Investing Activities		**(1855.85)**		**(471.56)**
III.	**Cash Flow From Financing Activities :**				
	Issue of Bonds (including premium) (Net)	**11711.11**		32857.60	

	Raising of Long Term Loans (Net)	**(3,585.00)**		(7,885.00)	
	Foreign Currency Loans (Net)	**732.75**		566.33	
	Commercial paper (Net)	**3195.00**		805.00	
	Loan Against Fixed Deposits / Working Capital Demand Loan / OD / CC / Line of Credit (Net)	**357.03**		1928.17	
	Unclaimed Bonds (Net)	**(0.13)**		(0.57)	
	Unclaimed Dividend (Net)	**0.40**		(0.13)	
	Payment of Final Dividend of Previous year	**(79.20)**		(26.40)	
	Payment of Interim Dividend of Current year	**(1755.66)**		(1122.04)	
	Payment of Corporate Dividend Tax	**(372.86)**		(228.59)	
	Net Cash in-flow from Financing Activities		**10,203.44**		**26,894.37**
	Net Increase / Decrease in Cash & Cash Equivalents		**(4,991.38)**		**4,960.75**
	Add : Cash & Cash Equivalents at beginning of the financial year		5019.44		58.69
	Cash & Cash Equivalents at the end of the financial year		**28.06**		**5019.44**
	Details of Cash & Cash Equivalents at the end of the year:				
i)	Balances in current accounts with:				
	Reserve Bank of India	0.05		0.05	
	Scheduled Banks	28.01	28.06	127.16	127.21
ii)	Cheques in hand		0.00		0.01
iii)	Imprest with postal authority		0.00		0.00
iv)	Fixed Deposits with Scheduled Banks (original maturity up to three months)		0.00		4892.22
	Sub Total (I)		**28.06**		**5019.44**
	Details of Earmarked Cash and Bank Balances at the end of the year:				
i)	Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.		6.41		1.36
ii)	IPDS / R-APDRP				
	Balances in current account with schedule banks		13.01		5.00
	Fixed Deposits with Banks (original maturity up to 3 months)		0.00		45.00
iii)	Fixed Deposits with Banks - for Redemption of Debentures (original maturity up to 3 months)		30.97		0.00
	Sub Total (II)		**50.39**		**51.36**
	Total Cash and Bank Balance at the end of the year. (I+II)		**78.45**		**5,070.80**

For and on behalf of the Board of Directors

Sd\-	**Sd\-**	**Sd\-**
(MANOHAR BALWANI)	**R.NAGARAJAN**	**M.K. GOEL**
Company Secretary	Director (Finance)	Chairman & Managing Director
	DIN - 00701892	DIN - 00239813

Signed in terms of our report of even date attached

	For M.K. Aggarwal & Co.	For K.B.Chandna & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regn. No - 01411N	Firm Regn. No.: 00862N
Place : New Delhi	**Sd\-**	**Sd\-**
Date : 25.05.2016	**(ATUL AGGARWAL)**	**(SANJEEV CHANDNA)**
	PARTNER	PARTNER
	Membership No - 099374	Membership No - 087354

NOTE - Part A - 1
SHARE CAPITAL

(₹ in crore)

	Description	As at 31.03.2016	As at 31.03.2015
A	**Authorized :**		
	200,00,00,000 Equity shares of par value of ₹ 10/- each (Previous year 200,00,00,000 equity shares of par value of ₹ 10/- each)	2,000.00	2,000.00
	Total	**2,000.00**	**2,000.00**
B	**Issued, subscribed and fully paid up :**		
	132,00,40,704 Equity shares of par value of ₹ 10/- each (Previous year 132,00,40,704 equity shares of par value of ₹ 10/- each)	1,320.04	1,320.04
	Total	**1,320.04**	**1,320.04**

Notes:-

1. During the year, the Company has neither issued nor bought back any shares.

2. The Company has only one class of equity shares having a par value of ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meetings of shareholders.

3. Redeemable preference shares as on 31.03.2016 stand at Nil (Previous year Nil).

4. During the year, no shares have been allotted under ESOP scheme.

5. Reconciliation of the number of equity shares

Description	As at 31.03.2016	As at 31.03.2015
	Number	**Number**
Opening Balance	132,00,40,704	132,00,40,704
Issued during the year	Nil	Nil
Closing Balance	132,00,40,704	132,00,40,704

6. (a) During the year, Government of India, Ministry of Power, acting through Department of Disinvestment has disinvested 29,188 equity shares of par value of ₹ 10/- each by selling it to Goldman Sachs Asset Management (India) Private Limited.

(b) During the year, President of India, acting through and represented by Ministry of Power, Government of India has sold 6,60,02,035 equity shares of par value of ₹ 10/- each representing 5% of the total paid up equity share capital of the Company, out of its shareholding of 72.80%, through "Offer for Sale" of shares by Promoters through the Stock Exchange mechanism. Post sale of shares, promoter shareholding stands at 67.80% of the total paid up share capital of the Company.

7. Information on shares in the Company held by each shareholder holding more than 5 percent of paid -up equity share capital :

Name of Holders		31.03.2016	31.03.2015
President of India	% of Share Holding	67.80	72.80
	No. of Shares Held	894,924,366	960,955,589
Life Insurance Corporation of India	% of Share Holding	9.08	6.90
	No. of Shares Held	119,830,788	91,071,654

NOTE - Part A - 2
RESERVES & SURPLUS

(₹ in crore)

Description		As at 31.03.2016		As at 31.03.2015	
(A)	**Securities Premium Account**				
	Opening balance	4,096.37		4,096.37	
	Add : Addition during the year	0.21	4,096.58	0.00	4,096.37
(B)	**Debenture Redemption Reserve**				
	Opening balance	856.28		546.08	
	Add : Transfer from Profit and Loss Appropriation (Refer Note No. 4(B) of Part-C - Other Notes on Accounts)	316.27	1,172.55	310.20	856.28
(C)	**Others**				
(i)	**Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income Tax Act,1961**				
	Opening balance	2,117.93		1,730.44	
	Add : Transfer from Profit and Loss Appropriation	429.21	2,547.14	387.49	2,117.93
(ii)	**Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97**		599.85		599.85
(iii)	**Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98**				
	Opening balance	10,540.21		8,624.46	
	Add : Transfer from Profit and Loss Appropriation	2,004.16		1,850.10	
	Add : Transfer from Surplus*	28.76		72.47	
	Less: Transfer to General Reserve	(66.22)	12,506.91	(6.82)	10,540.21
(iv)	**General Reserve**				
	Opening balance	4,197.11		3,594.29	
	Add : Transfer from Profit and Loss Appropriation	1,101.00		596.00	
	Add: Transferred from Special Reserve	66.22	5,364.33	6.82	4,197.11
(v)	**Foreign Currency Monetary Item Translation Difference A/c (Refer Note No. 5(C) of Part-C - Other Notes on Accounts)**				
	Opening balance	(380.56)		(709.21)	
	Add : Net addition during the year	(359.18)	(739.74)	328.65	(380.56)
(D)	**Surplus**				
	Opening balance	8,871.98		7,572.29	
	Add: Adjustments during the current year	0.03		0.00	
	Less : Depreciation on Life Expired Assets	0.00		(1.92)	
	Less : Transfers to Special Reserve under Income Tax Act, 1961*	(28.76)		(72.47)	
	Add : Surplus retained from the Profit and Loss Appropriation for the year	55.12	8,898.37	1,374.08	8,871.98
	Total (A) + (B) + (C) +(D)		**34,445.99**		**30,899.17**

Note : Profit and Loss Appropriation

Description	As at 31.03.2016		As at 31.03.2015	
Profit after tax for the year		**6,113.48**		**5,959.33**
Less : Transfer to Reserves				
Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1)(viia)(c) of Income Tax Act, 1961	429.21		387.49	
Transfer to Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	2,004.16		1,850.10	
Debenture Redemption Reserve	316.27		310.20	
General Reserve	1,101.00	**3,850.64**	596.00	**3,143.79**
Less : Dividend & Corporate Dividend Tax				
Interim Dividend	1,755.66		1,122.04	
Proposed Final Dividend	79.20		79.20	
Corporate Dividend Tax on Interim Dividend	356.74		224.10	
Proposed Corporate Dividend Tax	16.12	**2,207.72**	16.12	**1,441.46**
Total		**55.12**		**1,374.08**

* Transferred to match the deduction claimed as per the Income tax return for the Assessment Year 2015-16.

NOTE - Part A - 3
BORROWINGS

(₹ in crore)

Description	As at 31.03.2016			As at 31.03.2015		
	Current	Non-Current	Total	Current	Non-Current	Total
A. Long Term Borrowings						
I. Secured						
Bonds						
Infrastructure Bonds (Refer Note No. I)	316.91	44.64	361.55	0.00	361.55	361.55
Tax Free Bonds (Refer Note No. II)	0.00	12,275.11	12,275.11	0.00	11,275.11	11,275.11
Other Bonds (Refer Note No. III)	1,600.00	7,550.00	9,150.00	1,990.00	9,150.00	11,140.00
Sub Total (I)	**1,916.91**	**19,869.75**	**21,786.66**	**1,990.00**	**20,786.66**	**22,776.66**
II. Unsecured						
a) Bonds						
Other Bonds / Debentures (Refer Note No. IV & V)	15,868.00	129,682.64	145,550.64	10,235.10	122,581.32	132,816.42
Subordinated Bonds (Refer Note No. VI)	0.00	3,800.00	3,800.00	0.00	3,800.00	3,800.00
Foreign Currency Notes (Refer Note No. VII)	0.00	1,201.86	1,201.86	0.00	1,135.08	1,135.08
	15,868.00	**134,684.50**	**150,552.50**	**10,235.10**	**127,516.40**	**137,751.50**
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) (Refer Note No. VIII)	20.68	217.19	237.87	22.07	219.28	241.35
Syndicated Foreign Currency Loans from banks / Financial Institutions (Refer Note No. IX)	2,057.58	7,278.26	9,335.84	2,029.11	6,325.12	8,354.23
	2,078.26	**7,495.45**	**9,573.71**	**2,051.18**	**6,544.40**	**8,595.58**
c) Rupee Term Loans						
Rupee Term Loans (From Banks) (Refer Note No X)	500.00	10,500.00	11,000.00	4,459.00	10,126.00	14,585.00
	500.00	**10,500.00**	**11,000.00**	**4,459.00**	**10,126.00**	**14,585.00**
Sub Total (II)	**18,446.26**	**152,679.95**	**171,126.21**	**16,745.28**	**144,186.80**	**160,932.08**
B. Short Term Borrowings						
Rupee Term Loans						
I. Secured						
Loan against FD from banks	0.00	0.00	0.00	1,928.17	0.00	1,928.17
Sub Total (I)	**0.00**	**0.00**	**0.00**	**1,928.17**	**0.00**	**1,928.17**
II. Unsecured						
Commercial Paper (Refer Note No. XI)	5,286.37	0.00	5,286.37	2,136.24	0.00	2,136.24
Working Capital Demand Loan / OD / CC / Line of Credit from Banks	2,285.20	0.00	2,285.20	0.00	0.00	0.00
Sub Total (II)	**7,571.57**	**0.00**	**7,571.57**	**2,136.24**	**0.00**	**2,136.24**
Total (A) + (B)	**27,934.74**	**172,549.70**	**200,484.44**	**22,799.69**	**164,973.46**	**187,773.15**

Notes:-

I. Details of Infrastructure Bonds outstanding as at 31.03.2016 are as follows:

Sl. No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Redemption details	Nature of Security	Extent of Security
1	Infrastructure Bonds (2011-12) Series-III	21.11.2011	8.75%	3.23	22-Nov-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
2	Infrastructure Bonds (2011-12) Series - IV	21.11.2011	8.75%	8.83	22-Nov-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.		
3	Infrastructure Bonds (2010-11) Series-3	31.03.2011	8.50%	6.13	1-Apr-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,090.80 crore as on 31.03.2016 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.	100%
4	Infrastructure Bonds (2010-11) Series-4	31.03.2011	8.50%	22.75	1-Apr-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.		
5	Infrastructure Bonds 86 C Series	30.03.2012	8.72%	0.95	31-Mar-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise , redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.	100%
6	Infrastructure Bonds 86 D Series	30.03.2012	8.72%	2.75	31-Mar-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.		

7	Infrastructure Bonds 86 A Series	30.03.2012	8.43%	9.04	31-Mar-17	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.	100%
8	Infrastructure Bonds 86 B Series	30.03.2012	8.43%	17.81	31-Mar-17	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.		
9	Infrastructure Bonds (2011-12) Series-I	21.11.2011	8.50%	32.43	22-Nov-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.	100%
10	Infrastructure Bonds (2011-12) Series-II	21.11.2011	8.50%	51.15	22-Nov-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.		
11	Infrastructure Bonds (2010-11) Series-1	31.03.2011	8.30%	66.80	1-Apr-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,090.80 crore as on 31.03.2016 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.	100%
12	Infrastructure Bonds (2010-11) Series-2	31.03.2011	8.30%	139.68	1-Apr-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.		
		Total		**361.55**				

II. Details of Tax Free Bonds outstanding as at 31.03.2016 are as follows:

Sl. No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Nature of Security	Extent of Security
13	Tax Free Bonds 2015-16 SR-3A	17.10.2015	7.35%	213.57	17-Oct-35	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
14	Tax Free Bonds 2015-16 SR-3B	17.10.2015	7.60%	155.48	17-Oct-35		
15	Tax Free Bonds (2013-14) - Series 3A	16.11.2013	8.67%	1,067.38	16-Nov-33	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
16	Tax Free Bonds (2013-14) - Series 3B	16.11.2013	8.92%	861.96	16-Nov-33		
17	Tax Free Bonds 2015-16 SR-2A	17.10.2015	7.27%	131.33	17-Oct-30	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
18	Tax Free Bonds 2015-16 SR-2B	17.10.2015	7.52%	45.18	17-Oct-30		
19	Tax Free Bonds (2013-14) - Series 2A	16.11.2013	8.54%	932.70	16-Nov-28	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
20	Tax Free Bonds (2013-14) - Series 2B	16.11.2013	8.79%	353.32	16-Nov-28		
21	Tax Free Bonds Series 107 B	30.08.2013	8.46%	1,011.10	30-Aug-28	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and/or others under / pursuant to the Transaction Documents.	100%
22	Tax Free Bonds (2012-13) tranche - II - Series II	28.03.2013	7.04%	5.06	28-Mar-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)	100%
23	Tax Free Bonds (2012-13) tranche - II - Series II	28.03.2013	7.54%	64.15	28-Mar-28		
24	Tax Free Bonds (2012-13) tranche - I - Series II	04.01.2013	7.36%	142.23	4-Jan-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
25	Tax Free Bonds (2012-13) tranche - I - Series II	04.01.2013	7.86%	214.77	4-Jan-28		
26	Tax Free Bonds Series 95 B	29.11.2012	7.38%	100.00	29-Nov-27	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables/ loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.	100%
27	Tax Free Bonds Series 94 B	22.11.2012	7.38%	25.00	22-Nov-27		
28	Tax Free Bonds(2011-12) tranche -I - Series II	01.02.2012	8.30%	1,280.58	1-Feb-27	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%

29	Tax Free Bonds Series 80 B	25.11.2011	8.16%	209.34	25-Nov-26	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.	100%
30	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15-Oct-26		
31	Tax Free Bonds 2015-16 SR-1A	17.10.2015	7.11%	75.09	17-Oct-25	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
32	Tax Free Bonds 2015-16 SR-1B	17.10.2015	7.36%	79.35	17-Oct-25		
33	Tax Free Bonds Series 136	17.07.2015	7.16%	300.00	17-Jul-25	First pari passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and/or others under / pursuant to the Transaction Documents.	100%
34	Tax Free Bonds (2013-14) - Series 1A	16.11.2013	8.18%	325.07	16-Nov-23	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies what so ever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.	100%
35	Tax Free Bonds (2013-14) - Series 1B	16.11.2013	8.43%	335.47	16-Nov-23		
36	Tax Free Bonds Series 107 A	30.08.2013	8.01%	113.00	30-Aug-23	First pari passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and/or others under / pursuant to the Transaction Documents.	100%
37	Tax Free Bonds (2012-13) tranche - II - Series I	28.03.2013	6.88%	49.24	28-Mar-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)	100%
38	Tax Free Bonds (2012-13) tranche - II - Series I	28.03.2013	7.38%	46.91	28-Mar-23		
39	Tax Free Bonds (2012-13) tranche - I - Series I	04.01.2013	7.19%	182.04	4-Jan-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
40	Tax Free Bonds (2012-13) tranche - I - Series I	04.01.2013	7.69%	160.71	4-Jan-23		
41	Tax Free Bonds Series 95 A	29.11.2012	7.22%	30.00	29-Nov-22	First pari passu charge on the Immovable Property situated at Chennai. All present and future receivables/ loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.	100%
42	Tax Free Bonds Series 94 A	22.11.2012	7.21%	255.00	22-Nov-22		
43	Tax Free Bonds(2011-12) tranche -I - Series I	01.02.2012	8.20%	2,752.55	1-Feb-22	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.	100%
44	Tax Free Bonds Series 80 A	25.11.2011	8.09%	334.31	25-Nov-21	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.	100%
45	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15-Oct-21		
		Total		**12,275.11**			

III. The details of Taxable Bonds (Secured) outstanding as at 31.03.2016 are as follows:

Sl. No.	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Nature of Security	Extent of Security
46	Taxable Bonds Series 112 C	31.01.2014	9.70%	270.00	31-Jan-21	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.	100%
47	Taxable Bonds Series 112 B	31.01.2014	9.70%	270.00	31-Jan-20		
48	Taxable Bonds Series 113	03.03.2014	9.69%	2,240.00	3-Mar-19	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.	100%
49	Taxable Bonds Series 112 A	31.01.2014	9.70%	270.00	31-Jan-19	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.	100%
50	Taxable Bonds Series 109	07.10.2013	9.81%	4,500.00	7-Oct-18	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.	100%
51	Taxable Bonds Series 108	27.09.2013	9.80%	1,600.00	27-Sep-16	First pari passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and/or others under / pursuant to the Transaction Documents.	100%
		Total		**9,150.00**			

IV. Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹443.74 crore (previous year ₹410.42 crore) are redeemable at face value of ₹750.00 crore on 30.12.2022 [net of Unamortized Interest of ₹306.26 crore (previous year ₹339.58 crore)].

V. Details of other Unsecured Taxable Bonds as on 31.03.2016 are as follows :

Sl. No.	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
1	Series 71	9.05%	15-Dec-30	192.70
2	Series 66-C	8.85%	15-Jun-30	633.00
3	Series 118-B-III	9.39%	27-Aug-29	460.00
4	Series 103	8.94%	25-Mar-28	2,807.00
5	Series 102-A(III)	8.90%	18-Mar-28	403.00
6	Series 101-B	9.00%	11-Mar-28	1,370.00
7	Series 77-B	9.45%	1-Sep-26	2,568.00
8	Series 76-B	9.46%	1-Aug-26	1,105.00
9	Series 71	9.05%	15-Dec-25	192.70
10	Series 141-B	8.40%	18-Sep-25	1,000.00
11	Series 66-B	8.75%	15-Jun-25	1,532.00
12	Series 65	8.70%	14-May-25	1,337.50
13	Series 130-C	8.39%	19-Apr-25	925.00
14	Series 64-III	8.95%	30-Mar-25	492.00
15	Series 131-C	8.41%	27-Mar-25	5,000.00
16	Series 63-III	8.90%	15-Mar-25	184.00
17	Series 128	8.20%	10-Mar-25	1,600.00
18	Series 62-B	8.80%	15-Jan-25	1,172.60
19	Series 126	8.65%	4-Jan-25	5,000.00
20	Series 125	8.65%	28-Dec-24	2,826.00
21	Series 61	8.50%	15-Dec-24	351.00
22	Series 124-C	8.48%	9-Dec-24	1,000.00
23	Series 120-A	8.98%	8-Oct-24	961.00
24	Series 120-B	8.98%	8-Oct-24	950.00
25	Series 118-B-II	9.39%	27-Aug-24	460.00
26	Series 117-B	9.37%	19-Aug-24	855.00
27	Series 57-C	8.60%	7-Aug-24	866.50
28	Series 85-D	9.26%	15-Apr-23	736.00
29	Series 102-A(II)	8.90%	18-Mar-23	403.00
30	Series 102-B	8.87%	18-Mar-23	70.00
31	Series 100-B	8.84%	4-Mar-23	1,310.00
32	Series 92-C	9.29%	21-Aug-22	640.00
33	Series 91-B	9.39%	29-Jun-22	2,695.20
34	Series 88-C	9.48%	15-Apr-22	184.70
35	Series 124-B	8.55%	9-Dec-21	1,200.00
36	Series 123-C	8.66%	27-Nov-21	200.00
37	Series 78-B	9.44%	23-Sep-21	1,180.00
38	Series 76-A	9.36%	1-Aug-21	2,589.40
39	Series 115-III	9.20%	7-Jul-21	700.00
40	Series 75-C	9.61%	29-Jun-21	2,084.70
41	Series 74	9.70%	9-Jun-21	1,693.20
42	Series 28	8.85%	31-May-21	600.00
43	Series 73	9.18%	15-Apr-21	1,000.00
44	Series 72-B	8.99%	15-Jan-21	1,219.00
45	Series 71	9.05%	15-Dec-20	192.70
46	Series 70	8.78%	15-Nov-20	1,549.00
47	Series 141-A	8.46%	18-Sep-20	1,000.00
48	Series 140-B	8.36%	4-Sep-20	1,250.00

49	Series 138	8.45%	10-Aug-20	1,000.00
50	Series 137	8.53%	24-Jul-20	2,700.00
51	Series 68-B	8.70%	15-Jul-20	1,424.00
52	Series 66-A	8.65%	15-Jun-20	500.00
53	Series 65	8.70%	14-May-20	1,337.50
54	Series 131-B	8.38%	27-Apr-20	1,350.00
55	Series 130-B	8.42%	18-Apr-20	200.00
56	Series 85-C	9.30%	15-Apr-20	79.50
57	Series 64-II	8.95%	30-Mar-20	492.00
58	Series 87-D	9.42%	20-Mar-20	650.80
59	Series 63-II	8.90%	15-Mar-20	184.00
60	Series 100-A	8.86%	4-Mar-20	54.30
61	Series 127	8.36%	26-Feb-20	4,440.00
62	Series 99-B	8.82%	20-Feb-20	733.00
63	Series 62-A	8.70%	15-Jan-20	845.40
64	Series 61	8.50%	15-Dec-19	351.00
65	Series 124-A	8.52%	9-Dec-19	1,220.00
66	Series 123-B	8.65%	28-Nov-19	836.00
67	Series 60-B	1YINCMTBMK+179 bps (floating rate)	20-Nov-19	925.00
68	Series 122	8.76%	7-Nov-19	1,000.00
69	Series 121-B	8.96%	21-Oct-19	1,100.00
70	Series 59-B	8.80%	15-Oct-19	1,216.60
71	Series 119-B	9.32%	17-Sep-19	1,591.00
72	Series 118-B-I	9.39%	27-Aug-19	460.00
73	Series 57-B	8.60%	7-Aug-19	866.50
74	Series 115-II	9.15%	7-Jul-19	100.00
75	Series 135-B	8.50%	29-Jun-19	1,500.00
76	Series 90-B	9.41%	1-Jun-19	391.00
77	Series 143	8.12%	28-Feb-19	700.00
78	Series 98-III	8.72%	8-Feb-19	324.00
79	Series 82-C	9.70%	15-Dec-18	2,060.00
80	Series 52-C	11.25%	28-Nov-18	1,950.60
81	Series 142-B	8.00%	22-Oct-18	1,000.00
82	Series 51-C	11.00%	15-Sep-18	3,024.40
83	Series 140-A	8.28%	4-Sep-18	1,930.00
84	Series 139-C	8.17%	18-Aug-18	800.00
85	Series 49-B	10.85%	11-Aug-18	428.60
86	Series 48-C	10.55%	15-Jul-18	259.70
87	Series 135-A	8.40%	29-Jun-18	1,210.00
88	Series 130-A	8.40%	19-Jun-18	1,175.00
89	Series 129-A	8.29%	13-Jun-18	980.00
90	Series 129B	8.29%	13-Jun-18	100.00
91	Series 47-C	9.68%	9-Jun-18	780.70
92	Series 134-B	8.39%	28-May-18	1,500.00
93	Series 132-B	8.09%	16-May-18	200.00
94	Series 131-A	8.34%	27-Apr-18	100.00
95	Series 132-A	8.03%	9-Apr-18	272.00
96	Series 102-A(I)	8.90%	18-Mar-18	403.00
97	Series 101-A	8.95%	11-Mar-18	3,201.00
98	Series 99-A	8.77%	20-Feb-18	2.00
99	Series 98-II	8.72%	8-Feb-18	324.00

100	Series 72-A	8.97%	15-Jan-18	144.00
101	Series 40-C	9.28%	28-Dec-17	650.00
102	Series 123-A	8.50%	28-Nov-17	1,075.00
103	Series 18	7.87%	13-Nov-17	25.00
104	Series 121-A	8.90%	21-Oct-17	1,500.00
105	Series 142-A	7.88%	21-Oct-17	800.00
106	Series 93-B	8.91%	15-Oct-17	950.00
107	Series 17	8.21%	3-Oct-17	25.00
108	Series 118-A	9.30%	27-Aug-17	2,160.00
109	Series 92-A	9.01%	21-Aug-17	50.00
110	Series 92-B	9.27%	21-Aug-17	1,930.00
111	Series 117-A	9.32%	19-Aug-17	1,311.00
112	Series 115-I	9.11%	7-Jul-17	1,650.00
113	Series 91-A	9.40%	29-Jun-17	107.50
114	Series 90-A	9.61%	1-Jun-17	537.90
115	Series 134-A	8.35%	27-May-17	1,500.00
116	Series 13	9.60%	24-May-17	65.00
117	Series 139-B	8.12%	22-May-17	1,435.00
118	Series 35	9.96%	18-May-17	530.00
119	Series 13	9.60%	16-May-17	125.00
120	Series 89-A	9.52%	2-May-17	165.00
121	Series 133-B	8.00%	24-Apr-17	605.00
122	Series 144	7.98%	21-Apr-17	1,775.00
123	Series 139-A	8.12%	17-Apr-17	565.00
124	Series 133-A	8.00%	3-Apr-17	545.00
125	Series 34	9.90%	30-Mar-17	500.50
126	Series 33-B	9.90%	22-Mar-17	561.50
127	Series 87-B	9.72%	20-Mar-17	23.00
128	Series 84	9.33%	17-Feb-17	1,521.20
129	Series 98-I	8.72%	8-Feb-17	324.00
130	Series 82-B	9.64%	15-Dec-16	825.00
131	Series 31-A	8.78%	11-Dec-16	1,451.20
132	Series 18	7.87%	13-Nov-16	25.00
133	Series 17	8.21%	3-Oct-16	25.00
134	Series 29-A	8.80%	7-Sep-16	250.00
135	Series 77-A	9.41%	1-Sep-16	1,083.60
136	Series 116	9.16%	31-Jul-16	1,885.00
137	Series 75-B	9.62%	29-Jun-16	360.00
138	Series 106-B	8.27%	25-Jun-16	3,033.00
139	Series 104-A	8.35%	15-May-16	4,000.00
			Total*	**145,106.90**

*As at 31.03.2016, Bonds of ₹ 6.10 crore (previous year ₹ 7.40 crore) are held by PFC Ltd. Employees Provident Fund Trust.

VI. Details of Unsecured Subordinated Bonds as on 31.03.2016 are as follows :

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

VII. Foreign currency 6.61 % Senior Notes (USPP - I) amounting to ₹1,201.86 crore (previous year ₹1,135.08 crore) are redeemable at par on 05.09.2017.

VIII. Details of Foreign Currency Loans from Foreign banks / Financial Institutions (Guaranteed by the Govt. of India) outstanding as at 31.03.2016 are as follows:

Sl. No	Loan	Rate of Interest p.a. as on 31.03.2016	Amount (₹ in crore)	Date of Repayment
1	KfW I	0.75%	1.24	30-Jun-35
2	KfW I	0.75%	1.43	30-Dec-34
3	KfW I	0.75%	1.43	30-Jun-34
4	KfW I	0.75%	1.43	30-Dec-33
5	KfW I	0.75%	1.43	30-Jun-33
6	KfW I	0.75%	1.43	30-Dec-32
7	KfW I	0.75%	1.43	30-Jun-32
8	KfW I	0.75%	1.43	30-Dec-31
9	KfW I	0.75%	1.43	30-Jun-31
10	KfW I	0.75%	1.43	30-Dec-30
11	KfW I	0.75%	1.43	30-Jun-30
12	KfW I	0.75%	1.43	30-Dec-29
13	KfW I	0.75%	1.43	30-Jun-29
14	KfW I	0.75%	1.43	30-Dec-28
15	ADB (New Loan)	1.0045%	0.27	15-Oct-28
16	Credit National France	2.00%	0.03	30-Jun-28
17	KfW I	0.75%	1.43	30-Jun-28
18	ADB (New Loan)	1.0045%	1.93	15-Apr-28
19	Credit National France	2.00%	0.03	31-Dec-27
20	KfW I	0.75%	1.43	30-Dec-27
21	ADB (New Loan)	1.0045%	2.29	15-Oct-27
22	Credit National France	2.00%	0.06	30-Jun-27
23	KfW I	0.75%	1.43	30-Jun-27
24	ADB (New Loan)	1.0045%	2.42	15-Apr-27
25	Credit National France	2.00%	0.39	31-Dec-26
26	KfW I	0.75%	1.43	30-Dec-26
27	ADB (New Loan)	1.0045%	2.66	15-Oct-26
28	Credit National France	2.00%	0.39	30-Jun-26
29	KfW I	0.75%	1.43	30-Jun-26
30	ADB (New Loan)	1.0045%	4.45	15-Apr-26
31	Credit National France	2.00%	0.46	31-Dec-25
32	KfW I	0.75%	1.43	30-Dec-25
33	ADB (New Loan)	1.0045%	4.45	15-Oct-25
34	Credit National France	2.00%	1.01	30-Jun-25
35	KfW I	0.75%	1.43	30-Jun-25
36	ADB (New Loan)	1.0045%	4.45	15-Apr-25
37	Credit National France	2.00%	2.76	31-Dec-24
38	KfW I	0.75%	1.43	30-Dec-24
39	ADB (New Loan)	1.0045%	4.45	15-Oct-24
40	Credit National France	2.00%	3.33	30-Jun-24
41	KfW I	0.75%	1.43	30-Jun-24
42	ADB (New Loan)	1.0045%	4.78	15-Apr-24
43	Credit National France	2.00%	3.37	31-Dec-23
44	KfW I	0.75%	1.43	30-Dec-23
45	ADB (New Loan)	1.0045%	4.78	15-Oct-23
46	Credit National France	2.00%	4.13	30-Jun-23

47	KfW I	0.75%	1.43	30-Jun-23
48	ADB (New Loan)	1.0045%	4.78	15-Apr-23
49	Credit National France	2.00%	4.13	31-Dec-22
50	KfW I	0.75%	1.43	30-Dec-22
51	ADB (New Loan)	1.0045%	4.78	15-Oct-22
52	Credit National France	2.00%	4.13	30-Jun-22
53	KfW I	0.75%	1.43	30-Jun-22
54	ADB (New Loan)	1.0045%	4.78	15-Apr-22
55	Credit National France	2.00%	4.13	31-Dec-21
56	KfW I	0.75%	1.43	30-Dec-21
57	ADB (New Loan)	1.0045%	4.78	15-Oct-21
58	Credit National France	2.00%	4.13	30-Jun-21
59	KfW I	0.75%	1.43	30-Jun-21
60	ADB (New Loan)	1.0045%	4.78	15-Apr-21
61	Credit National France	2.00%	4.13	31-Dec-20
62	KfW I	0.75%	1.43	30-Dec-20
63	ADB (New Loan)	1.0045%	4.78	15-Oct-20
64	Credit National France	2.00%	4.13	30-Jun-20
65	KfW I	0.75%	1.43	30-Jun-20
66	ADB (New Loan)	1.0045%	4.78	15-Apr-20
67	Credit National France	2.00%	4.13	31-Dec-19
68	KfW I	0.75%	1.43	30-Dec-19
69	ADB (New Loan)	1.0045%	4.78	15-Oct-19
70	Credit National France	2.00%	4.13	30-Jun-19
71	KfW I	0.75%	1.43	30-Jun-19
72	ADB (New Loan)	1.0045%	4.78	15-Apr-19
73	Credit National France	2.00%	4.13	31-Dec-18
74	KfW I	0.75%	1.43	30-Dec-18
75	ADB (New Loan)	1.0045%	4.78	15-Oct-18
76	Credit National France	2.00%	4.13	30-Jun-18
77	KfW I	0.75%	1.43	30-Jun-18
78	ADB (New Loan)	1.0045%	4.78	15-Apr-18
79	Credit National France	2.00%	4.13	31-Dec-17
80	KfW I	0.75%	1.43	30-Dec-17
81	ADB (New Loan)	1.0045%	4.78	15-Oct-17
82	Credit National France	2.00%	4.13	30-Jun-17
83	KfW I	0.75%	1.43	30-Jun-17
84	ADB (New Loan)	1.0045%	4.78	15-Apr-17
85	Credit National France	2.00%	4.13	31-Dec-16
86	KfW I	0.75%	1.43	30-Dec-16
87	ADB (New Loan)	1.0045%	4.78	15-Oct-16
88	Credit National France	2.00%	4.13	30-Jun-16
89	KfW I	0.75%	1.43	30-Jun-16
90	ADB (New Loan)	1.0045%	4.78	15-Apr-16
		Total	**237.87**	

IX. Details of Syndicated Foreign Currency Loans from banks / Financial Institutions outstanding as at 31.03.2016 are as follows:

Sl. No	Loan	Rate of Interest p.a. as on 31.03.2016	Amount (₹ in crore)	Date of Repayment
1	SLN XVIII	0.87157%	868.12	4-Nov-22
2	SLN XVIII	0.87157%	868.12	8-Nov-21
3	SLN XVII-(III)	2.19310%	1,001.55	26-Sep-21

4	SLN XVII-(II)	2.19310%	1,001.55	26-Mar-21
5	SLN XVIII	0.87157%	868.12	06-Nov-20
6	SLN XVII-(I)	2.19310%	1,001.55	26-Sep-20
7	SLN XVI	2.21945%	1,669.25	04-Dec-19
8	SLN XIII- (II)	2.34205%	834.62	06-Mar-17
9	SLN IX	1.78229%	802.72	24-Feb-17
10	SLN VIII	1.52307%	420.24	23-Sep-16
		Total	**9,335.84**	

X. Details of Rupee Term Loans (From Banks) outstanding as at 31.03.2016 are as follows:

Sl. No	Loan	Rate of Interest p.a. as on 31.03.2016	Amount (₹ in crore)	Date of Repayment
1	Bank of India	10.14%	500.00	28-Mar-2020
2	United Bank	10.09%	500.00	28-Mar-2018
3	SBBJ	10.14%	500.00	28-Jun-2017
4	SMBC	9.65%	250.00	23-May-2017
5	Union Bank	10.09%	1,000.00	30-Apr-2017
6	Central bank of India	10.14%	47.75	28-Apr-2017
7	PNB	10.03%	1,250.00	28-Apr-2017
8	Central bank of India	10.14%	952.25	23-Apr-2017
9	J&K Bank	9.92%	1,000.00	23-Apr-2017
10	Union Bank	10.09%	1,000.00	18-Apr-2017
11	CorpoartionBank	10.09%	1,000.00	18-Apr-2017
12	Union Bank	10.09%	500.00	17-Apr-2017
13	Canara Bank	10.09%	2,000.00	16-Apr-2017
14	Vijaya Bank	10.09%	500.00	30-Sep-2016
		Total	**11,000.00**	

XI. Details of Commercial Paper outstanding as at 31.03.2016 are as follows:

Sl. No	Loan	Rate of Interest p.a. as on 31.03.2016	Amount (₹ in crore)	Date of Repayment
1	CP series 72-B	8.20%	2,105.00	27-May-16
2	CP series 71	8.39%	1,325.00	26-May-16
3	CP series 73-B	8.33%	1,370.00	26-May-16
4	CP series 72-A	8.22%	350.00	6-May-16
5	CP series 73-A	8.33%	200.00	6-May-16
	Less-Unamortized Financial Charges*		(63.63)	
		Total	**5,286.37**	

* Unamortized financial charges on Commercial Paper as on 31.03.2016 amounts to ₹ 63.63 crore (Previous year ₹ 18.76 crore)

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

(₹ in crore)

Description	As at 31.03.2016			As at 31.03.2015		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Interest Subsidy Fund from GOI (Refer Note No. 12(A)(ii) of Part-C - Other Notes on Accounts)	6.88	100.59	**107.47**	12.63	98.72	**111.35**
Interest Differential Fund - KFW (Refer Note No. 10 of Part-C - Other Notes on Accounts)	0.00	60.71	**60.71**	0.00	58.38	**58.38**
Advance received / amount payable to Subsidiaries (including interest payable thereon) (Refer Note No. 8(A)(ii) of Part-C - Other Notes on Accounts)	185.05	198.78	**383.83**	168.10	172.08	**340.18**
Amount payable to GoI under R-APDRP (Refer Note No. 12(B)(i) of Part-C - Other Notes on Accounts)	13.00	0.00	**13.00**	0.00	0.00	**0.00**
Amount payable to GoI under IPDS	0.00	0.00	**0.00**	50.01	0.00	**50.01**
Sub Total	**204.93**	**360.08**	**565.01**	**230.74**	**329.18**	**559.92**
Interest Accrued but not due :						
On Bonds	6,841.49	188.50	**7,029.99**	6,241.57	0.00	**6,241.57**
On Loans	58.36	0.00	**58.36**	114.24	0.00	**114.24**
Sub Total	**6,899.85**	**188.50**	**7,088.35**	**6,355.81**	**0.00**	**6,355.81**
Unpaid / Unclaimed						
Bonds	3.84	0.00	**3.84**	3.97	0.00	**3.97**
Interest on Bonds	8.33	0.00	**8.33**	2.42	0.00	**2.42**
Dividend	1.72	0.00	**1.72**	1.32	0.00	**1.32**
Sub Total	**13.89**	**0.00**	**13.89**	**7.71**	**0.00**	**7.71**
Others	382.10	0.17	**382.27**	65.89	4.63	**70.52**
Sub Total	**382.10**	**0.17**	**382.27**	**65.89**	**4.63**	**70.52**
Grand Total	**7,500.77**	**548.75**	**8,049.52**	**6,660.15**	**333.81**	**6,993.96**

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

(₹ in crore)

Description	As at 31.03.2016			As at 31.03.2015		
	Short Term	Long Term	Total	Short Term	Long Term	Total
I. Employee Benefits*						
Economic Rehabilitation of Employees	0.21	1.29	**1.50**	0.10	1.14	**1.24**
Leave Encashment	2.37	24.52	**26.89**	1.51	21.91	**23.42**
Staff Welfare Expenses	1.07	21.61	**22.68**	0.83	18.34	**19.17**
Gratuity / Superannuation Fund	0.20	0.00	**0.20**	0.15	0.00	**0.15**
Bonus / Incentive	9.87	0.00	**9.87**	10.90	0.00	**10.90**
Sub Total	**13.72**	**47.42**	**61.14**	**13.49**	**41.39**	**54.88**
II. Others						
Income Tax (net)	0.00	49.49	**49.49**	118.74	54.59	**173.33**
CSR & SD Expenses (Refer Note No. 21 of Part-C - Other Notes on Accounts)	102.16	0.00	**102.16**	114.30	0.00	**114.30**
Contingent provision against Standard Assets (Refer Note No. 16(A)(i) of Part-C - Other Notes on Accounts)	103.44	493.97	**597.41**	44.88	441.69	**486.57**
Contingent Provisions against Restructured Standard Assets (Refer Note No. 16(A)(ii) of Part-C - Other Notes on Accounts)	490.80	638.40	**1,129.20**	138.50	425.94	**564.44**
Proposed Final Dividend*	79.20	0.00	**79.20**	79.20	0.00	**79.20**
Proposed Corporate Dividend Tax*	16.12	0.00	**16.12**	16.12	0.00	**16.12**
Sub Total	**791.72**	**1,181.86**	**1,973.58**	**511.74**	**922.22**	**1,433.96**
Grand Total	**805.44**	**1,229.28**	**2,034.72**	**525.23**	**963.61**	**1,488.84**

*(Refer Note No. 20 of Part-C - Other Notes on Accounts)

NOTE - Part A - 6
FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK				DEPRECIATION						NET BLOCK	
	Opening Balance as at 01.04.2015	Additions / Adjustments	Deductions / Adjustments	Closing Balance as at 31.03.2016	Opening Balance as at 01.04.2015	For the period 01.04.2015 to 31.03.2016	Adjustment	Prior period Adjustments	Withdrawn / Written back	Closing Balance as at 31.03.2016	As at 31.03.2016	As at 31.03.2015
I. Tangible Assets* :												
Owned Assets												
Land (Freehold)	3.38	0.00	0.00	3.38	0.00	0.00	0.00	0.00	0.00	0.00	3.38	3.38
Land (Leasehold)**	37.87	0.00	0.00	37.87	0.00	0.00	0.00	0.00	0.00	0.00	37.87	37.87
Buildings	24.92	0.00	0.00	24.92	8.91	0.78	0.00	0.00	0.00	9.69	15.23	16.01
EDP Equipments	16.03	1.87	1.96	15.94	12.42	2.78	0.00	0.00	1.86	13.34	2.60	3.61
Office and other equipments	14.47	1.99	1.38	15.08	12.60	1.21	0.00	0.00	1.22	12.59	2.49	1.87
Furniture & Fixtures	7.61	0.20	0.07	7.74	6.42	0.47	0.00	0.00	0.05	6.84	0.90	1.19
Vehicles	0.20	0.00	0.00	0.20	0.07	0.04	0.00	0.00	0.00	0.11	0.09	0.13
Total	**104.48**	**4.06**	**3.41**	**105.13**	**40.42**	**5.28**	**0.00**	**0.00**	**3.13**	**42.57**	**62.56**	**64.06**
Previous year	**102.31**	**3.82**	**1.65**	**104.48**	**34.13**	**4.89**	**2.91**	**0.00**	**1.51**	**40.42**	**64.06**	**68.18**
II. Intangible Assets*:												
Purchased Software (Useful Life - 5 years)	**8.26**	**0.51**	**0.00**	**8.77**	**6.53**	**0.89**	**0.00**	**0.00**	**0.00**	**7.42**	**1.35**	**1.73**
Previous year	**7.78**	**0.48**	**0.00**	**8.26**	**5.33**	**1.20**	**0.00**	**0.00**	**0.00**	**6.53**	**1.73**	**2.45**
III. Intangible assets under development	**0.00**	**0.16**	**0.00**	**0.16**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.16**	**0.00**
Previous year	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

*** (Refer Note No. 23 of Part-C - Other Notes on Accounts)**
**** (Refer Note No. 25 of Part-C - Other Notes on Accounts)**

NOTE - Part A - 7
NON-CURRENT INVESTMENTS

(₹ in crore)

Description	As at 31.03.2016			As at 31.03.2015		
	Number	Amount		Number	Amount	
Long Term Investments						
(A) Trade Investments (Face value of ₹ 10 /- each fully paid up - unless otherwise stated)						
I. Equity Instruments (Quoted)						
PTC India Ltd.	1,20,00,000		12.00	1,20,00,000		12.00
II. Equity Instruments (Unquoted)*						
National Power Exchange Ltd. (Valued at Cost - Less diminution) (Refer Note No. 7(A)(c)(i) of Part-C - Other Notes on Accounts)	21,87,015	2.19		21,87,015	2.19	
Less : Provision for diminution		1.06	1.13		1.06	1.13
Power Exchange India Ltd. (Valued at Cost - Less diminution)	32,20,000	3.22		32,20,000	3.22	
Less : Provision for diminution		3.22	0.00		0.00	3.22
Energy Efficiency Services Ltd (Refer Note No. 7(A)(c)(ii) of Part-C - Other Notes on Accounts)	4,75,00,000		47.50	2,25,00,000		22.50
Subsidiaries (Refer Note No. 7(A)(a)&(b) of Part-C - Other Notes on Accounts)	10,09,50,000		100.95	10,07,50,000		100.75
III. Preference Shares (Unquoted)*						
10% Cumulative Fully Convertible Preference shares of Subsidiary (Refer Note No. 7(A)(a) of Part-C - Other Notes on Accounts)	20,00,00,000		200.00	20,00,00,000		200.00
IV. Others (Unquoted)*						
Units of " Small is Beautiful " Fund of KSK Investment Advisor Pvt. Ltd.**	6,152,200		6.15	76,82,816		7.68
V. Application Money pending allotment of Equity Shares						
Energy Efficiency Services Ltd (Refer Note No. 7(A)(c)(ii) of Part-C - Other Notes on Accounts)	9,90,00,000		99.00	0		0.00
Sub Total			**466.73**			**347.28**
(B) Other Investment -Bonds (Quoted) (Face value of ₹ 10,00,000/- each fully paid up - unless otherwise stated)						
10,000 Bonds of Dena Bank and 8000 Bonds of Andhra Bank (Refer Note No. 9 of Part-C - Other Notes on Accounts)	18,000		1800.00	0		0.00
Sub Total			**1800.00**			**0.00**
TOTAL			**2,266.73**			**347.28**

Particulars	As at 31.03.2016	As at 31.03.2015
Aggregate of Quoted Investments		
Book Value	1812.00	12.00
Market Value***	1876.80	116.28
Aggregate of Un-Quoted Investments		
Book Value	355.73	335.28
Aggregate Provision for Diminution in value	4.28	1.06
Aggregate of Application Money pending allotment of Equity Shares	99.00	0.00

* Being Un-Quoted Investments, market value is not available.

** NAV as on 31-Mar-2016 is ₹ 10.24 per unit (31-Mar-2015 ₹ 9.70 per unit). The fluctuation in NAV is considered as temporary.

*** 10,000 Bonds of Dena Bank and 8000 Bonds of Andhra Bank are listed on NSE platform, however, market price as at 31.03.2016 is not available on NSE platform and the bonds have not been traded in the market till 31.03.2016. Accordingly, the face value of the above bonds has been considered as market price.

NOTE - Part A - 8
LOANS *

(₹ in crore)

Description	As at 31.03.2016						As at 31.03.2015					
	Current maturities (Twelve Months)		Non-Current		Total		Current maturities (Twelve Months)		Non-Current		Total	
A. Long Term Loans												
I Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings, JV Borrowers and State Governments	8,882.51		110,318.91		**119,201.42**		8,653.83		101,759.61		**110,413.44**	
RTLs to Independent Power Producers	1,873.11		18,421.67		**20,294.78**		1,285.82		24,890.44		**26,176.26**	
Foreign Currency Loans to Independent Power Producers	20.58		5.14		**25.72**		25.52		24.29		**49.81**	
Buyer's Line of Credit	318.44		764.04		**1,082.48**		89.83		574.03		**663.86**	
Lease Financing to Borrowers**	7.89		196.20		**204.09**		7.73		204.54		**212.27**	
RTLs to Equipment Manufacturers	18.95	11,121.48	842.35	130,548.31	**861.30**	**141,669.79**	73.09	10,135.82	840.52	128,293.43	**913.61**	**138,429.25**
b) Others												
RTL to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings, JV Borrowers and State Governments - NPA	374.35		347.61		**721.96**		267.39		454.57		**721.96**	
Less: Provision for contingencies	74.87	299.48	69.52	278.09	**144.39**	**577.57**	26.74	240.65	45.45	409.12	**72.19**	**649.77**
RTL to Independent Power Producers - NPA	947.64		4,251.81		**5,199.45**		471.52		933.37		**1,404.89**	
Less: Provision for contingencies	202.61	745.03	577.38	3,674.43	**779.99**	**4,419.46**	143.22	328.30	187.01	746.36	**330.23**	**1,074.66**
FCL to Independent Power Producers - NPA	35.90		201.79		**237.69**		7.66		229.12		**236.78**	
Less: Provision for contingencies	10.77	25.13	60.54	141.25	**71.31**	**166.38**	2.30	5.36	68.73	160.39	**71.03**	**165.75**
Sub Total (I)		**12,191.12**		**134,642.08**		**146,833.20**		**10,710.13**		**129,609.30**		**140,319.43**

II. Un-Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	19,378.04		56,435.04		**75,813.08**		5,401.87		59,925.69		**65,327.56**	
RTLs to Independent Power Producers	1,836.77		7,705.09		**9,541.86**		158.29		6,794.73		**6,953.02**	
Foreign Currency Loans to State Power Utilities	14.16		0.00		**14.16**		13.38		13.38		**26.76**	
Buyer's Line of Credit	202.06		99.07		**301.13**		0.00		76.79		**76.79**	
RTLs to Equipment Manufacturers	0.00	21,431.03	0.00	64,239.20	**0.00**	**85,670.23**	28.42	5,601.96	223.04	67,033.63	**251.46**	**72,635.59**
b) Others												
RTL to Independent Power Producers - NPA	41.56		1,064.35		**1,105.91**		0.00		0.00		**0.00**	
Less : Provision for contingencies	41.56	0.00	329.14	735.21	**370.70**	**735.21**	0.00	0.00	0.00	0.00	**0.00**	**0.00**
FCL to Independent Power Producers - NPA	0.00		22.04		**22.04**		0.00		0.00		**0.00**	
Less: Provision for contingencies	0.00	0.00	22.04	0.00	**22.04**	**0.00**	0.00	0.00	0.00	0.00	**0.00**	**0.00**
Sub Total (II)		**21,431.03**		**64,974.41**		**86,405.44**		**5,601.96**		**67,033.63**		**72,635.59**
Total A (I + II)		**33,622.15**		**199,616.49**		**233,238.64**		**16,312.09**		**196,642.93**		**212,955.02**
B. Bonds												
I Un-secured Bonds / Debentures												
Bonds / Debentures from State Power Corporations		0.00		390.15		**390.15**		0.00		1,170.50		**1,170.50**
Bonds / Debentures from Independent Power Producers***		0.00		29.44		**29.44**		0.00		29.48		**29.48**
Total B		**0.00**		**419.59**		**419.59**		**0.00**		**1,199.98**		**1,199.98**
C. Short Term Loans												
I Secured Loans - Considered Good												
Working Capital Loans to State Electricity Boards, State Power Corporations and to Government Companies		1,092.51		0.00		**1,092.51**		549.88		0.00		**549.88**
Sub Total (I)		**1,092.51**		**0.00**		**1,092.51**		**549.88**		**0.00**		**549.88**
II Un-Secured Loans - Considered Good												
Working Capital Loans to State Electricity Boards, State Power Corporations and to Government Companies		2,180.07		0.00		**2,180.07**		2,132.14		0.00		**2,132.14**
Working Capital Loans to Independent Power Producers		369.00		0.00		**369.00**		205.20		0.00		**205.20**
Others	231.97		0.00		**231.97**		169.68		0.00		**169.68**	
Less : Provision for contingencies	69.59	162.38	0.00	0.00	**69.59**	**162.38**	50.90	118.78	0.00	0.00	**50.90**	**118.78**
Sub Total (II)		**2,711.45**		**0.00**		**2,711.45**		**2,456.12**		**0.00**		**2,456.12**
Total C (I + II)		**3,803.96**		**0.00**		**3,803.96**		**3,006.00**		**0.00**		**3,006.00**
Grand Total (A+B+C)		**37,426.11**		**200,036.08**		**237,462.19**		**19,318.09**		**197,842.91**		**217,161.00**

* (Refer Note No. 16(A) of Part-C - Other Notes on Accounts)

** (Refer Note No. 11(A)(i) of Part-C - Other Notes on Accounts)

*** Bonds under issue.

NOTE - Part A - 9
OTHER ASSETS

(₹ in crore)

Description	As at 31.03.2016						As at 31.03.2015					
	Current		Non-Current		Total		Current		Non-Current		Total	
A LOANS & ADVANCES												
I Loans (considered good)*												
a) to Employees (Secured)	2.33		14.33		**16.66**		2.51		16.99		**19.50**	
b) to Employees (Unsecured)	8.48	10.81	46.68	61.01	**55.16**	**71.82**	5.51	8.02	38.78	55.77	**44.29**	**63.79**
II Advances (Unsecured considered good)												
Advances recoverable in cash or in kind or for value to be received												
a) to Subsidiaries (including interest recoverable there on) (Refer Note No. 8(A)(i) of Part-C - Other Notes on Accounts)	195.58		118.19		**313.77**		184.12		104.60		**288.72**	
b) to Employees*	0.84		0.01		**0.85**		0.71		0.02		**0.73**	
c) Prepaid Expenses	2.96		0.00		**2.96**		2.21		0.00		**2.21**	
d) Others	199.77		9.34		**209.11**		136.68		3.34		**140.02**	
e) Advance Income Tax and Tax Deducted at Source (net)	0.00		107.18		**107.18**		0.00		45.39		**45.39**	
f) Security Deposits	3.22	402.37	0.38	235.10	**3.60**	**637.47**	0.29	324.01	0.27	153.62	**0.56**	**477.63**
B OTHER ASSETS												
I Accrued but not due :												
a) Interest on Loan Assets	4,807.00		0.00		**4,807.00**		4,414.39		0.00		**4,414.39**	
b) Other charges	11.92		0.00		**11.92**		2.06		0.00		**2.06**	
c) Interest on Loans to Employee	0.50		18.87		**19.37**		0.27		15.33		**15.60**	
d) Interest on Deposits and Investments	28.92	4,848.34	0.00	18.87	**28.92**	**4,867.21**	8.62	4,425.34	0.00	15.33	**8.62**	**4,440.67**
II Accrued and due :												
Incomes accrued & due on loans	777.93	777.93	0.00	0.00	**777.93**	**777.93**	533.35	533.35	0.00	0.00	**533.35**	**533.35**
C Loans & Advances (Unsecured - Others)												
Non Performing Assets (NPAs)	1.17		0.00		**1.17**		1.03		0.00		**1.03**	
Less : Provision for contingencies	1.01	0.16	0.00	0.00	**1.01**	**0.16**	0.97	0.06	0.00	0.00	**0.97**	**0.06**
Total		**6,039.61**		**314.98**		**6,354.59**		**5,290.78**		**224.72**		**5,515.50**

* Note :-

Loans and Advances include :

Description	Balance as at 31.03.2016	Balance as at 31.03.2015
Loans & Advances given to Directors & Other Officers	0.39	0.25

NOTE - Part A -10
CURRENT INVESTMENTS

(₹ in crore)

Description	As at 31.03.2016		As at 31.03.2015	
	Number	Amount	Number	Amount
Equity Instruments (Quoted) (Face value of ₹ 10/- each fully paid up) - Valued scrip wise at lower of cost or fair value				
PGCIL (Shares valued at a cost of ₹ 52)	4,89,349	2.54	5,39,349	2.80
REC Ltd. (Shares valued at a cost of ₹ 105)	47,952	0.50	47,952	0.50
Coal India Ltd. (Shares purchased at a cost of ₹ 358.58)	1,39,64,530	500.74	1,39,64,530	500.74
Less : Provision for diminution (Market Price as on 31.03.2016 on NSE ₹ 291.95)		93.04 407.70		0.00 500.74
Total		**410.74**		**504.04**

Description	As at 31.03.2016	As at 31.03.2015
Aggregate of Quoted Investments		
Book Value	410.74	504.04
Market Value	415.30	515.50
Aggregate Provision for Diminution in value	93.04	0.00

NOTE - Part A -11
CASH AND BANK BALANCES

(₹ in crore)

		Description	As at 31.03.2016		As at 31.03.2015	
I		**Cash and Cash Equivalents**				
	i)	Balances in current accounts with:				
		Reserve Bank of India	0.05		0.05	
		Scheduled Banks	28.01	28.06	127.16	127.21
	ii)	Cheques in hand		0.00		0.01
	iii)	Imprest with postal authority		0.00		0.00
	iv)	Fixed Deposits with Scheduled Banks (original maturity up to 3 months)		0.00		4,892.22
		Sub Total (I)		**28.06**		**5,019.44**
II		**Earmarked Balances:**				
	i)	Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.		6.41		1.36
	ii)	IPDS / R-APDRP				
		Balances in current account with schedule banks		13.01		5.00
		Fixed Deposits with Banks		0.00		45.00
	iii)	Fixed Deposits with Banks - for Redemption of Debentures (original maturity up to 3 months)		30.97		0.00
		Sub Total (II)		**50.39**		**51.36**
		Total (I+II)		**78.45**		**5,070.80**

NOTE - Part A - 12
REVENUE FROM OPERATIONS

(₹ in crore)

	Description	Year ended 31.03.2016		Year ended 31.03.2015	
I.	**Interest**				
	Interest on Loans	27,359.13		24,824.23	
	Less : Rebate for Timely Payment to Borrowers	297.42		261.06	
	Less : Post COD Timely Payment Rebate	2.56	27,059.15	0.00	24,563.17
	Lease income		20.29		22.93
	Sub Total (I)		**27,079.44**		**24,586.10**
II.	**Other Operating income**				
	Income from surplus funds		97.60		123.54
	Interest received on advances given to subsidiaries		11.73		8.84
	Profit on sale of Bonds of Borrowers		9.05		0.00
	Sub Total (II)		**118.38**		**132.38**
III.	**Other Financial Services**				
	Prepayment Premium on Loans		170.46		64.18
	Upfront fees on Loans		18.72		14.66
	Management, Agency & Guarantee Fees		46.42		93.78
	Commitment charges on Loans	5.07		1.84	
	Less : Commitment charges on Loans waived	0.01	5.06	0.01	1.83
	Fee on account of GoI Schemes :-				
	Nodal Agency Fee - R-APDRP (Refer Note No. 12(B) (ii) of Part-C - Other Notes on Accounts)	0.66		(36.38)	
	Nodal Agency Fee - IPDS	34.51	35.17	5.82	(30.56)
	Sub Total (III)		**275.83**		**143.89**
	Total (I+II+III)		**27,473.65**		**24,862.37**

NOTE - Part A - 13
OTHER INCOME

(₹ in crore)

Description	Year ended 31.03.2016	Year ended 31.03.2015
Dividend / Interest Income on Non-Current Investments	32.22	2.40
Dividend Income on Current Investments	38.44	29.06
Profit on sale of Fixed Assets	0.03	0.05
Profit on sale of Non-Current Investments	0.05	0.00
Profit on sale of Current Investments	0.44	1.31
Interest on Income Tax Refund	9.10	1.48
Miscellaneous Income	10.08	8.73
Excess Liabilities written back	0.30	2.45
Total	**90.66**	**45.48**

NOTE - Part A - 14
FINANCE COSTS

(₹ in crore)

	Description	Year ended 31.03.2016		Year ended 31.03.2015	
I.	**Interest**				
	On Bonds	15,071.06		12,353.14	
	On Loans	644.34		2,080.75	
	GOI on Interest Subsidy Fund	8.86		9.42	
	Financial Charges on Commercial Paper	277.43		288.46	
	Swap Premium (Net)	1.65	16,003.34	60.53	14,792.30
II.	**Other Charges**				
	Commitment & Agency Fees	0.67		0.59	
	Guarantee, Listing & Trusteeship fees	2.13		2.35	
	Management Fees on Foreign Currency Loans	37.82		124.15	
	Bank / Other Charges	0.00		0.02	
	Interest paid on advances received from subsidiaries	5.11	45.73	5.64	132.75
III.	**Net Translation / Transaction Exchange Loss (+) / gain (-)**		424.74		514.18
	Total		**16,473.81**		**15,439.23**

NOTE - Part A - 15
BOND ISSUE EXPENSES

(₹ in crore)

Description	Year ended 31.03.2016	Year ended 31.03.2015
Interest on Application Money	11.51	0.18
Credit Rating Fees	4.20	3.73
Other Issue Expenses	11.23	21.28
Stamp Duty Fees	6.50	6.21
Total	**33.44**	**31.40**

NOTE - Part A - 16
EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

Description	Year ended 31.03.2016	Year ended 31.03.2015
Salaries, Wages and Bonus	65.30	63.86
Contribution to Provident and other funds	8.19	6.81
Staff Welfare	12.23	10.71
Rent for Residential accommodation of employees (Refer Note No. 11(B) of Part-C - Other Notes on Accounts)	4.65	4.43
Total	**90.37**	**85.81**

NOTE - Part A - 17
OTHER EXPENSES

(₹ in crore)

Description	Year ended 31.03.2016	Year ended 31.03.2015
Administrative Expenses		
Office Rent	0.50	0.50
Electricity & Water charges	1.56	1.50
Insurance	0.12	0.04
Repairs & Maintenance	2.85	2.71
Stationery & Printing	1.64	1.66
Travelling & Conveyance	8.15	7.03
Postage, Telegraph & Telephone	1.87	2.00
Professional & Consultancy charges	3.51	1.08
Miscellaneous Expenses#	18.83	20.06
Loss on sale of Fixed Assets	0.17	0.01
Auditors' Remuneration#	0.77	0.41
Service Tax	9.26	6.42
Rates & Taxes	0.88	0.94
Contribution to PMC (MoP)	0.51	0.34
Sub - Total (I)	**50.62**	**44.70**
Others		
R-APDRP Expenses	0.00	(36.91)
Sub - Total (II)	**0.00**	**(36.91)**
Total (I + II)	**50.62**	**7.79**
# Note :-		
1) Miscellaneous Expenses includes :		
Books & Periodicals	0.04	0.06
Advertisement	5.52	4.20
Membership & Subscription	0.73	0.79
Entertainment	0.62	0.52
Conference & Meeting Expenses	1.65	1.58
Security Expenses	1.32	1.25
Training	0.99	0.86
Other EDP Expenses	2.37	2.02
Business Promotion / Related Expenses	0.12	0.70
Interest on income tax	0.00	4.32
2) Auditors' Remuneration includes :		
Audit fees	0.30	0.20
Tax Audit fees	0.06	0.05
Other certification services	0.38	0.16
Reimbursement of Expenses	0.03	0.00

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

(₹ in crore)

Description	Year ended 31.03.2016		Year ended 31.03.2015	
Prior Period Expenses :				
Interest & other Charges	0.00		(6.06)	
Issue Expenses	0.00		(0.02)	
Personnel & Administration Expenses - Others	0.10	0.10	3.92	(2.16)
Less: Prior Period Income :				
Other Income	(2.23)	(2.23)	0.00	0.00
Total		**(2.13)**		**(2.16)**

Part – B

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), notified Accounting Standards and relevant provisions of the Companies Act, 1956 and 2013.

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

2. RECOGNITION OF INCOME/EXPENDITURE

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

2.1.1 In accordance with the prudential norms of the Company, income on non-performing assets is recognized in the year of its receipt and any unrealized income recognized in respect of such assets is reversed.

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

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

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

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

2.5 Income from dividend is accounted when the right to receive has been established i.e. after the declaration by Board of Directors in case of interim dividend and after the approval by shareholders in Annual General Meeting in case of final dividend.

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

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

3. TANGIBLE ASSETS/DEPRECIATION

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

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

3.3 Depreciation on tangible assets is provided on, original cost of the asset reduced by its residual value estimated from time to time, as per written down value method, over the useful lives of the assets as prescribed in Schedule II to the Companies Act, 2013 except for Cell Phone where useful life has been taken as 2 years as estimated by the Company.

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

4. INTANGIBLE ASSETS / AMORTIZATION

4.1 Intangible assets such as software are shown at the cost of acquisition less accumulated amortisation, and amortization is done under straight-line method over the life of the assets estimated by the Company as 5 years.

5. INVESTMENTS

5.1 Current investments are valued individually at lower of cost or fair value.

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

6. Asset Classification and Provisions

6.1 **Asset Classification**

Loans & other credits and lease assets are classified into the following classes, namely:

6.1.1 Standard Assets: Standard asset shall mean an asset which is not a Non-Performing Asset (NPA) and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

6.1.2 (i) An asset will be considered as NPA and sub-categorized as Sub-standard, Doubtful and Loss Asset, if it remains outstanding as mentioned below:

<table>
<tr><th rowspan="2">As at</th><th rowspan="2">NPA (loan assets excluding lease assets)</th><th colspan="3">NPA Sub-Categorization (all loan assets including lease assets)</th></tr>
<tr><th>Sub-Standard</th><th>Doubtful</th><th>Loss</th></tr>
<tr><td>31st March 2016</td><td>Overdue for 5 months or more</td><td>NPA for a period not exceeding 16 months</td><td>NPA for a period exceeding 16 months</td><td>Doubtful for a period exceeding 36 months or identified as loss asset by the Company, whichever is earlier</td></tr>
<tr><td>31st March 2017</td><td>Overdue for 4 months or more</td><td>NPA for a period not exceeding 14 months</td><td>NPA for a period exceeding 14 months</td><td rowspan="2">As per RBI norms.</td></tr>
<tr><td>31st March 2018 and thereafter</td><td>Overdue for 3 months or more</td><td>NPA for a period not exceeding 12 months</td><td>NPA for a period exceeding 12 months</td></tr>
</table>

(ii) A lease asset, in respect of which interest, principal installment and /or other charges remain due but unpaid for a period of six months or more, has been classified as non-performing asset. With effect from 31.03.2018, a lease asset will be classified as NPA if it remains overdue for a period of 3 months or more.

6.2 **Provisioning against Standard Loans and NPAs**

6.2.1 The provisioning requirement in respect of loans and other credit shall be as under:

Sl. No.	Description	Rate of Provision as at 31.03.2016
1.	Standard Asset (Provisioning for Restructured Standard Loans will be as per RBI norms as detailed in Para 6.3)	0.30%
2.	Sub-Standard Asset	10%
3.	Doubtful Asset Secured portion of Doubtful assets Upto one year More than one year to upto three years Doubtful assets not covered by the realizable value of the security to which the Company has a valid recourse	 20% 30% 100%
4.	Loss Asset if not written off	100%

6.2.2 As regards provision on Standard Assets as per RBI norms, the Company is required to enhance provision in a phased manner from 0.25% on 31.03.2015 to 0.30% by 31.03.2016, 0.35% by 31.03.2017 and 0.40% by 31.03.2018.

6.2.3 A facility which is backed by Central / State Government Guarantee or by State Government undertaking for deduction from central plan allocation or a loan to State Department, would be treated as secured for the purpose of making provision on doubtful assets.

6.2.4 Provision on hire purchase and lease assets is as per para 9(2) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued vide circular dated 01.07.2013 and subsequent amendments issued from time to time.

6.3 **Provisioning against Restructured Loans**

6.3.1 RBI has exempted the Company from application of RBI restructuring norms for project loans to Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters for a period of 3 years i.e. till 31.03.2017. Accordingly, where facilities to such projects is partly secured, a provision to the extent of shortfall in the security available, shall be made while restructuring and/or rescheduling and/or renegotiation of the loans apart from the provision required on present value basis.

6.3.2 For the following cases, the provisioning against Restructured Standard Assets will be as per RBI norms, including provision on diminution in fair value:

a) new project loans to generating companies sanctioned w.e.f. 01.04.2015, where provisioning will be at the rate of 5%.

b) stock of restructured outstanding loans as on 31.03.2015 to all generating companies (as per RBI in case of stock of outstanding restructured loan, the provisioning has to be increased in a phased manner i.e. commencing with a provision of 2.75% with effect from 31.03.2015 and shall reach 3.5% by 31.03.2016, 4.25% by 31.03.2017 and 5% by 31.03.2018).

6.4 For the purpose of asset classification and provisioning, facilities granted to Government Sector & Private Sector Entities shall be classified borrower wise with the following exception:

Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, are classified on project wise basis. Government sector cases where there is a single escrow account and therefore the cash flows are not identifiable project-wise, such facilities shall be classified borrower wise.

7. FOREIGN CURRENCY TRANSACTIONS

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

(i) Expenses and income in foreign currency; and

(ii) Amounts borrowed and lent in foreign currency.

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

(i) Foreign currency loan liabilities.

(ii) Funds kept in foreign currency account with banks abroad.

(iii) Contingent liabilities in respect of guarantees given in foreign currency.

(iv) Income earned abroad but not remitted / received in India.

(v) Loans granted in foreign currency.

(vi) Expenses and income accrued but not due on foreign currency loans/borrowing.

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

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

8. DERIVATIVE TRANSACTIONS

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

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

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

9. ACCOUNTING OF GOVERNMENT OF INDIA (GOI) SCHEMES

9.1 The Company acts as a channelizing / nodal agency for pass-through of loans / grants / subsidies to beneficiaries under various schemes of the Govt. of India. The Company receives the amount on such account and disburses it to the eligible entities in accordance with the relevant schemes.

9.1.1 Where funds are received in advance from Govt. of India, the same are shown as current liabilities till the payments are released to the beneficiary.

9.1.2 The income on account of fee etc. arising from implementation of such GoI schemes is accounted for in accordance with the respective scheme / GoI directives as applicable.

10. INTEREST SUBSIDY FUND

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

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

11. INCOME/RECEIPT/EXPENDITURE ON SUBSIDIARIES

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

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

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

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

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

12. EMPLOYEE BENEFITS

12.1 **Provident Fund, Gratuity, Pension Fund and Post Retirement Benefits**

Company's contribution paid / payable during the financial year towards provident fund and pension fund are charged in the statement of Profit and Loss. The Company's obligation towards gratuity to employees and post retirement benefits such as medical benefits, economic rehabilitation benefit, and settlement allowance after retirement are actuarially determined and provided for as per Accounting Standard – 15.

12.2 **Other Employee Benefits**

The Company's obligation towards sick leave, earned leave, service award scheme are actuarially determined and provided for, as per Accounting Standard – 15.

13. INCOME TAX

13.1 Income Tax comprising of current tax is determined in accordance with the applicable tax laws and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) in accordance with Accounting Standard – 22 on Accounting for Taxes on Income.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

13.2 Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

14. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.

15. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Part – C

Other Notes on Accounts

1. The Company is a Government Company engaged in extending financial assistance to power sector and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India as an Infrastructure Finance Company. Equity shares of the Company are listed on NSE and BSE.

2. Contingent Liabilities and Commitments:

 2.1 Contingent Liabilities

 (A) Guarantees etc.

(₹ in crore)

Sl. No.	Description	As at 31.03.2016	As at 31.03.2015
(i)	Default guarantees issued in foreign currency - Nil (Previous year US $ 0.74 million)	-	4.69
(ii)	Guarantees issued in domestic currency	226.48	262.84
(iii)	Claims against the Company not acknowledged as debts	-	0.04
(iv)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	403.07	787.32
	Total	**629.55**	**1,054.89**

 (B) Income Tax Demands

 Additional demands raised by and paid to the Income Tax Department totaling to ₹ 45.23 crore (Previous year ₹ 64.41 crore) of earlier years are being contested. Further, the Income Tax Department has filed appeals against the relief allowed by appellate authorities to the Company aggregating to ₹ 121.04 crore (Previous year ₹ 85.47 crore). The same are being contested. The Management does not consider it necessary to make provision, as the liability is not considered probable.

 2.2 Commitments

 Estimated amount of contract remaining to be executed on account of capital account, not provided for, is Nil (Previous year ₹ 0.33 crore).

3. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) paid and provided for under contest by the Company, are detailed below:

(₹ in crore)

Sl. No.	Description	Year ended 31.03.2016	Year ended 31.03.2015
1.	Opening Balance	78.50	55.10
2.	Addition during the year	17.65	23.40
3.	Reversal during the year	(0.76)	-
4.	Closing Balance	95.39*	78.50$

* Pertaining to Assessment Year 2001-02 to 2013-14.

$ Pertaining to Assessment Year 2001-02 to 2012-13.

4. A. The Company has made a public issue of 70,00,000 number of Tax Free bonds at face value of ₹ 1,000/- each aggregating to ₹ 700.00 crore. Security has been created on 15.10.2015. Bonds have been allotted on 17.10.2015 and were listed on the Bombay Stock Exchange (BSE) on 20.10.2015. Proceeds of bond issue have been utilized for the purpose mentioned in offer document.

B. The Company is creating Debenture Redemption Reserve (DRR) for public issue of bonds or debentures @ 50% (as per MCA Circular No. 6/3/2001 – CL.V dated 18.04.2002) for public issues wherein prospectus had been filed before 11.02.2013 and @ 25% (as required by Companies (Share Capital and Debentures) Rules, 2014) for the subsequent public issues.

C. The Company raises funds through various instruments including series of non-convertible bond issues. During the year, the Company has not defaulted in servicing of its borrowings.

As regards non-convertible Rupee denominated bonds, the previous due date for payment of interest and principal was 31.03.2016 and 17.03.2016 respectively.

5. A. Foreign currency expenditure and earning:

(₹ in crore)

Sl. No.	Description	For the Year ended 31.03.2016	For the Year ended 31.03.2015
A.	**Expenditure in foreign currency**		
(i)	Interest on foreign currency loans *	250.90	236.21
(ii)	Financial & Other charges*	39.38	125.65
(iii)	Traveling Expenses	0.30	0.38
(iv)	Training Expenses	0.26	0.18
B.	**Earning in foreign currency**	**-**	**-**

*excluding withholding tax

B. Foreign currency liabilities not hedged by a derivative instrument or otherwise:-

Description	As at 31.03.2016		As at 31.03.2015	
	Millions in respective currency	₹ in crore	Millions in respective currency	₹ in crore
USD	979	6,535.38	1,128	7,110.90
EURO	17	129.28	19	129.72
JPY	57,102	3,405.56	24,209	1,274.11
Total		**10,070.22**		**8,514.73**

C. The Company amortizes exchange differences on long term foreign currency monetary items over their tenure. Consequently, as at 31.03.2016 unamortized debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 739.74 crore (Previous year debit balance ₹ 380.56 crore).

D. Liabilities and assets denominated in foreign currency have generally been translated at TT selling rate of SBI at year end as given below:

Sl. No.	Exchange Rates	As at 31.03.2016	As at 31.03.2015
(i)	USD / INR	66.77	63.06
(ii)	JPY / INR	0.5964	0.5263
(iii)	EURO / INR	75.78	68.42

In-case of specific provision in the loan agreement for a rate other than SBI TT selling rate, rate has been taken as prescribed in respective loan agreement.

6. Related Party Disclosures as per disclosure requirement of Accounting Standard-18:

(A) Key managerial personnel (KMP):

Description	Period
Shri M K Goel, CMD and CEO *	with effect from 22.01.2015
Shri R Nagarajan, Director (Finance) and CFO	with effect from 31.07.2009
Shri A K Agarwal, Director (Projects)	with effect from 13.07.2012
Shri D. Ravi, Director (Commercial)	with effect from 16.11.2015
Shri Manohar Balwani, CS	with effect from 01.04.2014

* Holding additional charge of Director (Commercial) till 16.11.2015.

(B) Transactions with KMP:

Managerial remuneration of KMP for the year ended 31.03.2016 is ₹ 2.36 crore (Previous year ₹ 2.50 crore).

7. (A) Investment in share capital of companies incorporated and operating in India as subsidiaries / joint venture companies including companies promoted as Special Purpose Vehicles (SPVs) for Ultra Mega Power Projects (UMPPs) are given below:

Sl. No.	Name of the companies	Date of investment	No. of equity shares subscribed	% of ownership as at 31.03.2016	Amount as at 31.03.2016 (₹ in crore)	Amount as at 31.03.2015 (₹ in crore)
(a)	**Subsidiary Companies (i)**					
(i)	PFC Consulting Limited (PFCCL)(ii)	09.04.2008	50,000	100%	0.05	0.05
(ii a)	PFC Green Energy Limited (PFCGEL) (Equity Shares)	29.07.2011 08.12.2011 29.03.2012 21.03.2013 18.06.2013 07.10.2013	50,000 44,50,000 4,90,000 2,10,00,000 1,36,00,000 6,04,10,000	100%	100.00	100.00
(ii b)	PFCGEL (Preference Shares)	21.03.2013 18.06.2013 07.10.2013	8,40,00,000 5,44,00,000 6,16,00,000	100%	200.00	200.00
(iii)	PFC Capital Advisory Services Limited (PFCCAS)(ii)	01.09.2011	1,00,000	100%	0.10	0.10
(iv)	Power Equity Capital Advisors (Private) Limited (PECAP)(iii)	15.04.2008 11.10.2011	15,000 35,000	100%	0.05	0.05
	Sub-Total (A)				**300.20**	**300.20**
(b)	**Subsidiary Companies promoted as SPVs for UMPPs (iv)**					
(i)	Coastal Maharashtra Mega Power Limited	05.09.2006	50,000	100%	0.05	0.05
(ii)	Orissa Integrated Power Limited	05.09.2006	50,000	100%	0.05	0.05
(iii)	Coastal Karnataka Power Limited	14.09.2006	50,000	100%	0.05	0.05
(iv)	Coastal Tamil Nadu Power Limited	31.01.2007	50,000	100%	0.05	0.05

(v)	Chhattisgarh Surguja Power Limited	31.03.2008	50,000	100%	0.05	0.05
(vi)	Sakhigopal Integrated Power Company Limited	27.01.2010	50,000	100%	0.05	0.05
(vii)	Ghogarpalli Integrated Power Company Limited	27.01.2010	50,000	100%	0.05	0.05
(viii)	Tatiya Andhra Mega Power Limited (v)	27.01.2010	50,000	100%	0.05	0.05
(ix)	Deoghar Mega Power Limited	30.07.2012	50,000	100%	0.05	0.05
(x)	Cheyyur Infra Limited	24.03.2014	50,000	100%	0.05	0.05
(xi)	Odisha Infrapower Limited	27.03.2014	50,000	100%	0.05	0.05
(xii)	Deoghar Infra Limited	25.08.2015	50,000	100%	0.05	-
(xiii)	Bihar Infrapower Limited	26.08.2015	50,000	100%	0.05	-
(xiv)	Bihar Mega Power Limited	27.08.2015	50,000	100%	0.05	-
(xv)	Jharkhand Infrapower Limited	05.02.2016	50,000	100%	0.05	-
	Sub-Total (B)				**0.75**	**0.55**
(c)	**Joint venture Companies(i)**					
(i)	National Power Exchange Limited (NPEL)(vi)	18.12.2008 03.09.2010	8,33,000 13,54,015	16.66%	2.19	2.19
(ii)	Energy Efficiency Services Limited (EESL)(vii)	21.01.2010 26.03.2013 21.08.2015	6,25,000 2,18,75,000 2,50,00,000	28.79%	47.50	22.50
	Sub-Total (C)				**49.69**	**24.69**
	TOTAL (viii) (A+ B+ C)				**350.64**	**325.44**

(i) Financial statements are consolidated as per Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures.

(ii) Decision to merge PFCCAS with PFCCL has been referred to Ministry of Power (MoP), Govt. of India (GoI). MoP in the process has advised to take a legal opinion on the complete merger for any potential conflict of interest arising out of the proposed merged company and Company's business. The legal opinion as advised by MoP is being sought by the subsidiary company.

(iii) Decision of voluntary winding up of PECAP is under consideration of MoP, GoI.

(iv) Subsidiary companies were incorporated as SPVs under mandate from the GoI for development of UMPPs with the intention to hand over the same to successful bidders on completion of the bidding process. Financial statements of these subsidiaries are not consolidated, in accordance with paragraph 11 of Accounting Standard-21.

(v) Decision of winding up of Tatiya Andhra Mega Power Limited is under consideration of MoP, GoI.

(vi) The voluntary winding up of NPEL is under process and its accounts are being prepared on liquidation basis. The Company as at 31.03.2016 has an investment of ₹ 2.19 crore (Previous year ₹ 2.19 crore) in equity share capital of NPEL against which provision for diminution stands at ₹ 1.06 crore as at 31.03.2016 (Previous year ₹ 1.06 crore).

(vii) Excludes further investment of ₹ 99.00 crore, to subscribe 9,90,00,000 equity shares (allotted on 25.04.2016) of face value of ₹ 10 each, made in EESL on 31.03.2016.

(viii) Maximum amount of investment during the year is same as investment at the year-end for each of the entities.

(B) The Company's share of assets, liabilities, contingent liabilities and capital commitment as at 31.03.2016 and income and expenses for the period in respect of joint venture entities based on their audited* financial statements are given below:

(₹ in crore)

Sl. No.	Description	As at 31.03.2016			As at 31.03.2015		
		NPEL	EESL*	Total	NPEL	EESL	Total
	Ownership (%)	**16.66**	**28.79**		**16.66**	**25**	
A	Assets						
	Non-Current assets	0.01	180.87	**180.88**	0.02	38.06	**38.08**
	Current assets	1.22	253.66	**254.88**	1.13	40.91	**42.04**
	Total	**1.23**	**434.53**	**435.76**	**1.15**	**78.97**	**80.12**
B	Liabilities						
	Non-Current Liabilities	0.00	65.89	**65.89**	-	22.68	22.68
	Current Liabilities	0.03	248.82	**248.85**	-	28.71	28.71
	Total	**0.03**	**314.71**	**314.74**	**-**	**51.39**	**51.39**
C	Contingent liabilities	0.00	-	**0.00**	-	-	-
D	Capital commitments	0.00	84.24	**84.24**	-	-	
		For the Year ended 31.03.2016			**For the Year ended 31.03.2015**		
E	Total Income	0.09	205.68	**205.77**	0.09	17.78	**17.87**
F	Total Expenses	0.00	191.40	**191.40**	0.07	14.29	**14.36**

* Based on Unaudited provisional financials.

8. A. Loans and Advances in the nature of Loans:

(i) The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

(₹ in crore)

Name of the Subsidiary Companies	As at 31.03.2016*	As at 31.03.2015*	Maximum during the year ended 31.03.2016	Maximum during the year ended 31.03.2015
Coastal Maharashtra Mega Power Limited	9.99	8.99	10.14	9.10
Orissa Integrated Power Limited	89.04	105.21	132.11	111.77
Coastal Karnataka Power Limited	4.35	3.81	4.35	3.81
Coastal Tamil Nadu Power Limited	96.85	70.10	96.85	70.10
Chhattisgarh Surguja Power Limited	82.13	75.23	82.13	75.23
Sakhigopal Integrated Power Company Limited	6.41	5.54	6.58	5.54
Ghogarpalli Integrated Power Company Limited	5.46	4.79	5.72	4.79
Tatiya Andhra Mega Power Limited	9.26	8.37	9.26	11.65
Deoghar Mega Power Limited	8.70	6.12	8.70	6.12
PFC Green Energy Limited	0.24	0.31	0.43	0.53
PFC Capital Advisory Services Limited	0.19	0.13	0.23	0.52
Cheyyur Infra Limited	0.02	0.01	0.02	0.01

Odisha Infra Power Limited	0.16	0.11	0.16	0.11
Bihar Infra Power Limited	0.01	0.00	0.01	0.00
Bihar Mega Power Limited	0.95	0.00	0.95	0.00
Deoghar Infra Limited	0.01	0.00	0.01	0.00
Jharkhand Infrapower Limited	0.00	0.00	0.00	0.00
Total	**313.77**	**288.72**	**357.65**	**299.28**

* Amount is in the nature of advances, does not include any loan.

(ii) The details of amount payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:

(₹ in crore)

Name of the Subsidiary Companies	As at 31.03.2016	As at 31.03.2015	Maximum during the year ended 31.03.2016	Maximum during the year ended 31.03.2015
PFC Consulting Limited	2.70	1.88	2.70	9.80
Coastal Maharashtra Mega Power Limited	62.81	59.79	62.81	59.79
Orissa Integrated Power Limited	83.06	72.57	83.06	72.57
Coastal Tamil Nadu Power Limited	73.56	68.72	73.56	68.72
Chhattisgarh Surguja Power Limited	71.00	66.17	71.00	66.17
Sakhigopal Integrated Power Company Limited	25.05	23.69	25.05	23.69
Ghogarpalli Integrated Power Company Limited	23.72	22.44	23.72	22.44
Tatiya Andhra Mega Power Limited	25.73	24.92	25.73	27.48
Bihar Mega Power Limited	16.20	0.00	16.20	0.00
Total	**383.83**	**340.18**	**383.83**	**350.66**

(iii) Loans and Advances, in the nature of loans, to Firms / companies in which directors are interested are given below:

(₹ in crore)

Name of the Firms / companies	Outstanding as at 31.03.2016	Outstanding as at 31.03.2015	Maximum during the year ended 31.03.2016	Maximum during the year ended 31.03.2015
PFC Green Energy Limited	11.58	-	11.58	-

B. Investment by the loanee in the shares of the Company and / or any of its Subsidiaries (Amount at year end and maximum amount during the year): Nil (Previous year Nil).

9. Major Investments made during the year:

The Company has subscribed to 18,000 Unsecured, additional Tier I, Basel III compliant, Non-Convertible Taxable Bonds (coupon rate 10.95%) of nationalized banks of face value of ₹ 10,00,000/- per bond aggregating to ₹ 1,800 crore.

10. Interest Differential Fund (IDF) – KFW

The agreement between KFW and the Company provides that IDF belongs to the borrowers solely and will be used to cover exchange risk variations under this loan and any excess will be used in accordance with the agreement. Balance in IDF has been kept under separate account head titled as Interest Differential Fund – KFW and shown as a liability. Total fund accumulated as on 31.03.2016 is ₹ 60.71 crore (Previous year ₹ 58.38 crore), after transferring exchange difference of ₹ 13.48 crore (Previous year ₹ 14.11 crore).

11. As required under AS-19, disclosure with respect to various leases are given below:

(A) Asset under finance lease after 01.04.2001:

(i) Gross investment in leased assets and present value of minimum value receivable at the balance sheet date and value of unearned financial income are given in table below:

(₹ in crore)

Description	As at 31.03.2016	As at 31.03.2015
Total of future minimum lease payments recoverable (Gross Investments)	364.78	392.95
Present value of lease payments recoverable	204.09	212.27
Unearned finance income	**160.69**	**180.68**
Maturity profile of total of future minimum lease payments recoverable (Gross Investment):-		
Not later than one year	27.11	30.06
Later than one year and not later than 5 years	107.54	107.98
Later than five years	230.13	254.91
Total	**364.78**	**392.95**
Break up of present value of lease payments recoverable:-		
Not later than one year	7.89	10.06
Later than one year and not later than 5 years	39.52	36.18
Later than five years	156.68	166.03
Total	**204.09**	**212.27**

(ii) The Company had sanctioned an amount of ₹ 88.90 crore in year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). Sanction was reduced to ₹ 88.85 crore in December 2006. Gross investment stood at the level of ₹ 1.33 crore as on 31.03.2016 (Previous year ₹ 1.78 crore). Lease rent is to be recovered within a period of 15 Years, starting from 19.07.2004, which comprises of 10 years as primary period and 5 years as secondary period. Secondary period is in force with effect from 19.07.2014.

(iii) The Company had sanctioned an amount of ₹ 98.44 crore in year 2004 as finance lease for financing wind turbine generator (commissioned on 18.5.2004). Gross investment stood at ₹ 3.94 crore as on 31.03.2016 (Previous year ₹ 4.43 crore). Lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as primary period and a maximum of another 10 years as secondary period. Secondary period is in force with effect from 01.04.2014.

(iv) The Company had sanctioned an amount of ₹ 93.51 crore in year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). Gross investment stood at ₹ 4.21 crore as on 31.03.2016 (Previous year ₹ 7.62 crore). Lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as primary period and a maximum of 9 years and 11 months as secondary period. Secondary period is in force with effect from 01.04.2015.

(v) The Company had sanctioned an amount of ₹ 228.94 crore in year 2008 as finance lease for financing wind turbine generator (commissioned on 18.05.2011). Gross investment stood at ₹ 355.30 crore as on 31.03.2016 (Previous year ₹ 379.12 crore). Lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as primary period and a maximum of 7 years as secondary period.

(B) The Company's operating leases consist of:

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 4.65 crore (Previous year ₹ 4.43 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 16 – Employee Benefit Expenses. Lease payments in respect of premises for offices are shown as office rent in Note Part A 17 – Other Expenses. Future lease payments in respect of these lease agreements are given below:

(₹ in crore)

Future minimum lease rent payments	Year ended 31.03.2016	Year ended 31.03.2015
Not later than one year	3.00	2.11
Later than one year and not later than 5 years	1.05	0.27
Later than 5 years	-	-
Total	**4.05**	**2.38**

12. Implementation of GoI Schemes

(A) Subsidy under Accelerated Generation & Supply Programme (AG&SP):

(i) The Company claimed subsidy from GoI at net present value calculated at indicative interest rates in accordance with GOI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of actual repayment schedule, moratorium period and duration of repayment. Amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. Impact of difference between indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after end of respective schemes. However, on the basis of projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), the Company estimated net excess amount of ₹ 7.80 crore and ₹ 87.47 crore as on 31.03.2016 (Previous year ₹ 7.02 crore and ₹ 61.32 crore) for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. This net excess amount is worked out on overall basis and not on individual basis and may vary due to change in assumptions, if any, during the projected period such as changes in moratorium period, repayment period, loan restructuring, pre-payment, interest rate reset, etc. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of respective scheme.

(ii) Balance under the head Interest Subsidy Fund shown as liability, represents amount of subsidy received from MoP, GoI which is to be passed on to borrowers against their interest liability arising in future under AG&SP, comprises of the following : -

(₹ in crore)

Description	Year ended 31.03.2016	Year ended 31.03.2015
Opening Balance	111.35	123.87
Add : Received during the period	-	-
: Interest credited during the period	8.87	9.42
: Refund by the borrower due to non – commissioning of project in time	-	-

Less : Interest subsidy passed on to borrowers	12.75	21.94
: Refunded to MoP:-		
(a) Estimated net excess against IX Plan	-	-
(b) Due to non- commissioning of Project in time	-	-
(c) Estimated net excess against X Plan	-	-
Closing Balance	**107.47**	**111.35**

(B) Re-structured Accelerated Power Development and Reforms Programme (R – APDRP):

(i) The Company is Nodal Agency for operationalisation and associated service for implementation of R – APDRP.

Amounts received from the GoI under R – APDRP as a Nodal agency for on-lending to eligible borrowers are back to back arrangements with no profit or loss arising to the Company. The amount on-lended but not converted in to grants as per applicable guidelines will become payable along-with interest to the GoI on receipt from borrowers.

Details are furnished below:

(₹ in crore)

Description	Amount recoverable from borrowers & payable to GOI		R – APDRP Grant		Amount payable to GOI (Interest earned on Fixed Deposit)	
	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
A. GoI Loan under R-APDRP (Principal)						
Opening Balance	7,687.84	7,315.85	-	-	-	-
Additions during the period	667.82	578.47	667.82	578.47	-	-
Recoveries / refunds / changes during the period	(125.21)	(206.48)	(667.82)	(578.47)	-	-
Closing Balance (A)	**8,230.45**	**7,687.84**	**-**	**-**	**-**	**-**
B. Interest Accrued but not due (Int. earned on FD)	**-**	**NA**			**-**	**-**
C. Interest on loan under R-APDRP	**-**	**-**	**NA**			
(i) Accrued but not due						
Opening Balance	2,563.89	1,605.09				
Additions during the period	650.36	673.90				
Transfers to / from Accumulated Moratorium Interest	(986.16)	298.41				
Transfer to Interest Accrued and Due	(91.26)	(13.51)				
Closing Balance (i)	2,136.83	2,563.89				
(ii) Accrued and due						
Opening Balance	3.68	3.69				

Additions During the period	182.27	16.59				
Recoveries & refunds to GoI / Changes due to extension of project completion period	(43.90)	(16.60)				
Closing Balance (ii)	142.05	3.68				
Interest on loan under R-APDRP (C) = (i + ii)	**2,278.88**	**2,567.57**				
D. Accumulated Moratorium Interest			**NA**			
Opening Balance	38.85	338.92				
Additions during the period	994.90	(301.58)				
Recoveries & refunds to GoI / Changes due to extension of project completion period	(34.07)	1.51				
Closing Balance (D)	**999.68**	**38.85**				
E. Interest on Accumulated Moratorium Interest			**NA**			
(i) Accrued but not due						
Opening Balance	0.15	1.42				
Additions during the period	34.99	(0.92)				
Transfer to accrued and due	(27.88)	(0.35)				
Closing Balance (i)	7.26	0.15				
(ii) Accrued and due						
Opening Balance	1.18	2.21				
Additions During the period	71.92	(1.88)				
Recoveries & refunds to GoI / Changes due to extension of project completion period	(17.88)	0.85				
Closing Balance (ii)	55.22	1.18				
Interest on Accumulated Moratorium Int. (E) = (i + ii)	**62.48**	**1.33**				
F. Interest on Interest, Interest on "Interest on Accumulated Moratorium Interest" and Penal Interest			**NA**			
(i) Interest on Interest						
Opening Balance	0.05	0.00				
Additions During the period	4.64	0.11				
Recoveries / refunds / changes during the period	(0.06)	(0.06)				
Closing Balance (i)	4.63	0.05				
(ii) Interest on " Interest on Accumulated Moratorium Interest"						
Opening Balance	0.02	0.00				

Additions During the period	1.80	0.02				
Recoveries / refunds / changes on account of extension of project completion period during the year	(0.02)	0.00				
Closing Balance (ii)	1.80	0.02				
(iii) Penal Interest						
Opening Balance	0.05	0.00				
Additions During the period	5.21	0.15				
Recoveries / refunds / changes on account of extension of project completion period during the year	(0.08)	(0.10)				
Closing Balance (iii)	5.18	0.05				
Interest on Interest, Interest on "Interest on Accumulated Moratorium Interest" and Penal Interest (F) = (i + ii + iii)	**11.61**	**0.12**				
Closing Balance (A+B+C+D+E+F)	**11,583.10**[1]	**10,295.71**				

[1] Does not include an amount of ₹ 13.00 crore received from borrowers on 31.03.2016 and paid on 02.04.2016 to MoP, GoI. Accordingly, as at 31.03.2016 the amount is appearing as Amount payable to GoI under R-APDRP (Note Part A 4).

(ii) Nodal Agency Fee under R – APDRP scheme for XIth plan is being accounted for @ 1% of sanctioned project cost in three stages - 0.40% on sanction of project, 0.30% on disbursement of funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B). In addition, actual expenditure including expenditure allocable on account of Company's manpower, incurred for operationalising the R– APDRP is reimbursable by MoP, GoI. The cumulative claim for fee and reimbursement of expenditure is subject to cap of ₹ 850 crore or 1.7% of likely project outlay under Part A & B of R-APDRP, whichever is less.

From XIIth plan onwards, in accordance with Company's claim, approved by MoP vide its letter dated 31.03.2015 and subsequent clarification issued by MoP vide letter dated 20.05.2015, the Company continues to restrict its claims only to reimbursement of actual expenditure excluding Company's own manpower and administrative charges.

As at 31.03.2016, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by the Company is given below:

(₹ in crore)

Description	Year ended 31.03.2016	Year ended 31.03.2015	Accumulated up-to year ended	
			31.03.2016	31.03.2015
Nodal agency fee[1]	0.66	(36.38)	128.07	127.41
Reimbursement of expenditure	22.99	41.20	127.67	104.68
Total	**23.65**	**4.82**	**255.74**	**232.09**

[1]Exclusive of Service Tax

(C) Integrated Power Development Scheme (IPDS)

GoI has launched IPDS for completion of targets laid down under R-APDRP for XIIth and XIIIth Plans by subsuming R-APDRP in IPDS and carrying forward approved outlay for R-APDRP to IPDS.

The Company has been designated as Nodal Agency for operationalisation and implementation of scheme under overall guidance of the MoP, GoI. Role of Nodal agency is mentioned in IPDS scheme which inter-alia includes administration of GoI grant to eligible utilities which can be recalled / pre-closed subject to certain conditions mentioned in IPDS guidelines.

The Company will be eligible for 0.5% of total project cost approved by Monitoring Committee or award cost, whichever is lower, as nodal agency fee to be claimed / accrued as under:

i. 1st installment: 40% of nodal agency fee in financial years in which projects are approved by the Monitoring Committee under IPDS.

ii. 2nd installment: 30% of nodal agency fee on award of approved projects.

iii. 3rd installment: 20% of nodal agency fee after one year of claiming 2nd installment.

iv. 4th installment: 10% of nodal agency fee after completion of works.

The details are furnished below :

(₹ in crore)

Description	Amount of GoI grant administered to the eligible utilities		IPDS Grant		Amount payable to GOI (Interest earned on Fixed Deposit)	
	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
Opening Balance	-	-	50.00	-	0.01	0.00
Additions during the period	358.70	-	308.70	50.00	2.14	0.01
Recoveries / refunds / changes during the period	-	-	358.70	-	(2.15)	-
Closing Balance	**358.70**	**-**	**-**	**50.00**	**-**	**0.01**

13. Asset classification and Provisioning:

A) Company being a Government owned NBFC is exempted from RBI directions relating to Prudential Norms and follows its own prudential norms approved by MoP, GoI. RBI has directed the Company, vide its letter dated 25.07.2013, to take steps to comply with RBI's Prudential Norms by 31.03.2016 except credit concentration norms, Restructuring / Reschedulement / Renegotiation (R/R/R) norms and asset classification norms for which it has issued separate directions.

B) For asset classification, in pursuance to RBI directions dated 30.06.2015 and 10.12.2015 issued subsequent to RBI circular DNBR (PD) CC No. 002/03.10.001/2014-15 dated 10.11.2014, Company's prudential norms have been suitably amended. For operationalisation of these directions, the Company has communicated its understanding to RBI vide letters dated 13.08.2015 and 13.01.2016. Accordingly, during the year:–

(i) a loan asset (excluding lease asset) has been recognized as NPA, if it remained overdue for a period of 6 months or more, however as at 31.03.2016 it has been recognized as NPA if it remained overdue for a period of 5 months or more,

(ii) a loan asset (including lease asset) has been sub-categorized as sub-standard if it continued to be NPA for a period not exceeding 18 months, however as at 31.03.2016 it has been sub-categorized as sub-standard if it continued to be NPA for a period not exceeding 16 months and

(iii) a loan asset (including lease asset) has been sub-categorized as doubtful if it continued to be NPA for a period exceeding 18 months & not exceeding 36 months, however as at 31.03.2016 it has been sub-categorized as doubtful if it continued to be NPA for a period exceeding 16 months & not exceeding 36 months.

Similarly, for FY 2016-17 and 2017-18, the change in number of months to be considered for asset classification and sub-categorization of NPA will take place as at 31st March of the respective financial year.

(iv) During the year, a lease asset, in respect of which interest, principal instalment and / or other charges remain due but unpaid for a period of six months or more, has been classified as NPA. With effect from 31.03.2018, a lease asset will be classified as NPA if it remains overdue for a period of 3 months or more.

C) As regards provision on Standard Assets as per RBI norms, the Company is required to enhance provision in a phased manner from 0.25% on 31.03.2015 to 0.40% by 31.03.2018.

Acceleration of this provision by 0.10%, applicable for FY 2016-17 & FY 2017-18, but made during quarter and half year ended 30.09.2015 has been further reviewed and the provision has been aligned to the applicable rate of provision as at 31.03.2016, i.e. 0.30% as per RBI norms.

14. For credit concentration norms, RBI vide its letter dated 03.04.2014, has allowed exemption in respect of exposure to Central / State Government entities till 31.03.2016. The Company, vide its letter dated 22.01.2016 has requested RBI to extend the exemption further till 31.03.2020 and has inter-alia informed that the Company will continue to follow its own credit concentration norms for Central / State Government entities till such time any further directions are received from RBI.

In this regard, RBI, vide letter dated 22.04.2016, received on 28.04.2016, has directed the Company:-

(i) that exposure in excess of levels currently permitted under RBI's credit concentration norms may be continued only in respect of already entered into agreements / sanctioned limits, up to their maturity,

(ii) not to take any fresh position in respect of such exposure or enter into fresh agreements which do not conform to the RBI exposure norms, and

(iii) that fresh sanctions to existing borrowers or new loans in excess of RBI's credit concentration norms shall be permitted provided there is a guarantee from the Central Government / State Government concerned and the same is a part of the concerned Government's borrowing programme. However, the matter has again been taken up with RBI for allowing extension in exemption to the Company from the applicability of RBI's credit concentration norms on Government sector entities upto 31.03.2022, vide letter dated 17.05.2016.

15. For R/R/R norms, RBI vide its letter dated 11.06.2014 – (i) has exempted the Company from application of its restructuring norms for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters for a period of 3 years i.e. till 31.03.2017, and (ii) has directed that for new project loans to generating companies restructured w.e.f. 01.04.2015, the provisioning requirement would be 5% and for stock of such outstanding loans as on 31.03.2015 to all generating companies, provisioning shall commence with a provision of 2.75% with effect from 31.03.2015 and reaching 5% by 31.03.2018; this provision is in addition to the provision for diminution in fair value.

For implementing RBI's directions dated 11.06.2014, Company vide its letter dated 03.07.2014 has communicated its implementation strategy to RBI, which has been further reiterated vide Company's letter dated 27.11.2014, inter-alia stating that:-

(i) all new project loans sanctioned with effect from 01.04.2015 to generating companies would be regulated by RBI norms on R/R/R,

(ii) project loans to generating companies already sanctioned up to 31.03.2015 are to be governed by MoP approved R/R/R Norms and

(iii) Non Project loans will be governed by RBI norms on R/R/R w.e.f. 01.04.2015. RBI vide its letter dated 04.02.2015 has informed that the Company's request is under examination. Company has not received any further directions from RBI in the matter and accordingly, Company is implementing the RBI norms in line with RBI directions dated 11.06.2014 read with manner of implementation communicated to RBI as stated above.

As regards R/R/R loans on which restructuring provisioning as per RBI norms is applicable, the Company is required to enhance provision in a phased manner from 2.75% on 31.03.2015 to 3.50%, 4.25% and 5% by 31.03.2016, 31.03.2017 and 31.03.2018 respectively. Acceleration of this provision to 4.25% made during quarter and nine months ended 31.12.2015 has been further reviewed and the provision has been aligned to the applicable rate of provision as at 31.03.2016, i.e. 3.50% as per RBI directions.

16. Loan Assets, Other assets and provisions thereon:

(₹ in crore)

Sl. No.	Asset Classification	As at 31.03.2016			As at 31.03.2015		
		Principal Outstanding	Provision for the year ended 31.03.2016	Accumulated Provision	Principal Outstanding	Provision for the year ended 31.03.2015	Accumulated Provision
(A) Classification of Loan Assets and provision thereon							
(i)	Standard Assets	199,138.19	110.85	597.41	1,94,627.13	17.15	486.57
(ii)	Restructured Standard Assets[1]	32,262.98	564.77	1,129.20	20,524.91	564.43	564.43
(iii)	Sub-standard Assets	4,877.61	366.83	487.76	1,209.37	110.55	120.93
(iv)	Doubtful Assets	2,393.15	327.47	721.98	1,315.02	150.76	394.52
(v)	Loss Assets	248.28	239.36	248.28	8.92	0.00	8.92
(B) Other Assets and provision thereon							
(i)	Other Assets	1.17	0.04	1.01	1.04	0.02	0.97
	Grand Total	**2,38,921.38**	**1,609.32**	**3,185.64**	**2,17,686.39**	**842.91**	**1,576.34**

[1] R/R/R loans on which restructuring provisioning as per RBI norms is applicable, outstanding as at 31.03.2016 amount to ₹ 21,479.20 crore in private sector and ₹ 10,783.78 crore in Govt. sector (Previous year ₹ 20,524.91 crore in private sector and Nil in Govt. sector).

17. Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below:

(₹ in crore)

Sl. N.	Type of Restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification Details		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1.	Restructured accounts as on April,01 2015	No. of borrowers	Nil					14	1	3	-	18	14	1	3	-	18
		Amount outstanding (Restructured facility)						20524.91	76.63	1145.34	-	21746.88	20524.91	76.63	1145.34	-	21746.88
		Amount outstanding (Other facility)						-	-	169.78	-	169.78	-	-	169.78	-	169.78
		Provision Thereon						564.44	7.66	394.53	-	966.63	564.44	7.66	394.53	-	966.63
2.	Movement of balance in account appearing in opening balance	No. of borrowers	Nil					10	-	2	-	12	10	-	2	-	12
		Amount outstanding (Restructured facility)						2,113.48	-	192.70	-	2,306.18	2,113.48	-	192.70	-	2,306.18
		Amount outstanding (Other facility)						0.00	-	62.33	-	62.33	0.00	-	62.33	-	62.33
		Provision Thereon						73.97	-	110.70	-	184.67	73.97	-	110.70	-	184.67
3.	Fresh restructuring during the year	No. of borrowers	Nil					5	-	-	-	5	5	-	-	-	5
		Amount outstanding (Restructured facility)						14,192.68	-	-	-	14,192.68	14,192.68	-	-	-	14,192.68
		Amount outstanding (Other facility)						-	-	-	-	0.00	0.00	-	-	-	0.00
		Provision Thereon						496.74	-	-	-	496.74	496.74	-	-	-	496.74
4.	Up gradations to restructured standard category during the year	No. of borrowers	Nil					-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	-	-	-	-	-	-	-	-	-
5.	Restructured Standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					-1	-	-	-	-1	-1	-	-	-	-1
		Amount outstanding (Restructured facility)						-1,457.04	-	-	-	-1,457.04	-1,457.04	-	-	-	-1,457.04
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-40.07	-	-	-	-40.07	-40.07	-	-	-	-40.07
6.	Down gradation of restructured accounts during the year	No. of borrowers	Nil					-3	2	1	-	-	-3	2	1	-	-
		Amount outstanding (Restructured facility)						-3111.05	3034.42	76.63	-	-	-3111.05	3034.42	76.63	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-85.55	303.44	15.33	-	233.22	-85.55	303.44	15.33	-	233.22
7.	Write-offs restructured accounts during the year	No. of borrowers	Nil					-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	-	-	-	-	-	-	-	-	-
8.	Restructured accounts as on March 31, 2016	No. of borrowers	Nil					15	3	4	-	22	15	3	4	-	22
		Amount outstanding (Restructured facility)						32262.98	3111.05	1,414.67	-	36788.70	32262.98	3111.05	1,414.67	-	36788.70
		Amount outstanding (Other facility)						-	-	232.11	-	232.11	-	-	232.11	-	232.11
		Provision Thereon						1,129.20	311.11	520.57	-	1,960.88	1,129.20	311.11	520.57	-	1,960.88

18. In case of a restructured loan asset, categorized as sub-standard by the Company on 15.04.2015, the borrower has obtained an ad-interim stay on further proceedings from Hon'ble High Court of Madras vide order dated 17.06.2015. The Company had sought a legal opinion with respect to asset classification, based on which, the loan asset has been re-classified from restructured sub-standard to restructured standard asset and the NPA provision amounting to ₹ 339.99 crore made in the account during the year has been reversed. The matter is sub-judice and in last hearing held in Jan 2016 matter has again been adjourned and stay stands extended accordingly. Further, based on the subsequent legal opinion sought by the Company in respect of amount which became overdue on 15.10.2015 and 15.01.2016, the Company continues to maintain asset classification as standard.

19. Disclosures as per Accounting Standard –15 :-

A. Provident fund

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

B. Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. The provision for the same has been made on actuarial valuation based on total number of years of service rendered by an employee subject to a maximum amount of ₹ 10 lakh per employee.

C. Pension

The Company has a defined contribution pension scheme which is in line with guidelines of the Department of Public Enterprise (DPE) and is managed by a separate trust. Employer contribution to the fund has been contributed on monthly basis. Pension is payable to the employees of the Company as per the scheme.

D. Post-Retirement Medical Scheme (PRMS)

The Company has Post-Retirement Medical Scheme (PRMS), under which retired employees and their dependent family member are provided with medical facilities in empanelled hospitals. They can also avail reimbursement of out-patient treatment subject to a ceiling fixed by the Company.

E. Terminal Benefits

Terminal benefits include settlement in home town for employees & their dependents.

F. Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis @ 15 days and 10 days, respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. Earned leave is en-cashable during the service; while half pay leave is not en-cashable during the service or on separation / superannuation before 10 years. On separation after 10 years of service or on superannuation, earned leave plus half pay leave together can be en-cashed subject to a maximum of 300 days. However, there is no restriction in the number of years of service for earned leave encashment on separation from the service.

G. The above mentioned schemes (D, E and F) are unfunded and are recognized on the basis of actuarial valuation.

H. The summarised position of various defined benefits recognized for the year 31.03.2016 in the statement of profit and loss account, balance sheet are given below {Figures in brackets ( ) are for Previous year}:

i) Expenses recognised in Statement of Profit and Loss Account

(₹ in crore)

Description	Gratuity	PRMS	Leave
Current service cost	1.55 (1.43)	0.62 (0.52)	2.34 (2.14)
Interest cost on benefit obligation	1.55 (1.53)	1.17 (1.00)	1.87 (1.76)
Expected return on plan assets	-1.72 (-1.54)	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	-1.11 (-1.21)	2.36 (2.11)	2.18 (1.16)
Expenses recognised in Statement of Profit & Loss Account*	0.27 (0.21)	4.15 (3.63)	6.39 (5.06)

*During the year, the expenses include ₹ 0.03 crore (previous year ₹ 0.02 crore), ₹ 0.55 crore (previous year ₹ 0.42 crore) and ₹ 0.44 crore (previous year ₹ 0.34 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) Amount recognized in the Balance Sheet

(₹ in crore)

Description	Gratuity	PRMS	Leave
Present value of obligation as at 31.03.2016 (i)	20.74 (19.36)	17.83 (14.58)	26.89 (23.42)
Fair value of plan assets as at 31.03.2016 (ii)	20.47 (19.15)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-0.27 (-0.21)	-17.83 (-14.58)	-26.89 (-23.42)
Net asset / (liability) recognized in the Balance Sheet	-0.27 (-0.21)	-17.83 (-14.58)	-26.89 (-23.42)

iii) Changes in present value of defined benefit obligations

(₹ in crore)

Description	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2015	19.36 (17.98)	14.58 (11.75)	23.42 (20.66)
Interest cost	1.55 (1.53)	1.17 (1.00)	1.87 (1.76)
Current service cost	1.55 (1.43)	0.62 (0.52)	2.34 (2.14)
Benefits paid	-0.63 (-0.47)	-0.90 (-0.80)	-2.93 (-2.30)
Net actuarial (gain)/loss on obligation	-1.09 (-1.11)	2.36 (2.11)	2.18 (1.16)
Present value of the defined benefit obligation as at 31.03.2016	20.74 (19.36)	17.83 (14.58)	26.89 (23.42)

iv) Changes in fair value of plan assets

(₹ in crore)

Description	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2015	19.14 (17.12)	- (-)	- (-)
Expected return on plan assets	1.72 (1.54)	- (-)	- (-)
Contributions by employer	0.21 (0.86)	- (-)	- (-)
Benefit paid	-0.63 (-0.47)	- (-)	- (-)
Actuarial gain / (loss)	0.02 (0.09)	- (-)	- (-)
Fair value of plan assets as at 31.03.2016	20.47 (19.14)	- (-)	- (-)

v) One percent increase / decrease in inflation rate would impact liability for medical cost of PRMS, as under:-

Cost increase by 1% ₹ 3.00 crore

Cost decrease by 1% ₹ (2.34) crore

vi) During the year, Company has provided liability of ₹ 0.27 crore, ₹ 4.15 crore, ₹ 6.40 crore and Nil (Previous year ₹ 0.21 crore, ₹ 3.63 crore, ₹ 5.06 crore and Nil) towards contribution to the Gratuity Trust, PRMS, leave and towards Pension respectively. Above amount includes ₹ 0.03 crore, ₹ 0.55 crore and ₹ 0.44 crore (Previous year ₹ 0.02 crore, ₹ 0.42 crore and ₹ 0.34 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

I. Other Employee Benefits:-

During the year, provision of ₹ 0.33 crore (Previous year ₹ 0.01 crore) has been made for Economic Rehabilitation Scheme (ERS) for employees and provision of ₹ 0.48 crore (Previous year ₹ 0.92 crore) has been made for Long Service Award (LSA) for employees on the basis of actuarial valuation made at end of the year by charging / crediting statement of profit and loss.

J. Details of Plan Asset:- Gratuity

The details of plan assets at cost, as at 31.03.2016 are given below:

(₹ in crore)

S.No.	Description	As at 31.03.2016	As at 31.03.2015
i)	Government Securities	11.75	11.01
ii)	Corporate bonds / debentures[(1)]	8.07	7.64
iii)	Mutual Funds	0.15	-
	Total	**19.97**	**18.65**

[(1)]As at 31.03.2016, Bonds of the Company amounting to ₹ 0.50 crore (previous year ₹ 0.50 crore) are held by PFC Limited Gratuity Trust.

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.00%
Expected rate of return on assets – Gratuity	9.00%
Future salary increase*	6.00%

*Estimate of future salary increases considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

K. Employee benefits (viz. Gratuity, PRMS, Terminal Benefits, Leave encashment and other employee benefits) in respect of Company's employees working in PFCCAS, PFCGEL and PFCCL (subsidiaries of the Company) on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

L. Other disclosures

(₹ in crore)

Gratuity*	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation as at	20.74	19.36	17.98	16.16	14.03
Fair value of plan assets as at	20.47	19.14	17.12	14.67	12.95
Surplus/(Deficit)	(0.27)	(0.21)	(0.86)	(1.48)	(1.08)
Experience adjustment on plan liabilities (loss)/gain	1.09	1.10	0.31	0.31	0.23
Experience adjustment on plan assets (loss)/gain	0.02	0.09	0.26	0.02	0.17

*The Company's best estimate of contribution towards gratuity for financial year 2016-17 is ₹ 0.74 crore. Actual return on plan assets during the year ended 31.03.2016 is ₹ 1.74 crore (Previous year ₹ 1.64 crore). Further, expected return on plan assets has been determined considering several applicable factors, mainly, composition of plan assets held, assessed risk of asset management and historical returns from plan assets.

(₹ in crore)

PRMS	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation as at	17.83	14.58	11.75	9.50	8.33
Experience adjustment on plan liabilities (loss)/gain	(2.36)	(2.11)	(1.54)	(0.16)	(0.78)

(₹ in crore)

Leave	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation as at	26.89	23.42	20.66	20.39	17.74
Experience adjustment on plan liabilities (loss)/gain	(2.18)	(1.18)	(2.63)	(1.50)	(0.58)

(₹ in crore)

LSA	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation as at	4.74	4.49	4.04	3.71	3.33
Experience adjustment on plan liabilities (loss)/gain	1.10	0.67	0.46	0.80	0.00

(₹ in crore)

ERS	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation as at	1.50	1.24	1.24	1.31	1.24
Experience adjustment on plan liabilities (loss)/gain	0.02	0.38	0.46	0.43	0.00

(₹ in crore)

Baggage Allowance	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation as at	0.11	0.10	0.09	0.08	0.07
Experience adjustment on plan liabilities (loss)/gain	0.02	0.02	0.01	0.01	0.00

20. Disclosure of provision as required under Accounting Standard – 29, {Figures in brackets ( ) are for previous year}, are given below: :-

(₹ in crore)

Provision for	Opening Balance (1)	Addition during the year (2)	Used during the year (3)	Reversals (4)	Closing Balance 5 = (1+2-3-4)
Post-Retirement Medical Scheme	14.58 (11.75)	4.15 (3.63)	0.90 (0.80)	- (-)	17.83 (14.58)
Gratuity	0.08 (0.86)	0.27 (0.21)	0.22 (0.99)	- (-)	0.13 (0.08)
Provision for super annuation benefit (Pension)	0.07 (0.07)	- (-)	- (-)	- (-)	0.07 (0.07)
Leave Encashment	23.42 (20.66)	6.40 (5.06)	2.93 (2.30)	- (-)	26.89 (23.42)
Economic Rehabilitation Scheme for employee	1.24 (1.24)	0.33 (0.01)	0.07 (0.01)	- (-)	1.50 (1.24)
Bonus / Incentives	10.90 (17.75)	9.22 (12.09)	8.89 (18.94)	-1.36 (0.00)	9.87 (10.90)
Baggage Allowances	0.10 (0.09)	0.01 (0.01)	0.00 (0.00)	- (-)	0.11 (0.10)
Service Award	4.49 (4.04)	0.48 (0.92)	0.23 (0.47)	- (-)	4.74 (4.49)
Provision on loan assets etc.(1)	1,576.34 (733.43)	1,609.32 (842.91)	0.00 (0.00)	- (-)	3,185.66 (1,576.34)
Provision for dimunition in value of investment	1.06 (0.00)	96.26 (1.06)	0.00 (0.00)	- (-)	97.32 (1.06)
CSR	114.30 (32.33)	145.79 (117.49)	157.93 (35.52)	- (-)	102.16 (114.30)
Income Tax	6,211.19 (4,630.44)	2,822.26 (2,502.42)	1,519.87 (921.67)	- (-)	7,513.58 (6,211.19)
Proposed Final Dividend	79.20 (26.40)	79.20 (79.20)	79.20 (26.40)	- (-)	79.20 (79.20)
Proposed Corporate Dividend Tax	16.12 (4.49)	16.12 (16.12)	16.12 (4.49)	- (-)	16.12 (16.12)

(1)As detailed at Note Part – C 16.

21. (a) Details of gross amount required to be spent by the Company during the year

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15
CSR provision made at the rate of 2% of the average net Profit Before Tax (PBT) of the Company earned during the three immediately preceding financial years	145.79	117.49
Carry forward from previous year	114.30	32.33
Gross amount required to be spent	260.09	149.82

(b) Amount spent during the year on:

(₹ in crore)

		FY 2015-16			FY 2014-15		
Sl. No.	Particulars	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						
	Sanitation / Waste Management / Drinking Water	133.85	-	133.85	2.57	-	2.57
	Education / Vocational Skill Development	16.06	-	16.06	15.97	0.40	16.37
	Environmental Sustainability (Solar Applications / Afforestation / Energy efficient LED Lighting)	4.10	0.50	4.60	14.05	-	14.05
	Others	-	-	-	0.71	-	0.71
	Administrative overheads including training, impact assessment etc. limited to 5% of total amount required to be spent on CSR	3.16	0.26	3.42	1.63	0.19	1.82
	Total (ii)	**157.17**	**0.76**	**157.93**	**34.93**	**0.59**	**35.52**
	Grand Total (i) and (ii)			**157.93**			**35.52**

c) Details of related party transactions as per Accounting Standard (AS) 18, Related Party Disclosures – Nil (Previous year Nil).

d) Movements in the provision during the year as per AS-29 shown separately at Note no. 20 above.

e) During the year ended 31.03.2016, an amount of ₹ 192.13 crore (Previous year ₹ 49.90 crore) has been disbursed against CSR activities.

22. During the year ended 31.03.2016, following modifications in Part – B Significant Accounting Policies have been made:

Sl. No.	Significant Accounting Policy		Modifications
	No.	Title	
1.	2.1.1	Recognition of Income	Modified in line with amendments made in accounting policy number 6.
2.	2.5	Income from dividend	Modified to bring in more clarity.
3.	3.1, 3.2 and 3.4	Tangible assets / Depreciation	Term "Fixed assets" replaced with "Tangible assets" to align with the assets dealt under the policy i.e. Tangible Assets.
4.	3.3	Tangible assets / Depreciation	Augmented to disclose the assets where different useful life of assets from those specified in the Act are being used.
5.	4.1	Intangible assets	Augmented to disclose useful life of assets estimated by the Company.
6.	6	Asset Classification and Provisions	The policy related to applicable Asset classification and provisioning requirement has been suitably reworded. Accordingly, heading "Provisions / write off against Loans and Advances" has also been suitably modified.
7.	7	Foreign Currency Transactions	Heading "Foreign Exchange Transactions" has been substituted with "Foreign Currency Transactions" to bring in clarity.
8.	9	Accounting of GoI Schemes	Para 9.2 deleted to remove redundancy.
9.	12.1 and 12.2	Employee Benefits	The word "(Revised)" suffixed to sub-paras has been deleted to remove the redundancy.

There is no financial impact on account of above.

23. Depreciation on assets is provided over the useful lives of assets as prescribed in Schedule II to the Companies Act, 2013 or over the shorter useful life as estimated by the Company. Details are given below:

Sl. No.	Category of Assets	Useful Life in Years	Residual value as a % of original Cost
1.	Building	60	5%
2	EDP Equipment		
2A	Servers and networks	6	5%
2B	End user devices i.e. desktops, laptops etc.	3	5%
3.	Office and other Equipment	5	5%
3A	Cell Phone	2	5%
4.	Furniture & Fixture	10	5%
5.	Vehicle (Car)	8	5%
6.	Intangible Assets	5	0%

All assets as mentioned above are depreciated using written down value method, while Intangible Assets are amortised using straight-line method. Further, useful life for all the items is in line with Schedule II of the Companies Act, 2013 other than for Intangible Assets and Cell Phone which is as per Company's own estimate.

24. The Company has no outstanding liability towards Micro, Small and Medium enterprises.

25. Leasehold land is not amortized, as it is a perpetual lease.

26. The Company got registered with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) in April, 2012 for filing and registering the records of equitable mortgages created in its favour, in the web portal of CERSAI. On facing practical difficulties, the Company has since then continuously taken up the matter with CERSAI and RBI.

    The Company vide letter dated 24.12.2014 has also requested Department of Financial Services to exempt the Company from reporting of equitable mortgage transactions contemplated under Section 23 of SARFAESI Act, 2002. The Company vide letter dated 05.01.2015 has also sought RBI's intervention in the matter. Meanwhile, the Company vide letter dated 15.03.2016 has again requested CERSAI to remove the practical difficulties in entering data in the web portal of CERSAI. The response is still awaited.

27. As required under Section 205C of the Companies Act, 1956, ₹ 0.21 crore, (Previous Year ₹ 0.21 crore), became due and was transferred to the Investor Education and Protection Fund (IEPF) during the year ended 31.03.2016. However, an amount of ₹ 0.56 crore (Previous Year ₹ 0.56 crore) remains unpaid pending completion of transfer formalities by the claimants.

28. During the year, the Company has sent letters seeking confirmation of balances as at 31.12.2015 to the borrowers. Confirmation from all the borrowers has been received except some borrowers.

29. Status of net deferred tax assets / liabilities as per Accounting Standard 22 "Accounting for Taxes on Income" is given below :

(₹ in crore)

Description	As at 31.03.2016	As at 31.03.2015
(A) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	18.29	11.25
(B) Deferred Tax Liabilities (-)		
(i) Depreciation	(0.07)	(0.25)
(ii) Lease income	(68.73)	(72.19)
(iii) Amortization	(0.47)	(0.60)
(iv) Unamortized Exchange Loss (Net)	(251.08)	(127.46)
Net Deferred Tax liabilities (-)/Assets (+)	**(302.06)**	**(189.25)**

30. In compliance with Accounting Standard – 20 on Earning Per Share, the calculation of Earning Per Share (basic and diluted) is given below:

Description	During year ended 31.03.2016	During year ended 31.03.2015
Net Profit after tax used as numerator (₹ in crore)	6,113.48	5,959.33
Weighted average number of equity shares used as denominator (basic)	132,00,40,704	132,00,40,704
Diluted effect of outstanding Stock Options	-	153
Weighted average number of equity shares used as denominator (diluted)	132,00,40,704	132,00,40,857
Earning per equity share, face value ₹ 10 each (basic) (₹)	46.31	45.15
Effect of outstanding Stock Options (₹)	-	0.00
Earning per equity share, face value ₹ 10 each (diluted) (₹)	46.31	45.15

31. A) The status of dividend paid and proposed on equity shares of face value of ₹ 10 each, for the year ended 31.03.2016 is as under:

Particulars	Year ended 31.03.2016			Year ended 31.03.2015		
	% of share capital	Per equity share (₹)	Amount (₹ in crore)	% of share capital	Per equity share (₹)	Amount (₹ in crore)
First Interim dividend	88%(1)	8.80	1,161.64	85%	8.50	1,122.04
Second Interim dividend	45%(2)	4.50	594.02	-	-	-
Proposed Final Dividend	6%	0.60	79.20	6%	0.60	79.20
Total Dividend	**139%**	**13.90**	**1,834.86**	**91%**	**9.10**	**1,201.24**

(1)Declared by Board of Directors in their 341st meeting held on 16.12.2015 and paid on 04.01.2016.

(2)Declared by Board of Directors in their 343rd meeting held on 09.02.2016 and paid on 24.02.2016.

(B) Dividend payable to Non-Resident Shareholders

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. Particulars of dividends paid / payable to non-resident shareholders (including Foreign Institutional Investors) are given below:

Description	First Interim Dividend		Second Interim Dividend		Final Dividend	
Year to which the dividend relates	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Number of non-resident shareholders	2,075	2,343	2,220	NA	NA	2,521
Number of shares held by them of Face Value of ₹ 10 each	12,23,179	15,39,39,090	14,88,557	NA	NA	17,61,95,776
Gross amount of Dividend (₹ in crore)	**1.07**	**0.61**	**0.67**	**NA**	**NA**	**0.05**

32. Other key financial parameters:

Description	As at 31.03.2016	As at 31.03.2015
Debt Equity Ratio	5.61	5.83
Net worth (₹ in crore)	35,766.03	32,219.21

33. Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

	Items	As at 31.03.2016	As at 31.03.2015
(i)	Capital Fund - a. Tier I (₹ in crore)	33,217.38	30,099.55
	- b. Tier II (₹ in crore)	6,224.90	6,011.08
(ii)	Risk weighted assets along-with adjusted value of off balance sheet items (₹ in crore)	1,94,558.46	1,77,542.35
(iii)	CRAR	20.27%	20.34%
(iv)	CRAR – Tier I Capital	17.07%	16.95%

(v)	CRAR – Tier II Capital	3.20%	3.39%
		During the year ended 31.03.2016	**During the year ended 31.03.2015**
(vi)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(vii)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

34. **Additional disclosures in accordance with RBI directions on Corporate Governance**

(A) Reference may be made to Note Part - B for Significant Accounting Policies.

(B) Capital

Reference may be made to Note Part C - 33 for CRAR.

(C) Investments

(₹ in crore)

Sl. No.	Description			As at 31.03.2016	As at 31.03.2015
(1)	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	2,774.79	852.38
		(b)	Outside India	-	-
	(ii)	Provisions for Depreciation			
		(a)	In India	97.32	1.06
		(b)	Outside India	-	-
	(iii)	Net Value of Investments			
		(a)	In India	2,677.47	851.32
		(b)	Outside India.	-	-
(2)	Movement of provisions held towards depreciation on investments.				
	(i)	Opening balance		1.06	0.00
	(ii)	Add : Provisions made during the year		96.26	1.06
	(iii)	Less : Write-off / write-back of excess provisions during the year		-	-
	(iv)	Closing balance		97.32	1.06

(D) Derivatives

I. Forward Rate Agreement / Interest Rate Swap in respect of Loan Liabilities:

(₹ in crore)

Sl. No.	Description	As at 31.03.2016	As at 31.03.2015
(i)	Notional principal of swap agreements	7,164.60	9,541.10
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	121.72	74.47
(iii)	Collateral required by NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from swaps	-	-
(v)	Fair value of swap book	121.72	42.13

II. Company does not hold any exchange traded Interest Rate (IR) derivatives (Previous year Nil).

III. Qualitative disclosures on Risk Exposure in Derivatives:

a. Company has put in place Currency Risk Management (CRM) policy to manage and hedge risks associated with foreign currency borrowing. The said policy prescribes structure and organization for management of associated risks.

b. Company enters into derivatives viz. Principal only Swaps, Interest Rate Swaps and Forward Contracts for hedging the interest / exchange rate risk in Rupee and foreign currency liabilities. As per the CRM Policy, a system for reporting and monitoring of risks is in place; wherein Risk Management Committee consisting of senior executives monitors the foreign currency exchange rate and interest rate risks managed through various derivative instruments.

c. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market as per accounting policy. The mark to market positions mentioned are those as informed by the counterparties.

d. Reference may be made to Note Part B-8 for relevant accounting policy on derivative transactions.

IV. Quantitative Disclosures on Risk Exposure in Derivatives in respect of Loan Liabilities:

(₹ in crore)

Sl. No.	Particular		As at 31.03.2016		As at 31.03.2015	
			Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)					
	For hedging[1]		939.65	7,164.60	1,595.42	9,541.10
(ii)	Marked to Market Positions (MTM)					
	a)	Asset (+MTM)	6.54	125.42	12.86	86.05
	b)	Liability (-MTM)	**181.39**	**3.70**	**294.66**	43.92
(iii)	Credit Exposure		**-**	**-**	**-**	-
(iv)	Unhedged Exposures[2]		**10,070.22**	**8,587.86**	**8,514.73**	6,292.68

(1) Interest rate derivatives include derivatives on Rupee liabilities of ₹ 7,164.60 crore (Previous year ₹ 7,964.60 crore).

(2) Includes JPY loan liability partly hedged through forward rate contract entered for one leg (USD/JPY) for ₹ 701.09 crore (Previous year ₹ 1,008.96 crore).

(E) **Disclosures related to Securitisation**

I. Company has not entered into any securitisation transaction during the year and there is no exposure on account of securitisation as at 31.03.2016 (Previous year Nil).

II. Company has not sold any financial assets to Securitisation / Reconstruction Company for asset construction during the year ended 31.03.2016 (Previous Year Nil).

III. Company has not undertaken any assignment transaction during the year ended 31.03.2016 (Previous Year Nil).

IV. Company has neither purchased nor sold any non-performing financial assets during the year ended 31.03.2016 (Previous Year Nil)

(F) **Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:**

(₹ in crore)

Description	Up to 30 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances[1]	3,124.16	396.04	1,069.45	20,866.40	8,596.10	36,410.72	41,260.26	126,897.47	**238,620.60**
Investments[2]	0.00	0.00	0.00	0.00	410.74	0.00	0.00	2,266.73	**2,677.47**
Borrowings[3]	9,366.68	9,350.00	3,393.00	4,818.60	7,277.83	55,701.03	36,312.50	63,859.11	**190,078.75**
Foreign Currency assets	5.14	0.00	0.00	12.23	17.37	5.14	144.41	115.31	**299.60**
Foreign Currency liabilities	4.78	0.00	5.56	420.24	1,647.69	1,243.22	4,581.83	2,872.27	**10,775.59**

[1]Rupee Loan Assets
[2]Net of provision
[3]Rupee Liabilities

(G) **Exposures**

I. Company does not have any exposure to real estate sector.

II. Exposure to Capital Market:

(₹ in crore)

Sl. No.	Description	Amount as at 31.03.2016	Amount as at 31.03.2015
(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);	869.64	844.70
(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;	Nil	Nil
(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;	Nil	1,076.71
(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);	Nil	Nil
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(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;	1,744.13	2,097.82
(vii)	Bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.15	7.68
Total Exposure to Capital Market		**2,619.92**	**4,026.91**

III. Details of financing of parent company products:

Company does not have a parent company.

IV. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

Company has not exceeded its prudential exposure limits against Single Borrower / Group Borrower Limits during FY 2015-16 and FY 2014-15.

V. Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is Nil as at 31.03.2016 (Previous year Nil).

(H) Registration obtained from other financial sector regulators

Nil. .

(I) **Disclosure of Penalties imposed by RBI and other regulators**

During the year ended 31.03.2016, no penalty has been imposed on the Company by RBI and other regulators (Previous Year Nil). However, the Company has received communication from NSE and BSE imposing penalty for non-appointment of a Woman Director on the Board of Directors, for which the Company has requested the stock exchanges to withdraw the same, considering that the Directors on the Board of the Company are appointed by GoI.

(J) **Credit rating**

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

Sl. 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.

b. Long term foreign currency issuer rating assigned to the Company as at 31.03.2016:

Sl. No.	Rating Agency	Rating	Outlook
1.	Fitch Ratings	BBB-	Stable
2.	Standard & Poor (S&P)	BBB-	Stable
3.	Moody’s	Baa3	Positive (Outlook revised from Stable to Positive in April 2015)

(K) **Net Profit or Loss for the period, prior period items and changes in accounting policies**

Reference may be made to Part A-18 and C-22 of notes to accounts regarding prior period items and changes in accounting policies respectively.

(L) **Circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties**

Nil.

(M) Company is preparing Consolidated Financial Statements in accordance with Accounting Standard – 21 and 27. Reference may be made to Part C – 7 (A) of notes to accounts in this regard.

(N) **Provisions and Contingencies**

Reference may be made to Note Part C - 20 for provisions and contingencies.

(O) **Draw Down from Reserves**

Nil (Previous year refer note Part A-2)

(P) **Concentration of Deposits, Advances, Exposures and NPAs**

a. Concentration of Deposits (for deposit taking NBFCs) - Company is a non-deposit accepting NBFC.

b. Concentration of Advances:

		(₹ in crore)
Description	**As at 31.03.2016**	**As at 31.03.2015**
Total Advances to 20 largest borrowers	1,49,625.35	1,34,468.69
Percentage of Advances to 20 largest borrowers to Total Advances of the Company	62.63%	61.77%

c. Concentration of Exposures:

		(₹ in crore)
Description	**As at 31.03.2016**	**As at 31.03.2015**
Total Exposure to twenty largest borrowers / customers	2,10,983.79	2,02,132.26
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	56.43%	55.77%

d. Concentration of NPAs:

		(₹ in crore)
Description	**As at 31.03.2016**	**As at 31.03.2015**
Total Outstanding to top four NPA accounts	4,461.48	2,228.64

e. Sector-wise NPAs

Company is a Government Company engaged in extending financial assistance to power sector. As at 31.03.2016, the percentage of Gross NPAs to total loan assets stands at 3.15% (Previous year 1.16%).

(Q) Movement of NPAs in respect of Loan Assets

				(₹ in crore)
Sl. No.	**Description**		**Year ended 31.03.2016**	**Year ended 31.03.2015**
(i)	Net NPAs to Net Advances (%)		2.55	0.93
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	2,533.31	1,331.54
	(b)	Additions during the year	8,385.58	2,548.77
	(c)	Reductions during the year	(3,399.85)*	(1,347.00)
	(d)	Closing balance	7,519.04	2,533.31
(iii)	Movement of Net NPAs			

	(a)	Opening balance	2,008.96	1,068.48
	(b)	Additions during the year	7,111.93	2,265.41
	(c)	Reductions during the year	(3,059.87)*	(1,324.93)
	(d)	Closing balance	6,061.02	2,008.96
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	524.35	263.06
	(b)	Provisions made during the year	1,273.66	283.36
	(c)	Write-off / write-back of excess provisions	(339.99)*	(22.07)
	(d)	Closing balance	1,458.02	524.35

*Reference may be made to Note Part –C 18.

(R) Company does not have any Overseas Assets in the form of Joint Ventures and Subsidiaries.

(S) Reference may be made to Part C-7(A)(b) of notes to accounts for list of Off-balance Sheet SPVs sponsored by the Company.

(T) **Customer Complaints for FY 2015-16**

Sl. No.	Description	Number of complaints
(a)	No. of complaints pending at the beginning of the year	Nil
(b)	No. of complaints received during the year	Nil
(c)	No. of complaints redressed during the year	Nil
(d)	No. of complaints pending at the end of the year	Nil

35. The identification of Business segment is done in accordance with the system adopted for internal financial reporting to the board of directors and management structure. The company's primary business is to provide finance for power sector which in the context of Accounting Standard 17 is considered the only primary business segment. Hence, no segmental reporting is required.

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

37. Figures for the previous period have been regrouped / reclassified wherever necessary, to conform to current period classification.

For and on behalf of the Board of Directors

Sd\-
(MANOHAR BALWANI)
Company Secretary

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

Sd\-
M.K. GOEL
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date attached

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

Sd\-
(ATUL AGGARWAL)
PARTNER
Membership No - 099374

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No.: 00862N

Sd\-
(SANJEEV CHANDNA)
PARTNER
Membership No - 087354

Place : New Delhi
Date : 25.05.2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF POWER FINANCE CORPORATION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Power Finance Corporation Limited** ('the Company'), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the notes the financial statements:

Note No. 18 of Part-C of other notes to accounts, regarding application of prudential norms stipulated by Reserve Bank of India in respect of Restructuring / Reschedulement/ Renegotiation (R/R/R) for the financial year 2014-15 for reasons indicated therein.

Our opinion is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the financial statements of the company give in the Annexure A.

2. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

3. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 2(A),(iii), 2B of Part-C of other notes to accounts to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note No. A-5 of Note to the financial statements; and

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For N.K. Bhargava & Co. **Chartered Accountants** **Firm's Regn. No.: 000429N**	**For K.B. Chandna & Co.** **Chartered Accountants** **Firm's Regn. No. 000862N**
Sd/-	**Sd/-**
N.K. Bhargava **Partner** **Membership No.: 080624**	**V.K. Gureja** **Partner** **Membership No.: 016521**

Place : New Delhi

Date : 28.05.2015

Annexure-A

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Power Finance Corporation Limited (Standalone) for the year 2014-15 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013

We have generated this report, as per the information and explanation provided to us by the management during the course of audit.

Sl. No.	Questionnaire	Replies
1.	If the company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	During the FY 2014-15, DoD, GoI, appointed merchant bankers to sell upto 5% equity shares of the company through offer for sale route, however, the sale of equity shares by GoI is yet to take place. No valuation of Assets and Liabilities has been done.
2.	Please report whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	During FY 2014-15: i) Penal interest aggregating to ₹ 9,77,939/- in respect of 2 borrowers was waived off as per the request of the borrower and extant delegation of powers. ii) Interest on interest amounting to ₹ 61,10,181/- in respect of 2 borrower was waived off as per the request of the borrower and extant delegation of powers. iii) Commitment charges aggregating to ₹ 78,901/- in respect of 1 borrower was waived off as per the request of the borrower and extant delegation of powers. iv) Additional Interest aggregating to ₹ 4,14,13,495/- in respect of 1 borrower was waived off as per the request of the borrower and extant delegation of powers.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	NA
4.	A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Details of age wise analysis of pending along with new legal / arbitration cases and income tax cases as on 31.03.2015 are given in **Annexure - I**. There were no large legal expenses (foreign and local) in FY 2014-15. However, normal legal expenses were incurred as per Delegation of Power approved by the Board.

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

Sd/-
N. K. Bhargava
Partner
Membership No.: 080624

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

Sd/-
V.K. Gureja
Partner
Membership No. : 016521

Place: New Delhi
Date: 28.05.2015

Annexure - I

Status of appeals filed by the Corporation

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Disputed Amount (₹ in Crs)	Status	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
1.	1996-97	1) Grant special leave to appeal against the order dated 19/07/2013, passed by the Hon'ble Delhi High Court in Review Petition No. 343 of 2013 in ITA No. 573 of 2007. 2) Grant ad-interim stay of the operation of the impugned order dated 19th July 2013, passed by the Hon'ble Delhi High Court in Review Petition No. 343 of 2013 in ITA No. 573 of 2007. 3) Restrain the Respondents from taking / initiating recovery proceeding for the recovery of demand for the A.Y under consideration	Supreme Court	29/10/13	12.78 (Shown as contingent liability in relation to appeal filed by the Department before the Delhi High Court)	The Corporation had filed the review petition in Delhi High Court against its order dtd 19/07/13 to revive the appeal of the Tax Deptt. relating to AY 1996-97 against the allowance of Special Reserve u/s 36(I)(viii) on Lease Rentals and Provision for Bad and Doubtful Debts u/s 36(I)(viia)(c) and allocation of expenses on interest on deposits for the purpose of computing deduction u/s 36(1)(viii) to the Corporation in ITAT inspite of refusal of approval to the Income Tax Department by the CoD before 17/2/11.The Hon'ble Delhi High Court held that the Review Petition is devoid of merits and accordingly dismissed the review petition on 19/7/13. The Corporation has filed a SLP against the order of the High Court on 29/10/13 in the Supreme Court which was listed for hearing on 17/02/14. The Hon'ble Court on 17/02/14 tag the SLP with CIT Vs. Gas Authority of India Ltd., SLP No. 32210/2012 in view of common issues being involved. Next date of hearing is yet to be fixed.	-	-
2.	2001-02	Disallowance of deduction u/s 36(1)(viii) for special reserve on Upfront Fees, Interest on Deposits, Guarantee Fees, Management Fees and Agency Fees.	Delhi High Court	22/12/11	1.01	The case was heard on 12/09/2013. In view of Cabinet Secretariat O.M. dtd 4/2/13, the grounds of appeal (other than special reserve on upfront fee) were not pressed by the Corporation as Cod approval was denied to the Corporation on these issues prior to 17/02/11 i.e. before SC judgement in Electronic Corporation Case.	1.01	

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Disputed Amount (₹ in Crs)	Status	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
						However, the Corporation sought the liberty from the High Court to move an application subsequently, in case of favorable decision by SC in GAIL case. The Court allowed the same. Next date of hearing is yet to be fixed.		
3.	2002-03	Disallowance of deduction u/s 36(1)(viii) for special reserve on Upfront Fees, Interest on Deposits, Guarantee Fees, Management Fees and Agency Fees.	Delhi High Court	19/01/10	0.14	In view of O.M. dtd 04/02/13 issued by Cabinet Secretariat the grounds in respect of special reserve on interest on deposits, guarantee fee and management and agency fee would not be pressed at the time of hearing as COD approval to pursue these issues in the court was denied before 17/02/11. Issue relating to special reserve on upfront fee only would be contested. Amount involved in respect of items not to be pressed is Rs 4.07 crore. Yet to be listed for hearing.	0.14	
4.	2003-04	Disallowance of deduction u/s 36(1)(viii) for special reserve on Upfront Fees, Interest on Deposits, Guarantee Fees, Management Fees and Agency Fees.	Delhi High Court	19/01/10	1.47	In view of O.M. dtd 04/02/13 issued by Cabinet Secretariat the grounds in respect of special reserve on interest on deposits, guarantee fee and management and agency fee would not be pressed at the time of hearing as COD approval to pursue these issues in the court was denied before 17/02/2011. Issue relating to special reserve on upfront fee only would be contested. Amount involved in respect of items not to be pressed is Rs 1.82 crore. Yet to be listed for hearing.	1.47	

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Disputed Amount (₹ in Crs)	Status	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
5.	2003-04	Allocation of expenses on income from Equipment manufacturing & debt refinancing for the purpose of computing special reserve.	ITAT	01/11/10	0.08	The ITAT didn't consider the ground of appeal because issue didn't arise out of the order of CIT (A) as also there was no request of the assesse for admission of additional ground after pointing out reasons. The Corporation file an appeal against the order of ITAT in Delhi High Court. Delhi High Court admitted the same and the Hon'ble Court was pleased to decide the matter in favour of the Assessee while setting aside the impugned order with directions to the Tribunal to adjudicate the ground left as was earlier raised before it. Listed for hearing on 08/06/15.	0.08	
6.	2004-05	1) Disallowance of deduction u/s 36(1)(viii) of special reserve on Interest on Deposits, Guarantee Fees, Management & Agency Fees and Upfront Fees and 2) Addition made in respect of income not accounted for in the books of accounts in FY 2003-04 but disclosed in the notes on accounts.	ITAT	21/05/10	7.38	The Assessing Officer during the course of regular assessment disallowed special reserve on interest on deposits, guarantee fees, management & agency fees and upfront fees and made addition of disputed income not accounted for in the books of account. On appeal, CIT(A) upheld the order of Assessing Officer. The Corporation filed an appeal before ITAT which was dismissed with the right of revival on receipt of COD approval. As per Supreme Court judgment in Feb 11, COD approval is not required now. Therefore, the Corporation has filed an application before ITAT for revival of appeal which is listed for hearing on 08/06/15.	7.38	

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Disputed Amount (₹ in Crs)	Status	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
7.	2005-06	1) Disallowance of deduction u/s 36(1)(viii) of special reserve on Interest on Deposits, Guarantee Fees, Agency Fees and Upfront Fees and 2) Disallowance of allocation of expenses on income from bill discounting and advances to employees for the purpose of computing special reserve.	ITAT	01/09/10	8.70	The Assessing Officer during the course of regular assessment disallowed special reserve on interest on deposits, guarantee fees, management & agency fees and upfront fees and allocation of expenses on income from bill discounting etc. On appeal, CIT(A) upheld the order of Assessing Officer. The Corporation has filed an appeal before ITAT which is listed for hearing on 08/06/15.	8.70	
8.	2005-06	1) Additions on account of translation gain to taxable income. 2) No deduction u/s 36(1)(viia) (c) and 36(1)(viii) on above addition.	ITAT	19/05/14	9.24	The Assessing Officer reopened the assessment u/s 147 and made addition on account of translation gain not offered for tax. The Corporation filed an appeal before CIT(A). The CIT (Appeal) has upheld the decision of AO vide order dated 13/03/14. The Corporation has filed an appeal before ITAT against the order of CIT (Appeal) which is yet to be listed.	9.24	
9.	2006-07	1) Disallowance of deduction u/s 36(1)(viii) of special reserve on Interest on Deposits, Guarantee Fees, Agency Fees and Upfront Fees and 2) Disallowance of allocation of expenses on income from bill discounting and advances to employees for the purpose of computing special reserve.	ITAT	01/09/10	5.56	The Assessing Officer during the course of regular assessment disallowed special reserve on interest on deposits, guarantee fees, management & agency fees and upfront fees and allocation of expenses on income from bill discounting etc. On appeal, CIT(A) upheld the order of Assessing Officer. The Corporation has filed an appeal before ITAT which is listed for hearing on 08/06/2015.	5.56	

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Disputed Amount (₹ in Crs)	Status	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
10.	2007-08	Disallowance of deduction u/s 36(1)(viii) of special reserve on agency fees, management fees, upfront fees, guarantee fees & interest on bank deposits.	ITAT	23/09/14	3.68	The Assessing Officer during the course of regular assessment disallowed special reserve on management & agency fees and upfront fees and expenses in relation to exempt income. The Corporation had filed an appeal before CIT(A) wherein additional ground of appeal for allowing special reserve on Guarantee Fees & Interest on Bank Deposits were also raised. CIT(A) vide order dated 25/7/14 upheld order of Assessing Officer with regard to special reserve on agency fees, management fees & upfront fees and also did not allow special reserve on guarantee fees & interest on deposits. However, the CIT(A) allowed relief/partial relief in r/o allocation of common expenses on Guarantee Fees, rate of tax on Long Term Capital Gains and disallowance u/s 14A. This relief would entail a refund of Rs 57,22,123/- alongwith interest. The Corporation has against the disallowance of special reserve on fee incomes and interest on deposits filed an appeal before ITAT against the order of CIT (Appeal) which is yet to be listed for hearing.	3.68	
	2007-08 (DISPOSED)	Change in manner of computation of deductions u/s 36(1)(viia)(c) and 36(1)(viii)	ITAT	30/05/12	8.09 (Appeal has been allowed in the favour of the Corporation, thus neither provision nor contingent liability has been made)	The CIT- LTU vide order u/s 263 revised the order of Assessing Officer dtd 29/12/09 and changed the manner of computation of deduction u/s 36(1)(viia)(c) and 36(1)(viii) in respect of provision for bad &	-	-

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Disputed Amount (₹ in Crs)	Status	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
						doubtful debts and special reserve respectively. The Corporation has filed an appeal before ITAT on 30/5/12. **ITAT has allowed the appeal vide order dt. 28/11/14 in favour of the corporation as Section 263 is not sustainable in the case.**		
11.	2008-09	1) Disallowance of deduction u/s 36(1)(viii) of special reserve on agency fees, management fees and upfront fees, guarantee fees & interest on deposits 2) Change in manner of computation of deductions u/s 36(1)(viia)(c) and 36(1)(viii).	CIT(A)	27/01/11	10.82	The Assessing Officer during the course of regular assessment disallowed special reserve on management & agency fees and upfront fees and recomputed the deductions u/s 36(1)(viia)(c) and 36(1)(viii). The Corporation has filed an appeal before CIT(A). The Corporation has also subsequently filed additional grounds of appeal before CIT(A) for allowing special reserve on Guarantee Fees & Interest on Deposits. **The appeal was finally heard on 12/05/15 and order is awaited.**	6.15 (towards Item No. 1)	4.67 (towards Item No. 2)
12.	2009-10	1) Disallowance of deduction u/s 36(1)(viii) of special reserve on interest on deposit, guarantee fees, agency fees, management fees and upfront fees 2) Change in manner of computation of deductions u/s 36(1)(viia)(c) and 36(1)(viii). 3) Allowing depreciation @ 15% on UPS as against 60% claimed by the Corporation.	CIT(A)	27/01/12	17.45	The Assessing Officer during the course of regular assessment disallowed special reserve on management & agency fees and upfront fees, recomputed the deductions u/s 36(1)(viia)(c) and 36(1)(viii) etc. The Corporation has filed an appeal before CIT(A) which was **finally heard on 12/05/15. Order is awaited.**	6.21 (towards Item No. 1)	11.24 (towards Item No. 2 & 3)

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Disputed Amount (₹ in Crs)	Status	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
13.	2010-11	1) Disallowance of deduction u/s 36(1)(viii) of special reserve on upfront fees, management fees, guarantee fees & interest on deposits. 2) Disallowance of Allocation of direct expenses on interest on deposits for excluding it from long term income for computation of special reserve 3) Change in manner of computation of deductions u/s 36(1)(viia)(c) and 36(1)(viii). 4) Disallowance of grants to borrowers for their reform and restructuring as business expenditure 5) Disallowance of provision for of post-retirement medical benefits and economic rehabilitation benefits.	CIT (A)	26/03/13	20.30	The Assessing Officer during the course of regular assessment disallowed special reserve on upfront fees, allocation of direct expenses on interest on deposits, changed the manner of computation of deduction u/s 36(1)(viia)(c) and 36(1)(viii), disallowed reversal of Nodal Agency Fee, grants to borrowers for their reform and restructuring as business expenditure and allowance of post-retirement benefits on accrual basis. The Corporation has filed an appeal before CIT(A). The Corporation has also subsequently filed additional grounds of appeal for allowing special reserve on Guarantee Fees, Management Fees & Interest on Deposits. The same is listed for hearing on 09/06/15.	8.02 (towards Item No. 1)	12.28 (towards Item No. 2 to 5)
14.	2011-12	1) Disallowance of deduction u/s 36(1)(viii) of special reserve on upfront fees, management & agency fees, guarantee fees and interest on deposits 2) Change in manner of computation of deductions u/s 36(1)(viia)(c) and 36(1)(viii). 3) Disallowance of CSR Expenses 4) Disallowance of grants to borrowers for their reform and restructuring as business expenditure 5) Disallowance of provision for of post-retirement medical benefits and economic rehabilitation benefits. 6) Allowed depreciation @ 25% on ERP Software license as against 60% claimed by the Corporation.	CIT(A)	26/03/14	24.01	The AO during the course of regular assessment disallowed special reserve on management, agency, guarantee, upfront fees and interest on deposits, changed the manner of computation of deductions u/s 36(1)(viia)(c) and 36(1)(viii). Disallowed grants, post retirement, CSR and depreciation @ 60% on ERP Software license. The Corporation has filed an appeal before CIT (A) which was listed for hearing on 8/10/14. However, the hearing could not take place on 8/10/14 and the next date of hearing is now fixed as 09/06/15.	10.45 (towards Item No. 1)	13.56 (towards Item No. 2 to 6)

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Disputed Amount (₹ in Crs)	Status	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
15.	2012-13	1) Disallowance of deduction u/s 36(1)(viii) of special reserve on upfront fees, management & agency fees, guarantee fees and interest on deposits 2) Change in manner of computation of deductions u/s 36(1)(viia)(c) and 36(1)(viii). 3) Disallowance of CSR Expenses 4) Disallowance of grants to borrowers for their reform and restructuring as business expenditure 5) Disallowance of provision for of post-retirement medical benefits and economic rehabilitation benefits. 6) Allowed depreciation @ 25% on ERP Software license as against 60% claimed by the Corporation.	CIT(A)	09/04/15	33.07	The AO during the course of regular assessment vide order dated 13/03/15 disallowed special reserve on management, agency, guarantee, upfront fees and interest on deposits, changed the manner of computation of deductions u/s 36(1)(viia)(c) and 36(1)(viii). Disallowed grants, post retirement, CSR and depreciation @ 60% on ERP Software license. The Corporation has filed an appeal on 09/04/15 before CIT (A) which is yet to be listed.	**10.41** (towards Item No.1)	**22.66** (towards Item No. 2 to 6)
			TOTAL		**142.91**		**78.50**	**64.41**

Annexure - II

Status of appeals filed by Income Tax Department

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Amount Involved (₹ in Crs)	Remark	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
1.	1996-97	Against the order of CIT (A) for allowing allocation of expenses on interest on deposits	ITAT	6/10/09	2.93	The original appeal to the Department was dismissed by ITAT on 19/8/10 with right of revival on receipt of COD approval. The application for revival of appeal was filed by the Department before ITAT on 1/12/11 which was listed for hearing on 30/10/2013. The case was heard on 30/10/13, wherein our legal counsel requested for adjournment in order to file petition u/s 254 (2) before ITAT praying for recall of Cross Objection No: 376/Del/2009. ITAT accepted the request & next date of hearing is fixed for 18/08/15.	-	2.93
2.	1996-97	Against the order of ITAT allowing provision for bad & doubtful debt and special reserve on lease income	Delhi High Court	28/4/12	12.78	The Income Tax Deptt. filed an appeal before the Delhi High Court which was later on dismissed as withdrawn as COD permission was denied to the Deptt. Now, as per Supreme Court recent judgment, COD approval is not required, an application for revival of appeal was filed before the Delhi High Court by the Deptt. in April 2012. It was heard on 29/04/13, during the course of hearing the Hon'ble Court mentioned that the application filed by the Deptt. was allowed by another Bench without any information either to the Corporation or to the Deptt. A review application was filed by PFC before the other bench of Delhi High Court. The same was dismissed by the other bench vide order dated 19/07/13. The appeal was heard partially on merits on 26/03/15 and was adjourned for 15/05/15, on which date it has been adjourned for 30/07/15 at the request of the Deptt.. It may be noted that PFC has already filed a SLP in SC against the dismissal of review application by the other bench.	-	12.78

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Amount Involved (₹ in Crs)	Remark	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
3.	2000-01	Against the order of CIT(A) allowing allocation of expenses on interest on deposits for the purpose of computing special reserve.	ITAT	4/11/13	1.61	Listed for hearing on 10/04/15 and adjourned to 18/08/15. Consolidated in AY 1996-97 appeal of the Deptt. on similar issue.	-	1.61
4.	2001-02	Against the order of CIT(A) allowing allocation of expenses on interest on deposits for the purpose of computing special reserve.	ITAT	4/11/13	2.33	Listed for hearing on 10/04/15 and adjourned to 18/08/15. Consolidated in AY 1996-97 appeal of the Deptt. on similar issue.	-	2.33
5.	2001-02	To grant interest u/s 244A and delete the interest u/s 234D	ITAT	21/10/13	0.43	CIT(A) decided the case in favour of the Corporation. Income Tax Department has filed an appeal before ITAT which was heard on 27/02/15 and adjourned for a date not yet notified.	-	0.43
	2001-02 (DISPOSED)	Against the order of CIT(A) for allowing expenditure incurred on issue of bonds.	ITAT	01/02/12	1.08	Appeal was dismissed with right of revival on receipt of COD approval. Application for revival of appeal has been filed by Deptt. before ITAT. **ITAT has dismissed the appeal of Deptt. in favour of the corporation vide order dt. 29/01/15.**	-	-
6.	2002-03	To grant interest u/s 244A and delete the interest u/s 234D	ITAT	21/10/13	0.36	CIT(A) decided the case in favour of the Corporation. Income Tax Department has filed an appeal before ITAT which was heard on 27/02/15 and adjourned for a date not yet notified.	-	0.36
7.	2004-05	Against the order of CIT(A) allowing allocation of expenses on certain ineligible incomes for the purpose of computing special reserve.	ITAT	09/06/10	22.22	Appeal was dismissed with right of revival on receipt of COD approval. Application for revival of appeal was filed by Deptt. before ITAT which has been allowed. Next date of hearing is 08/06/15.	-	22.22
8.	2005-06	Against the order of CIT(A) allowing allocation of expenses on certain ineligible incomes for the purpose of computing special reserve.	ITAT	10/09/10	21.13	Listed for hearing on 08/06/15.	-	21.13

Sl. No.	Assessment Year	Issue Involved	Appellate Authority	Date of filing of appeal	Amount Involved (₹ in Crs)	Remark	Provision made in books (₹ in Crs)	Contingent Liability (₹ in Crs)
9.	2006-07	Against the order of CIT(A) allowing allocation of expenses on certain ineligible incomes for the purpose of computing special reserve.	ITAT	10/09/10	21.68	Listed for hearing on 08/06/15.	-	21.68
			Total		85.47			85.47

LITIGATION STATUS AS ON 31st MARCH 2015

CASES FILED AGAINST THE CORPORATION

1. Writ Petition No. 8174 of 2010 filed By Shri M. Ravi against Power Finance Corporation

Mr. M. Ravi, an employee of our Company, filed a writ petition (No. 8174 of 2010) before the High Court of Delhi challenging the decision of certain respondents including our Company, rejecting his promotion on the ground that a request for Mr. Ravi's promotion could be considered only after the final outcome of the criminal case in which Mr. Ravi was involved. It was alleged by Mr. Ravi that his promotion was rejected in spite of the fact that he was neither under suspension nor any disciplinary proceedings/ criminal prosecution had been initiated against him. Mr. Ravi prayed for an order (i) quashing the aforesaid decision of the respondents rejecting his promotion (ii) directing our Company to promote Mr. Ravi with all consequential and financial benefits from a retrospective date. Early hearing application of Mr. Ravi has been disposed of in the month of 03.02.2012, as dismissed as withdrawn by Hon'ble Delhi High Court.

An application for early hearing has again been filed by Mr. Ravi before Delhi High Court and the same has been heard on 10.03.2014. After hearing Hon'ble Court has directed to list the subject matter in first fifteen matters, in the regular list and both the parties were directed to submit a brief synopsis in the matter. In view of above order matter was listed on 11.07.2014 and as the petitioner failed to file the synopsis, the court rejected the application for early hearing and the High Court directed to put up the matter on regular list at its own turn and since then the matter has not come up for hearing till 31st March 2015.

2. PIL filed by Sh. Natrajan (Advocate) against 8 respondents (incl. PFC) before Hon'ble Madras High Court at Madurai bench.

The Subject WP is filed as a Public Interest Litigation by the Petitioner Advocate Natarajan against 8 Respondents (PFC is added as Respondent No.8) narrating the suffering of the people in Tamilnadu due to non availability of continuous electricity and has advocated Solar energy to minimize the energy crisis. The petitioner has prayed the Hon'ble High Court for a direction to the Respondents to distribute solar panel, photovoltaic cell and ancillary apparatuses at 90 percent subsidy to all the eligible family card holders. The Counsel has informed us that the WP was admitted by the Hon'ble High Court and notice was issued to all the defendants to appear/file the Counter 02.01.2013. PFC reply/counter dated 26.12.2012 was forwarded to the Advocate. Case was not listed on 02.01.2013. Advocate informed us vide his letter dated 04.03.2013 that Counter (reply) has been filed in the court on 04.03.2013. Case is yet to be listed again.

3. CRIMINAL MISCELLANEOUS WRIT PETITION FILED BY UNION OF INDIA

Misc. Criminal W.P. No. 28928 of 2009 Allahabad High Court - Union of India Vs National Securities Depositary Ltd. and others . PFC is respondent No. 4 [Northern Railway (UOI) - Complainant - for Fraudulent Transfer of PFC Bonds]

The Union of India filed a criminal miscellaneous writ petition (No. 28928 of 2009) before the Allahabad High Court praying for issuance of directions to the Central Bureau of Investigation to expeditiously complete its investigation pertaining to a fraudulent transfer of securities from a dematerialised account **("Demat")** as well as for further issuance of directions to our Company and certain other respondents to disallow any further transfer of the securities and to freeze the account where the sale proceeds of the aforesaid securities/ bonds are deposited during the pendency of the writ. Our Company has been included as a proforma party as certain bonds issued by it were a part of the securities which were allegedly fraudulently transferred from the Demat account.

PFC's reply was filed before the Hon'ble High Court of Allahabad. Thereafter, the Hon'ble High Court directed CBI Court to decide the matter. PFC received the order of Hon'ble Special Judge, CBI, Lucknow to remit the withheld redemption amount to Northern Central Railway, Allahabad. The same has been remitted by PFC as per the Court's direction. On previous hearing held on 02.12.2014.

Respondent No. 16 i.e. Crompton Greaves Limited Provident Fund has filed stay vacation application on 04.08.2014 and Counter Affidavit on 29.08.2014. On the last hearing the matter was adjourned by Court.

4. Consumer Complaint filed by Shri Ashok Goel at Muzaffarnagar

A Complainant has been filed by Mr. Ashok Kr Goel at Muzaffarnagar alleging the deficiency on the part of Power Finance Corporation (O P No.1) and Karvy Computer Share Pvt. Ltd. (OP No.2) for non-allotment of Shares. The Complainant had applied for allotment of 700 shares in the follow on public offer of Power Finance Corporation, a Public Sector Undertaking vide application no. 36872669 and paid the required application money by a cheque of HDFC Bank dated 12.05.2011 for an amount of ₹ 1,42,000/-

Application made Shri Ashok Goel was for 700 shares with the price as "Cut off"

(I) The issue price of share was ₹ 203/-, the amount payable for 700 shares was ₹ 14,21,00.00 where as the amount paid was ₹1,42,000/- Hence the application was rejected under technical ground being "Insufficient Funds".

(ii) Refund amount of ₹ 1,42,000/- was credited through NECS to the bank account of the Complainant on 26.05.2011.

Reply on behalf of PFC has been filed. Despite giving various opportunities by the CDRF, the complainant is not filing the evidence; thus the CDRF has put a fine of ₹ 100/-, on complainant Mr. Ashok Goel. Meanwhile PFC has filed evidence before the Forum on 18.02.2015 and the next date of hearing is on 09.04.2015.

CASE FILED BY THE CORPORATION

1. PFC VS MUKESH GUPTA

We have filed a suit for recovery (No. 734/04) before the Court of Additional District Judge, Delhi **("Addl. District Judge")** for ₹ 9,07,440 against Mr. Mukesh Kumar Gupta, on account of his failing to clear dues outstanding against him. The suit was decreed ex parte in favour of our Company by the order of the Addl. District Judge dated December 3, 2005, for an amount of ₹ 907,440 with interest at the rate of 4.5% per annum from the date of suit until the date of decree and future interest at the rate of 4.5% from the date of decree until the date of realization along with the cost of suit. Our Company filed an execution petition (No. 35/2006) before the Court of Civil Judge, Ghaziabad on July 27, 2007.

On 13.10.2014 the Court ordered to attach the property of the Defendant and on 26.03.2015 Hon'ble Court ordered that 17.04.2015 the auction of the property will be held and the report of the same shall be submitted before the Court on 20.04.2015.

2. SBI versus M/s Om Shakti Energies Ltd & Others

State Bank of India, Stressed Assets Management Branch, Secunderabad has filed an OA No. 500/2012 against M/s Om Shakti Energies Ltd. for recovery of its dues granted under multiple banking arrangement with PFC. PFC has already filed a suit in the year 2011 and had made SBI as Defendant in the application. Now SBI has filed the OA against OSRL, Shri G. Siva Rama Krishna, Shri B. V. Koteshwar Rao and Power Finance Corporation has been made Defendant No. 4.Date fixed in the matter is 13.07.2015.

3. PFC Versus Omshakti Renergies Ltd. :-

Recovery Suit (Original Application) at Debts Recovery Tribunal (DRT), Delhi for recovery of outstanding dues by the Corporation against Om Shakti Renergies Limited (the Borrower) & Ors.

Power Finance Corporation has filed an O.A.No.153/2011 at DRT Delhi on 22.06.2011 against Om Shakti Renergies Limited & Ors for the recovery of a sum of ₹ 13,93,94,562/- Matter has been Transferred to DRT Hyderabad pursuant to the orders of Hon'ble Supreme Court. Matter is fixed for hearing on **08.07.2015,** before the presiding officer for disposal of the two Interlocutory Applications filed by PFC.

NEW CASE FILED DURING THE YEAR:

1. **Writ Petition filed by NHPC Officers Association Vs UoI, DPE & Others (PFC-respondent no.7) before Hon'ble Delhi High Court.**

   Ministry of Power issued impugned Office Memorandum dated 27.12.2013, stating that the deviant pay scales fixed w.e.f. 01.01.1997 of the employees of NHPC, NEEPCO, REC, THDCL, SJVNL w.e.f. shall not be regularized, however, no recovery shall be made for the excess pay drawn since 01.01.1997. Petitioners have filed this WP against the Government of India and others (PFC-respondent no. 7). Petitioners are demanding that in view of Article 14 of Constitution of India and DPE guidelines, there should be no monthly pay difference in between applicant and the employees of the other CPSCs like NTPC, Power Grid, PFC.

   On 29.05.2014 High Court directed that the Letter of Ministry shall remain stayed. Counter Affidavit (Reply) on behalf of PFC has been filed and the Petitioner has to file Rejoinder. Meanwhile, Interim Order to continue and the next date of hearing is on 10.04.2015.

2. **Writ Petition No. 185/ 2014 Meghalaya High Court filed by Joint Action Committee, North Eastern Electric Power Corporation Limited v/s Union of India & Others (PFC-respondent no.6)**

   Ministry of Power issued impugned Office Memorandum dated 27.12.2013, stating that the deviant pay scales fixed w.e.f. 01.01.1997 of the employees of NHPC, NEEPCO, REC, THDCL, SJVNL w.e.f. shall not be regularized, however, no recovery shall be made for the excess pay drawn since 01.01.1997. Petitioners have filed this WP against the Government of India and others (PFC-respondent no. 7). Petitioners are demanding that in view of Article 14 of Constitution of India and DPE guidelines, there should be no monthly pay difference in between applicant and the employees of the other CPSCs like NTPC, Power Grid, PFC.

   Counter Affidavit (Reply) has been filed by PFC on 10.10.2014. The case was last listed on 13.03.2015. While Respondent No. 1 (Union of India – Ministry of Power), 3 (Department of Public Enterprises – Ministry of Heavy Industries and Public Enterprises) have to file Counter Affidavits and have been granted 4 weeks time to do the same.

CASES SETTELED DURING THE YEAR:

1. **Consumer Complaint Filed By Shri Bir Singh Kaushik District Consumer Redressal Forum at Rohtak**

   Mr. Bir Singh Kaushik filed a consumer complaint (No. 789) dated December 6, 2010 against our Company before the District Consumer Dispute Redressal Forum, Rohtak under Section 12 of the Consumer Protection Act, 1986, alleging unfair trade practices and deficiency of service on part of our Company in relation of certain bonds issued to Mr. Kaushik which were allegedly redeemed at a lower amount than what he was entitled to, and claiming, the balance amount of ₹ 8,346 along with interest @ 18% per annum and ₹ 55,500 as compensation and litigation expenses.

   Complainant has applied for withdrawal of the case before the Court on 04.09.2014. Order for withdrawal of complaint was issued on the same date.

2. **Writ Petition No. 1099 of 2015 Delhi High Court filed by Mayank Makhija v. Power Finance Corporation Ltd.**

   Sh. Mayank Makhija had filed Writ Petition before the Delhi High Court against PFC on 02.02.2015 for quashing the order of PFC of short listing of candidates for the post of Officer (Legal) and through Interim Applications prayed for restraining PFC from proceeding with the interview for the post of Officer (Legal) to be conducted on 06.02.2015, till the final disposal of the petition.

   The Court after hearing Counsels for both the parties and after considering the facts presented by the Counsel of PFC, was pleased to allow the counsel for the petitioner to withdraw the petition and as such the subject matter was dismissed as withdrawn.

Annexure B to Independent Auditor's Report
(Referred to our Report of even date on Other Legal and Regulatory Requirements)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, the management carries out the physical verification of fixed assets at the year end in a phased manner. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification.

(ii) The Company is a Non-Banking Finance Company. Accordingly it does not have any Inventory. Thus clause 3(ii) of the Companies (Auditor's Report) Order, 2015 is not applicable.

(iii) As explained to us and verified from books and records, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section -189 of the Companies Act, 2013. Accordingly clauses 3(iii) (a) and (b) of the Companies (Auditor's Report) Order, 2015 is not applicable to the Company.

(iv) Having regard to the nature of Company's business, we report that company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business with regards to purchase of fixed assets and services rendered by the company. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system with regard to purchase of fixed assets and services rendered by the company.

(v) According to the information and explanations given to us, the Company has not accepted any deposit from public during the year within the meaning of section 73 to 76 or any other relevant provision of the companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the company, we report that:

(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Service Tax, Wealth Tax and Value Added Tax and other material statutory dues as applicable to it and there is no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months as on 31st March, 2015, as per the accounts of the company.

(b) According to information and explanations given to us, there are no dues of Income tax / Sales Tax / Wealth Tax / Service Tax / Value Added Tax or Cess etc., which have not been deposited by the company on account of any dispute.

(c) Based on our audit procedures and according to the information and explanations given to us, company has transferred to Investor Education and Protection Fund (IEPF), in accordance with the relevant provisions of the Companies Act, 1956 (1 to 1956). The amount has been transferred to such fund within time.

(viii) The Company does not have any accumulated losses and has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.

(ix) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(x) The Company has given guarantees in connection with loans taken by others from banks or financial institutions. According to information & explanations given to us we are of the opinion that, the terms and conditions of the guarantees given are not prima-facie prejudicial to the interest of the company.

(xi) According to the information and explanations given to us, the Term Loans taken by the company have been utilized for the purpose for which they were obtained.

(xii) To the best of our knowledge and according to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

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

Sd/-

N.K. Bhargava
Partner
Membership No.: 080624

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

Sd/-

V.K. Gureja
Partner
Membership No.: 016521

Place : New Delhi
Date : 28.05.2015

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

To
The Board of Directors
Power Finance Corporation Limited
Urjanidhi, 1, Barakhamba Lane,
Connaught Place,
New Delhi-110001

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Corporation, we report that:

1. The Company is engaged in the business of non-banking financial institution, having valid certificate of registration as an Infrastructure Finance Company issued by Reserve Bank of India vide No. is B- 14.00004 dated 28-07-2010 in lieu of earlier certificate no. 14.00004 dated 10.02.1998. Further, the Company is entitled to continue to hold such registration in terms of its asset / income pattern as on 31.03.2015.

2. As per Para 1(3)(ii) of RBI Notification No. DNBR.009/CGM(CDS)-2015 dated March 27, 2015 on Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, these directions, except the provisions of paragraph 25 of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to a non-banking financial company being a Government Company as defined under clause (45) of Section 2 of the Companies Act, 2013 (18 of 2013) and not accepting / holding public deposit.

3. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed a resolution for non-acceptance of any public deposits.

4. The Company has not accepted any public deposits during the year 2014-15.

5. For the Financial year ending 31st March, 2015, the Company has complied with the Accounting Standards, Income recognition, asset classification and provisioning for Bad and Doubtful debts as per the prudential norms formulated by the Company and approved by the Ministry of Power (MoP), Govt.of India (including revisions approved by Board of Directors in its meeting held on 09.03.2015 subject to the approval of MoP), referred to/ as stated in the Significant Accounting Policies forming integral part of financial statements for the year ended on 31st March, 2015.

6. In terms of RBI Master Circular No. RBI/2014-15/40 DNBS (PD) CC.No. 391/03.10.001 /2014-15 dated July 1, 2014, PFC being a Government Company, is exempt from submitting NBS-7 to the Reserve Bank of India.

For N.K. Bhargava & Co.	**For K.B. Chandna & Co.**
Chartered Accountants	**Chartered Accountants**
Firm's Regn. No.: 000429N	**Firm's Regn. No. 000862N**
Sd/-	**Sd/-**
N.K. Bhargava	**V.K. Gureja**
Partner	**Partner**
Membership No.: 080624	**Membership No.: 016521**

Place : New Delhi
Date : 28.05.2015

POWER FINANCE CORPORATION LIMITED
CIN L65910DL1986GOI024862
BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in crore)

Description	Note Part	As at 31.03.2015		As at 31.03.2014	
A EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(i) Share Capital	A-1	1,320.04		1,320.04	
(ii) Reserves & Surplus	A-2	30,899.17	32,219.21	26,054.57	27,374.61
(2) Non-Current Liabilities					
(i) Long-Term Borrowing	A-3				
Secured		20,786.66		22,776.66	
Un-secured		144,186.80	164,973.46	119,714.91	142,491.57
(ii) Deferred Tax Liabilities (Net)	C-21		189.25		274.22
(iii) Other Long-Term Liabilities	A-4		333.81		347.62
(iv) Long-Term Provisions	A-5		963.61		473.04
(3) Current Liabilities					
(i) Short-Term Borrowing	A-3				
Secured		1,928.17		0.00	
Un-secured		2,136.24		1,314.49	
(ii) Other Current Liabilities					
a) Current Maturity of Long-Term Borrowing	A-3				
Secured		1,990.00		0.00	
Un-secured		16,745.28		15,409.00	
b) Other	A-4	6,660.15		6,244.00	
(iii) Short-Term Provisions	A-5	525.23	29,985.07	235.55	23,203.04
Total			**228,664.41**		**194,164.10**
B ASSETS					
(1) Non-Current Assets					
(i) Fixed Assets	A-6				
a) Tangible Assets		104.48		102.31	
Less: Accumulated Depreciation		40.42	64.06	34.13	68.18
b) Intangible Assets		8.26		7.78	
Less: Accumulated Amortization		6.53	1.73	5.33	2.45
(ii) Non-Current Investments	A-7				
Trade		12.00		12.00	
Others		335.28	347.28	336.34	348.34
(iii) Long-Term Loans	A-8				
Secured		129,622.68		112,481.72	
Un-Secured		68,220.23	197,842.91	56,310.39	168,792.11
(iv) Other Non-Current Assets	A-9		224.72		209.68
(2) Current Assets					
(i) Current Investments	A-10	504.04		3.83	
(ii) Cash and Bank Balances	A-11	5,070.80		60.19	
(iii) Short-Term Loans	A-8				
Secured		549.88		912.98	
Un-Secured		2,337.34		1,483.08	
(iv) Other Current Assets					
a) Current Maturity of Long-Term Loans	A-8				
Secured		10,723.51		12,620.48	
Un-Secured		5,588.58		4,944.27	
b) Others	A-9	5,409.56	30,183.71	4,718.51	24,743.34
Total			**228,664.41**		**194,164.10**
SIGNIFICANT ACCOUNTING POLICIES	**Part B**				
OTHER NOTES ON ACCOUNTS	**Part C**				

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

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

Sd/-
M.K. GOEL
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date attached

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N
Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N
Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 28.05.2015

POWER FINANCE CORPORATION LIMITED
CIN L65910DL1986GOI024862
STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31st March, 2015

(₹ in crore)

Description		Note Part		Year ended 31.03.2015		Year ended 31.03.2014
I.	**Revenue from Operations**					
	Interest	A-12	**24,585.61**		20,772.81	
	Other Operating Income	A-12	**131.33**		167.93	
	Other Financial Services	A-12	**144.38**	**24,861.32**	381.82	21,322.56
II.	**Other Income**					
	Other Income	A-13		**45.48**		15.04
III	**Total Income (I + II)**			**24,906.80**		**21,337.60**
IV.	**EXPENSES**					
	Finance Costs	A-14		**15,438.18**		12,999.73
	Bond Issue Expenses	A-15		**31.40**		79.09
	Employee Benefit Expenses	A-16		**85.81**		85.11
	Provision for contingencies	C-19 (B)		**842.91**		469.89
	Provision for decline in value of investments	C-8 A (iv)		**1.06**		(0.15)
	Depreciation and Amortization Expenses	A-6		**6.09**		4.93
	CSR Expenses	C-28		**117.49**		63.23
	Other Expenses	A-17		**7.79**		77.75
	Prior Period Items (Net)	A-18		**(2.16)**		(0.29)
	Total Expenses			**16,528.57**		**13,779.29**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**			**8,378.23**		**7,558.31**
VI.	Exceptional Items			**0.00**		0.00
VII.	**Profit before extraordinary items and tax (V-VI)**			**8,378.23**		**7,558.31**
VIII.	Extraordinary Items			**0.00**		0.00
IX.	**Profit Before Tax (VII-VIII)**			**8,378.23**		**7,558.31**
X.	**Tax Expenses**					
	1) Current Tax		**2,502.42**		2,075.81	
	2) Tax for earlier years		**0.46**	**2,502.88**	10.32	2,086.13
	3) Deferred Tax Liability(+) / Asset(-)			**(83.98)**		54.43
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**			**5,959.33**		**5,417.75**
XII.	**Earnings per equity share of ₹ 10/- each**	C-22				
	(1) Basic (₹)			**45.15**		**41.04**
	(2) Diluted (₹)			**45.15**		**41.04**

SIGNIFICANT ACCOUNTING POLICIES **Part B**
OTHER NOTES ON ACCOUNTS **Part C**
Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

Sd/-
M.K. GOEL
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date attached

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N
Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N
Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 28.05.2015

POWER FINANCE CORPORATION LIMITED
CIN L65910DL1986GOI024862
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(₹ in crore)

Particulars		Year ended 31.03.2015		Year ended 31.03.2014
I. Cash Flow from Operating Activities :-				
Net Profit before Tax and Extraordinary items	**8,378.23**		**7,558.31**	
ADD: Adjustments for				
Loss on Sale of Assets (net)	**(0.04)**		0.08	
Depreciation / Amortization	**6.09**		4.93	
Amortization of Zero Coupon Bonds & Commercial Papers	**47.50**		102.74	
Foreign Exchange Translation Loss	**222.64**		414.06	
Provision for decline in value of investments	**1.06**		(0.15)	
Provision for Contingencies	**842.91**		469.89	
Dividend on investment	**(31.46)**		(2.14)	
Provision for CSR Expenditure & Sustainable Expenditure	**117.49**		63.23	
Provision for interest under IT Act	**4.32**		5.22	
Provision for Retirement Benefits / Other Welfare Expenses / Wage revision	**21.94**		9.73	
Operating profit before working Capital Changes:	**9,610.68**		**8,625.90**	
Increase / Decrease :				
Loans Assets (Net)	**(28,504.61)**		(28,492.02)	
Other Current Assets	**(791.79)**		(1,104.96)	
Foreign Currency Monetary Item Translation Difference A/c	**328.65**		(231.24)	
Liabilities and provisions	**356.40**		989.44	
Cash flow before extraordinary items	**(19,000.67)**		**(20,212.88)**	
Extraordinary items	**0.00**		0.00	
Cash Inflow / Outflow from operations before Tax	**(19,000.67)**		**(20,212.88)**	
Income Tax paid	**(2,453.36)**		(2,015.57)	
Income Tax Refund	**5.67**		57.96	
Net Cash flow from Operating Activities		**(21,448.36)**		**(22,170.49)**
II. Cash Flow From Investing Activities :				
Sale / adjustment of Fixed Assets	**0.18**		0.17	
Purchase of Fixed Assets	**(4.30)**		(1.47)	
Investments in Subsidiaries	**0.00**		(190.11)	
Dividend on investments	**31.46**		2.14	
Other Investments	**(500.21)**		(0.42)	
Net Cash Used in Investing Activities		**(472.87)**		**(189.69)**
III. Cash Flow From Financing Activities :				
Issue of Equity Shares	**0.00**		0.44	
Issue of Bonds (including premium) (Net)	**32,857.60**		21,143.54	
Raising of Long Term Loans (Net)	**(7885.00)**		5465.00	
Foreign Currency Loans (Net)	**566.33**		67.27	
Commercial paper (Net)	**805.00**		(3650.00)	
Loan Against Fixed Deposits / Working Capital Demand Loan / OD / CC / Line of Credit (Net)	**1,928.17**		(3,819.77)	
Interest Subsidy Fund	**(12.52)**		(21.91)	
Unclaimed Bonds (Net)	**(0.57)**		(0.17)	
Payment of Final Dividend (including Corporate Dividend Tax) of Previous year	**(30.89)**		(154.43)	
Payment of Interim Dividend (including Corporate Dividend Tax) of Current year	**(1,346.14)**		(1,359.05)	
Net Cash in-flow from Financing Activities		**26,881.98**		**17,670.92**

	Net Increase / Decrease in Cash & Cash Equivalents		**4,960.75**		**(4,689.26)**
	Add : Cash & Cash Equivalents at beginning of the financial year		**58.69**		4,747.95
	Cash & Cash Equivalents at the end of the financial year		**5019.44**		**58.69**
Details of Cash & Cash Equivalents at the end of the year:					
i)	Balances in current accounts with:				
	Reserve Bank of India	**0.05**		0.05	
	Scheduled Banks	**127.16**	**127.21**	0.28	0.33
ii)	Cheques in hand		**0.01**		58.36
iii)	Imprest with postal authority		**0.00**		0.00
iv)	Fixed Deposits with Scheduled Banks (original maturity up to three months)		**4,892.22**		0.00
	Sub Total (I)		**5,019.44**		**58.69**
Details of Earmarked Cash and Bank Balances at the end of the year:					
i)	Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.		**1.36**		1.50
ii)	IPDS				
	Balances in current account with schedule banks		**5.00**		-
	Fixed Deposits with Banks		**45.00**		-
	Sub Total (II)		**51.36**		**1.50**
	Total Cash and Bank Balance at the end of the year (I+II)		**5,070.80**		**60.19**

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

Sd/-
M.K. GOEL
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date attached

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N
Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N
Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 28.05.2015

NOTE - Part A - 1
SHARE CAPITAL

(₹ in crore)

	Description	As at 31.03.2015	As at 31.03.2014
A	**Authorized :**		
	200,00,00,000 Equity shares of ₹ 10/- each (Previous year 200,00,00,000 equity shares of ₹10/- each)	**2,000.00**	2,000.00
	Total	**2,000.00**	**2,000.00**
B	**Issued, subscribed and paid up :**		
	132,00,40,704 Equity shares of ₹ 10/- each fully paid-up (Previous year 132,00,15,011 equity shares of ₹ 10/- each fully paid-up)	**1,320.04**	1,320.02
	Add: Nil Equity shares of ₹ 10/- each fully paid-up (Previous year 25,693 equity shares of ₹ 10/- each fully paid-up)	**0.00**	0.02
	Total	**1,320.04**	**1,320.04**

Notes:-

1. During the year, the Company has neither issued nor bought back any shares.
2. The Company has only one class of equity shares having a par value of ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meetings of shareholders.
3. During the year, no shares have been allotted under ESOP scheme. Out of options granted for FY 2009-10, remaining options for 327 equity shares were not exercised and have lapsed during the year .
4. Information on Shares in the company held by each shareholder holding more than 5 percent of paid -up equity share capital :

Name of Holders		31.03.2015	31.03.2014
President of India	% of Share Holding	**72.80**	72.80
	No. of Shares Held	**960,955,589**	960,955,589
	Amount (₹ in crore)	**960.96**	960.96
Life Insurance Corporation of India	% of Share Holding	**6.90**	7.80
	No. of Shares Held	**91,071,654**	102,899,599
	Amount (₹ in crore)	**91.07**	102.90

NOTE - Part A - 2
RESERVES & SURPLUS

(₹ in crore)

	Description		As at 31.03.2015		As at 31.03.2014
(A)	**Securities Premium Reserve**				
	Opening balance	**4,096.37**		4,094.50	
	Add : Addition during the year	**0.00**	**4,096.37**	1.87	4,096.37
(B)	**Debenture Redemption Reserve**				
	Opening balance	**546.08**		274.85	
	Add : Transfer from Profit and Loss Appropriation	**310.20**	**856.28**	271.23	546.08
	(Refer Note No. 5 of Part-C - Other Notes on Accounts)				
(C)	**Others**				
(i)	**Reserve for bad & doubtful debts u/s 36(1)(viia)(c) of Income Tax Act,1961**				
	Opening balance	**1,730.44**		1,409.01	
	Add : Transfer from Profit and Loss Appropriation	**387.49**	**2,117.93**	321.43	1,730.44
(ii)	**Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97**		**599.85**		599.85
(iii)	**Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961 from Financial Year 1997-98**				
	Opening balance	**8,624.46**		7,139.87	
	Add : Transfer from Profit and Loss Appropriation	**1,850.10**		1,464.74	
	Add : Transfer from Surplus*	**72.47**		37.65	
	Less: Transfer to General Reserve	**(6.82)**	**10,540.21**	(17.80)	8,624.46

(iv)	**CSR and SD Reserve**				
	Opening balance	**0.00**		18.85	
	Add : Transfer from Profit and Loss Appropriation	**0.00**	**0.00**	(18.85)	0.00
(v)	**General Reserve**				
	Opening balance	**3,594.29**		3,034.49	
	Add : Transfer from Profit and Loss Appropriation	**596.00**		542.00	
	Add: Transferred from Special Reserve	**6.82**	**4,197.11**	17.80	3,594.29
(vi)	**Foreign Currency Monetary Item Translation Difference A/c**				
	Opening balance	**(709.21)**		(477.97)	
	Add : Net addition during the year	**328.65**	**(380.56)**	(231.24)	(709.21)
(D)	**Surplus**				
	Opening balance	**7,572.29**		6,162.68	
	Add : Transfers from CSR and SD Reserve	**0.00**		18.85	
	Less: Adjustments during the current year	**0.00**		0.00	
	Less : Depreciation on Life Expired Assets**	**(1.92)**		0.00	
	Less : Transfers to Special Reserve under Income Tax Act, 1961*	**(72.47)**		(37.65)	
	Add : Surplus retained from the Profit and Loss Appropriation for the year	**1,374.08**	**8,871.98**	1,428.41	7,572.29
	Total (A) + (B) + (C) + (D)		**30,899.17**		**26,054.57**

Note : Profit and Loss Appropriation

Description		**As at 31.03.2015**		**As at 31.03.2014**
Profit after tax for the year		**5,959.33**		**5,417.75**
Less : Transfer to Reserves				
Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1)(viia)(c) of Income Tax Act, 1961	**387.49**		321.43	
Transfer to Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	**1,850.10**		1,464.74	
Debenture Redemption Reserve	**310.20**		271.23	
General Reserve	**596.00**	**3,143.79**	542.00	**2,599.40**
Less : Dividend & Corporate Dividend Tax				
Interim Dividend	**1,122.04**		1,161.64	
Proposed Final Dividend	**79.20**		26.40	
Corporate Dividend Tax on Interim Dividend	**224.10**		197.41	
Proposed Corporate Dividend Tax	**16.12**	**1,441.46**	4.49	**1,389.94**
Total		**1,374.08**		**1,428.41**

* Transferred to match the deduction claimed as per the Income tax return for the Assessment Year 2014-15.

** Depreciation Adjustment in surplus account on life expired assets as per Companies Act, 2013. (Refer Note No. 35 of Part-C - Other Notes on Accounts)

NOTE - Part A - 3
BORROWINGS

(₹ in crore)

Description	As at 31.03.2015			As at 31.03.2014		
	Current	Non-Current	Total	Current	Non-Current	Total
A. Long-Term Borrowings						
I. Secured						
Bonds						
Infrastructure Bonds (Refer note no. 1 to 12)	**0.00**	**361.55**	**361.55**	0.00	361.55	361.55
Tax Free Bonds (Refer note no. 13 to 38)	**0.00**	**11,275.11**	**11,275.11**	0.00	11,275.11	11,275.11
Other Bonds (Refer Note No. 39 to 45)	**1,990.00**	**9,150.00**	**11,140.00**	0.00	11,140.00	11,140.00
Sub Total (I)	**1,990.00**	**20,786.66**	**22,776.66**	**0.00**	**22,776.66**	**22,776.66**
II. Unsecured						
a) Bonds						
Other Bonds / Debentures						
(Refer Note No. 46, 47 and 48)	**10,235.10**	**122,581.32**	**132,816.42**	10,399.90	89,528.17	99,928.07
Subordinated Bonds (Refer Note No. 49)	**0.00**	**3,800.00**	**3,800.00**	0.00	3,800.00	3,800.00
Foreign Currency Notes (Refer Note No. 50)	**0.00**	**1,135.08**	**1,135.08**	0.00	1,088.82	1,088.82
	10,235.10	**127,516.40**	**137,751.50**	**10,399.90**	**94,416.99**	**104,816.89**
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign Banks / Financial Institutions (Guaranteed by the Govt. of India) (Refer Note No. 51)	**22.07**	**219.28**	**241.35**	24.57	265.36	289.93
Syndicated Foreign Currency Loans from Banks / Financial Institutions (Refer Note No. 52)	**2,029.11**	**6,325.12**	**8,354.23**	3,674.53	3,872.56	7,547.09
	2,051.18	**6,544.40**	**8,595.58**	**3,699.10**	**4,137.92**	**7,837.02**
c) Rupee Term Loans						
Rupee Term Loans (From Banks) (Refer Note No. 53)	**4,459.00**	**10,126.00**	**14,585.00**	810.00	21,160.00	21,970.00
Rupee Term Loans (From Financial Institutions) (Refer Note No. 54)	**0.00**	**0.00**	**0.00**	500.00	0.00	500.00
	4,459.00	**10,126.00**	**14,585.00**	**1,310.00**	**21,160.00**	**22,470.00**
Sub Total (II)	**16,745.28**	**144,186.80**	**160,932.08**	**15,409.00**	**119,714.91**	**135,123.91**
B. Short-Term Borrowings						
Rupee Term Loans						
I. Secured						
Loan against FD	**1,928.17**	**0.00**	**1,928.17**	0.00	0.00	0.00
Sub Total (I)	**1,928.17**	**0.00**	**1,928.17**	**0.00**	**0.00**	**0.00**
II. Unsecured						
Commercial Paper (Refer Note No. 55)	**2,136.24**	**0.00**	**2,136.24**	1,314.49	0.00	1,314.49
Sub Total (II)	**2,136.24**	**0.00**	**2,136.24**	**1,314.49**	**0.00**	**1,314.49**
Total (A) + (B)	**22,799.69**	**164,973.46**	**187,773.15**	16,723.49	142,491.57	159,215.06

Notes:-

Details of Infrastructure Bonds outstanding as at 31.03.2015 are as follows:

SL No.	Bond Series	Date of Allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Redemption details	Nature of Security
1	Infrastructure Bonds (2011-12) Series-III	21.11.2011	8.75%	3.23	22-Nov-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
2	Infrastructure Bonds (2011-12) Series - IV	21.11.2011	8.75%	8.83	22-Nov-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
3	Infrastructure Bonds (2010-11) Series-3	31.03.2011	8.50%	6.13	1-Apr-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,485.79 crore as on 31.03.2015 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
4	Infrastructure Bonds (2010-11) Series-4	31.03.2011	8.50%	22.75	1-Apr-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
5	Infrastructure Bonds 86 C Series	30.03.2012	8.72%	0.95	31-Mar-18	On exercise of put option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
6	Infrastructure Bonds 86 D Series	30.03.2012	8.72%	2.75	31-Mar-18	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
7	Infrastructure Bonds 86 A Series	30.03.2012	8.43%	9.04	31-Mar-17	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
8	Infrastructure Bonds 86 B Series	30.03.2012	8.43%	17.81	31-Mar-17	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	

Sl. No.	Bond Series	Date of Allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Redemption details	Nature of Security
9	Infrastructure Bonds (2011-12) Series-I	21.11.2011	8.50%	32.43	22-Nov-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
10	Infrastructure Bonds (2011-12) Series-II	21.11.2011	8.50%	51.15	22-Nov-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
11	Infrastructure Bonds (2010-11) Series-1	31.03.2011	8.30%	66.80	1-Apr-16	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹ 3,485.79 crore as on 31.03.2015 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
12	Infrastructure Bonds (2010-11) Series-2	31.03.2011	8.30%	139.68	1-Apr-16	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
			Total	**361.55**			

Details of Tax Free Bonds outstanding as at 31.03.2015 are as follows :						
Sl. No.	Bond Series	Date of Allotment	Rate of Interest p.a.	Amount (₹ in crore)	Date of Redemption	Nature of Security
13	Tax Free Bonds (2013-14) - Series 3A	16-11-2013	8.67%	1,067.38	16-Nov-33	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
14	Tax Free Bonds (2013-14) - Series 3B	16-11-2013	8.92%	861.96	16-Nov-33	
15	Tax Free Bonds (2013-14) - Series 2A	16-11-2013	8.54%	932.70	16-Nov-28	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
16	Tax Free Bonds (2013-14) - Series 2B	16-11-2013	8.79%	353.32	16-Nov-28	
17	Tax Free Bonds Series 107 B	30-08-2013	8.46%	1,011.10	30-Aug-28	First pari-passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
18	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.04%	3.40	28-Mar-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
19	Tax Free Bonds (2012-13) tranche - II - Series II	28-03-2013	7.54%	65.81	28-Mar-28	
20	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.36%	141.88	4-Jan-28	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
21	Tax Free Bonds (2012-13) tranche - I - Series II	04-01-2013	7.86%	215.12	4-Jan-28	
22	Tax Free Bonds Series 95 B	29-11-2012	7.38%	100.00	29-Nov-27	First pari-passu charge on the Immovable Property situated at Chennai. All present and future receivables / loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
23	Tax Free Bonds Series 94 B	22-11-2012	7.38%	25.00	22-Nov-27	
24	Tax Free Bonds (2011-12) tranche -I - Series II	01.02.2012	8.30%	1,280.58	1-Feb-27	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
25	Tax Free Bonds Series 80 B	25.11.2011	8.16%	209.34	25-Nov-26	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
26 .	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15-Oct-26	
27	Tax Free Bonds (2013-14) - Series 1A	16-11-2013	8.18%	325.07	16-Nov-23	Total book debts of the Company (excluding the book debts on which specific charge has already been created), limited to the extent of payment / repayment of the bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the transaction documents.
28	Tax Free Bonds (2013-14) - Series 1B	16-11-2013	8.43%	335.47	16-Nov-23	

29	Tax Free Bonds Series 107 A	30-08-2013	8.01%	113.00	30-Aug-23	First pari-passu charge on Total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/ repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
30	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	6.88%	48.37	28-Mar-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created)
31	Tax Free Bonds (2012-13) tranche - II - Series I	28-03-2013	7.38%	47.78	28-Mar-23	
32	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.19%	179.04	4-Jan-23	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
33	Tax Free Bonds (2012-13) tranche - I - Series I	04-01-2013	7.69%	163.71	4-Jan-23	
34	Tax Free Bonds Series 95 A	29-11-2012	7.22%	30.00	29-Nov-22	First pari-passu charge on the Immovable Property situated at Chennai. All present and future receivables / loan assets of the Company, together with the underlying security, excluding the receivables on which specific charge has already been created by the Company.
35	Tax Free Bonds Series 94 A	22-11-2012	7.21%	255.00	22-Nov-22	
36	Tax Free Bonds (2011-12) tranche -I - Series I	01.02.2012	8.20%	2,752.55	1-Feb-22	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
37	Tax Free Bonds Series 80 A	25.11.2011	8.09%	334.31	25-Nov-21	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari-passu charge on immovable property situated at Guindy, Chennai.
38	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15-Oct-21	
			Total	**11,275.11**		

The details of Taxable Bonds (Secured) outstanding as at 31.03.2015 are as follows:

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

43	Taxable Bonds Series 109	07.10.2013	9.81%	4,500.00	7-Oct-18	First pari-passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/ repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under/ pursuant to the Transaction Documents.
44	Taxable Bonds Series108	27.09.2013	9.80%	1,600.00	27-Sep-16	First pari-passu charge on total receivables of the Company, excluding the Receivables on which specific charge has already been created by the Company, limited to the extent of payment/ repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
45	Taxable Bonds Series110	05.12.2013	9.58%	1,990.00	5-Dec-15	First pari-passu charge on total receivables of the Company, excluding the receivables on which specific charge has already been created by the Company, limited to the extent of payment / repayment of the Bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable / repayable by the Company to the Bondholders and / or others under / pursuant to the Transaction Documents.
			Total	**11,140.00**		

46 Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 410.42 crore (previous year ₹ 379.67 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 [net of Unamortized Interest of ₹ 339.58 crore (previous year ₹ 370.33 crore)].

47 Details of other Unsecured Taxable Bonds as on 31.03.2015 are as follows :

S.No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
1	71 - C Series	9.05%	15-Dec-30	192.70
2	66 - C Series	8.85%	15-Jun-30	633.00
3	Series 118-B-III	9.39%	27-Aug-29	460.00
4	103 Series	8.94%	25-Mar-28	2,807.00
5	102 - A (III) Series	8.90%	18-Mar-28	403.00
6	101 - B Series	9.00%	11-Mar-28	1,370.00
7	77- B Series	9.45%	1-Sep-26	2,568.00
8	76 - B Series	9.46%	1-Aug-26	1,105.00
9	71 - B Series	9.05%	15-Dec-25	192.70
10	66 - B Series	8.75%	15-Jun-25	832.00
11	66 - B Series	8.75%	15-Jun-25	700.00
12	65 - Series	8.70%	14-May-25	1,087.50
13	65 - Series	8.70%	14-May-25	250.00
14	64 - Series	8.95%	30-Mar-25	492.00
15	Series 131-C	8.41%	27-Mar-25	5,000.00
16	63 - Series	8.90%	15-Mar-25	184.00
17	Series 128	8.20%	10-Mar-25	1,600.00
18	62 - B Series	8.80%	15-Jan-25	1,172.60
19	Series 126	8.65%	4-Jan-25	5,000.00
20	Series 125	8.65%	28-Dec-24	2,826.00
21	61 - Series	8.50%	15-Dec-24	351.00
22	Series 124-C	8.48%	9-Dec-24	1,000.00
23	Series 120-A	8.98%	8-Oct-24	961.00
24	Series 120-B	8.98%	8-Oct-24	950.00
25	Series 118-B-II	9.39%	27-Aug-24	460.00
26	Series 117-B	9.37%	19-Aug-24	855.00

S.No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
27	57 - B Series	8.60%	7-Aug-24	866.50
28	85 - D Series	9.26%	15-Apr-23	736.00
29	102 - A(II) Series	8.90%	18-Mar-23	403.00
30	102 - B Series	8.87%	18-Mar-23	70.00
31	100 - B Series	8.84%	4-Mar-23	1,310.00
32	92 - C Series	9.29%	21-Aug-22	640.00
33	91- B Series	9.39%	29-Jun-22	2,695.20
34	88- C Series	9.48%	15-Apr-22	184.70
35	Series 124-B	8.55%	9-Dec-21	1,200.00
36	Series 123-C	8.66%	27-Nov-21	200.00
37	78- B Series	9.44%	23-Sep-21	1,180.00
38	76- A Series	9.36%	1-Aug-21	2,589.40
39	Series 115-III	9.20%	7-Jul-21	700.00
40	75- C Series	9.61%	29-Jun-21	2,084.70
41	74 Series	9.70%	9-Jun-21	1,693.20
42	XXVIII Series	8.85%	31-May-21	600.00
43	73 Series	9.18%	15-Apr-21	1,000.00
44	72 - B Series	8.99%	15-Jan-21	1,219.00
45	71 - A Series	9.05%	15-Dec-20	192.70
46	70 Series	8.78%	15-Nov-20	1,549.00
47	68 - B Series	8.70%	15-Jul-20	1,424.00
48	66 - A Series	8.65%	15-Jun-20	500.00
49	65 - Series	8.70%	14-May-20	162.50
50	65 - Series	8.70%	14-May-20	1,175.00
51	Series 131-B	8.38%	27-Apr-20	1,350.00
52	Series 130-C	8.39%	19-Apr-20	925.00
53	Series 130-B	8.42%	18-Apr-20	200.00
54	85 - C Series	9.30%	15-Apr-20	79.50
55	64 - Series	8.95%	30-Mar-20	492.00
56	87 - D Series	9.42%	20-Mar-20	650.80
57	63 - Series	8.90%	15-Mar-20	184.00
58	100 - A Series	8.86%	4-Mar-20	54.30
59	Series 127	8.36%	26-Feb-20	4,440.00
60	99 - B Series	8.82%	20-Feb-20	733.00
61	62 - A Series	8.70%	15-Jan-20	845.40
62	61 - Series	8.50%	15-Dec-19	351.00
63	Series 124-A	8.52%	9-Dec-19	1,220.00
64	Series 123-B	8.65%	28-Nov-19	836.00
65	60 - B Series	1 year INCMTBMK + 179 bps	20-Nov-19	925.00
66	Series 122	8.76%	7-Nov-19	1,000.00
67	Series 121-B	8.96%	21-Oct-19	1,100.00
68	59 - B Series	8.80%	15-Oct-19	1,216.60
69	Series 119-B	9.32%	17-Sep-19	1,591.00
70	Series 118-B-I	9.39%	27-Aug-19	460.00
71	57 - B Series	8.60%	7-Aug-19	866.50
72	Series 115-II	9.15%	7-Jul-19	100.00
73	90 - B Series	9.41%	1-Jun-19	391.00
74	98 (III) Series	8.72%	8-Feb-19	324.00
75	82- C Series	9.70%	15-Dec-18	2,060.00
76	52 - C Series	11.25%	28-Nov-18	1,950.60
77	51 - C Series	11.00%	15-Sep-18	3,024.40
78	XLIX - B Series	10.85%	11-Aug-18	428.60
79	XLVIII - C Series	10.55%	15-Jul-18	259.70

S No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
80	Series 130-A	8.40%	19-Jun-18	1,175.00
81	Series 129-A	8.29%	13-Jun-18	980.00
82	Series 129-B	8.29%	13-Jun-18	100.00
83	XLVII - C Series	9.68%	9-Jun-18	780.70
84	104 - B Series	8.30%	15-May-18	351.00
85	Series 131-A	8.34%	27-Apr-18	100.00
86	102 - A(I) Series	8.90%	18-Mar-18	403.00
87	101 - A Series	8.95%	11-Mar-18	3,201.00
88	99 - A Series	8.77%	20-Feb-18	2.00
89	98 (II) Series	8.72%	8-Feb-18	324.00
90	72 - A Series	8.97%	15-Jan-18	144.00
91	XL - C Series	9.28%	28-Dec-17	650.00
92	Series 123-A	8.50%	28-Nov-17	1,075.00
93	XVIII Series	7.87%	13-Nov-17	25.00
94	Series 121-A	8.90%	21-Oct-17	1,500.00
95	93 - B Series	8.91%	15-Oct-17	950.00
96	XVII Series	8.21%	3-Oct-17	25.00
97	Series 118-A	9.30%	27-Aug-17	2,160.00
98	92 - A Series	9.01%	21-Aug-17	50.00
99	92 - B Series	9.27%	21-Aug-17	1,930.00
100	Series 117-A	9.32%	19-Aug-17	1,311.00
101	Series 115-I	9.11%	7-Jul-17	1,650.00
102	91 - A Series	9.40%	29-Jun-17	107.50
103	90 - A Series	9.61%	1-Jun-17	537.90
104	XIII Series	9.60%	24-May-17	65.00
105	XXXV Series	9.96%	18-May-17	530.00
106	XIII Series	9.60%	16-May-17	125.00
107	89 - A Series	9.52%	2-May-17	165.00
108	XXXIV Series	9.90%	30-Mar-17	500.50
109	XXXIII - B Series	9.90%	22-Mar-17	561.50
110	87 - B Series	9.72%	20-Mar-17	23.00
111	84 Series	9.33%	17-Feb-17	1,521.20
112	98 (I) Series	8.72%	8-Feb-17	324.00
113	82 - B Series	9.64%	15-Dec-16	825.00
114	XXXI - A Series	8.78%	11-Dec-16	1,451.20
115	XVIII Series	7.87%	13-Nov-16	25.00
116	XVII Series	8.21%	3-Oct-16	25.00
117	XXIX - A Series	8.80%	7-Sep-16	250.00
118	77- A Series	9.41%	1-Sep-16	1,083.60
119	Series 116	9.16%	31-Jul-16	1,885.00
120	75 - B Series	9.62%	29-Jun-16	360.00
121	106 - B Series	8.27%	25-Jun-16	3,033.00
122	104 - A Series	8.35%	15-May-16	4,000.00
123	XXVII - A Series	8.20%	17-Mar-16	1,000.00
124	XXVI Series	7.95%	24-Feb-16	1,261.80
125	XXV Series	7.60%	30-Dec-15	1,734.70
126	52 - B Series	11.30%	28-Nov-15	5.80
127	XVIII Series	7.87%	13-Nov-15	25.00
128	Series 119-A	8.95%	17-Oct-15	550.00
129	XVII Series	8.21%	3-Oct-15	25.00
130	50 - C Series	10.70%	25-Aug-15	80.80
131	68 - A Series	8.25%	15-Jul-15	147.00
132	106 - A Series	8.29%	25-Jun-15	1,250.00

S. No	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
133	65 - Series	8.70%	14-May-15	1,337.50
134	89 - B Series	9.46%	2-May-15	2,056.00
135	88- B Series	9.66%	15-Apr-15	100.20
136	85 - A Series	9.51%	15-Apr-15	661.30
			Total	**132,406.00**

48. As at 31.03.2015, Bonds of ₹ 7.40 crore (previous year ₹ 6.90 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.50 crore (previous year ₹ 0.50 crore) are held by PFC Ltd. Gratuity Trust.

49. Details of Unsecured Subordinated Bonds as on 31.03.2015 are as follows :

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

50. Foreign currency 6.61 % Senior Notes (USPP - I) amounting to ₹ 1,135.08 crore are redeemable at par on 05.09.2017.

51. Details of Foreign Currency Loans from Foreign Banks / Financial Institutions (Guaranteed by the Govt. of India) outstanding as at 31.03.2015 are as follows:

S. No	Loan	Rate of Interest p.a. as on 31.03.2015	Amount (₹ in crore)	Date of Repayment
1	KfW I	0.75%	1.12	30-Jun-35
2	KfW I	0.75%	1.29	30-Dec-34
3	KfW I	0.75%	1.29	30-Jun-34
4	KfW I	0.75%	1.29	30-Dec-33
5	KfW I	0.75%	1.29	30-Jun-33
6	KfW I	0.75%	1.29	30-Dec-32
7	KfW I	0.75%	1.29	30-Jun-32
8	KfW I	0.75%	1.29	30-Dec-31
9	KfW I	0.75%	1.29	30-Jun-31
10	KfW I	0.75%	1.29	30-Dec-30
11	KfW I	0.75%	1.29	30-Jun-30
12	KfW I	0.75%	1.29	30-Dec-29
13	KfW I	0.75%	1.29	30-Jun-29
14	KfW I	0.75%	1.29	30-Dec-28
15	ADB (New Loan)	0.77105%	0.26	15-Oct-28
16	Credit National France	2.00%	0.03	30-Jun-28
17	KfW I	0.75%	1.29	30-Jun-28
18	ADB (New Loan)	0.77105%	1.83	15-Apr-28
19	Credit National France	2.00%	0.03	31-Dec-27
20	KfW I	0.75%	1.29	30-Dec-27
21	ADB (New Loan)	0.77105%	2.17	15-Oct-27
22	Credit National France	2.00%	0.05	30-Jun-27
23	KfW I	0.75%	1.29	30-Jun-27
24	ADB (New Loan)	0.77105%	2.29	15-Apr-27
25	Credit National France	2.00%	0.35	31-Dec-26
26	KfW I	0.75%	1.29	30-Dec-26
27	ADB (New Loan)	0.77105%	2.51	15-Oct-26
28	Credit National France	2.00%	0.35	30-Jun-26
29	KfW I	0.75%	1.29	30-Jun-26
30	ADB (New Loan)	0.77105%	4.20	15-Apr-26
31	Credit National France	2.00%	0.42	31-Dec-25
32	KfW I	0.75%	1.29	30-Dec-25
33	ADB (New Loan)	0.77105%	4.20	15-Oct-25
34	Credit National France	2.00%	0.91	30-Jun-25

S. No	Loan	Rate of Interest p.a. as on 31.03.2015	Amount (₹ in crore)	Date of Repayment
35	KfW I	0.75%	1.29	30-Jun-25
36	ADB (New Loan)	0.77105%	4.20	15-Apr-25
37	Credit National France	2.00%	2.49	31-Dec-24
38	KfW I	0.75%	1.29	30-Dec-24
39	ADB (New Loan)	0.77105%	4.20	15-Oct-24
40	Credit National France	2.00%	3.01	30-Jun-24
41	KfW I	0.75%	1.29	30-Jun-24
42	ADB (New Loan)	0.77105%	4.51	15-Apr-24
43	Credit National France	2.00%	3.04	31-Dec-23
44	KfW I	0.75%	1.29	30-Dec-23
45	ADB (New Loan)	0.77105%	4.51	15-Oct-23
46	Credit National France	2.00%	3.73	30-Jun-23
47	KfW I	0.75%	1.29	30-Jun-23
48	ADB (New Loan)	0.77105%	4.51	15-Apr-23
49	Credit National France	2.00%	3.73	31-Dec-22
50	KfW I	0.75%	1.29	30-Dec-22
51	ADB (New Loan)	0.77105%	4.51	15-Oct-22
52	Credit National France	2.00%	3.73	30-Jun-22
53	KfW I	0.75%	1.29	30-Jun-22
54	ADB (New Loan)	0.77105%	4.51	15-Apr-22
55	Credit National France	2.00%	3.73	31-Dec-21
56	KfW I	0.75%	1.29	30-Dec-21
57	ADB (New Loan)	0.77105%	4.51	15-Oct-21
58	Credit National France	2.00%	3.73	30-Jun-21
59	KfW I	0.75%	1.29	30-Jun-21
60	ADB (New Loan)	0.77105%	4.51	15-Apr-21
61	Credit National France	2.00%	3.73	31-Dec-20
62	KfW I	0.75%	1.29	30-Dec-20
63	ADB (New Loan)	0.77105%	4.51	15-Oct-20
64	Credit National France	2.00%	3.73	30-Jun-20
65	KfW I	0.75%	1.29	30-Jun-20
66	ADB (New Loan)	0.77105%	4.51	15-Apr-20
67	Credit National France	2.00%	3.73	31-Dec-19
68	KfW I	0.75%	1.29	30-Dec-19
69	ADB (New Loan)	0.77105%	4.51	15-Oct-19
70	Credit National France	2.00%	3.73	30-Jun-19
71	KfW I	0.75%	1.29	30-Jun-19
72	ADB (New Loan)	0.77105%	4.51	15-Apr-19
73	Credit National France	2.00%	3.73	31-Dec-18
74	KfW I	0.75%	1.29	30-Dec-18
75	ADB (New Loan)	0.77105%	4.51	15-Oct-18
76	Credit National France	2.00%	3.73	30-Jun-18
77	KfW I	0.75%	1.29	30-Jun-18
78	ADB (New Loan)	0.77105%	4.51	15-Apr-18
79	Credit National France	2.00%	3.73	31-Dec-17
80	KfW I	0.75%	1.29	30-Dec-17
81	ADB (New Loan)	0.77105%	4.51	15-Oct-17
82	Credit National France	2.00%	3.73	30-Jun-17
83	KfW I	0.75%	1.29	30-Jun-17
84	ADB (New Loan)	0.77105%	4.51	15-Apr-17
85	Credit National France	2.00%	3.73	31-Dec-16
86	KfW I	0.75%	1.29	30-Dec-16
87	ADB (New Loan)	0.77105%	4.51	15-Oct-16

S. No	Loan	Rate of Interest p.a. as on 31.03.2015	Amount (₹ in crore)	Date of Repayment
88	Credit National France	2.00%	3.73	30-Jun-16
89	KfW I	0.75%	1.29	30-Jun-16
90	ADB (New Loan)	0.77105%	4.51	15-Apr-16
91	Credit National France	2.00%	3.73	31-Dec-15
92	KfW I	0.75%	1.29	30-Dec-15
93	KfW II	5.1499%	1.50	30-Dec-15
94	ADB (New Loan)	0.77105%	4.51	15-Oct-15
95	Credit National France	2.00%	3.73	30-Jun-15
96	KfW I	0.75%	1.29	30-Jun-15
97	KfW II	5.1499%	1.50	30-Jun-15
98	ADB (New Loan)	0.77105%	4.51	15-Apr-15
		Total	**241.35**	

52. Details of Syndicated Foreign Currency Loans from Banks / Financial Institutions outstanding as at 31.03.2015 are as follows:

S. No	Loan	Rate of Interest p.a. as on 31.03.2015	Amount (₹ in crore)	Date of Repayment
1	SLN XVII-(III)	1.67865%	945.90	26-Sep-21
2	SLN XVII-(II)	1.67865%	945.90	26-Mar-21
3	SLN XVII-(I)	1.67865%	945.90	26-Sep-20
4	SLN XVI	1.87790%	1,576.50	4-Dec-19
5	SLN IX	1.78643%	745.62	24-Sep-17
6	SLN XIII- (II)	1.84560%	788.25	6-Mar-17
7	SLN VIII	1.64143%	377.05	23-Sep-16
8	SLN VIII	1.64143%	452.61	25-Sep-15
9	SLN XII	2.13290%	1,576.50	31-Aug-15
		Total	**8,354.23**	

53. Details of Rupee Term Loans (From Banks) outstanding as at 31.03.2015 are as follows:

S. No	Loan	Rate of Interest p.a. as on 31.03.2015	Amount (₹ in crore)	Date of Repayment
1	INDIAN BANK	10.25%	100.00	18-Mar-2022
2	CANARA BANK	10.24%	500.00	29-Mar-2021
3	ORIENTAL BANK OF COMMERCE	10.25%	75.00	29-Mar-2021
4	BANK OF INDIA	10.20%	200.00	28-Mar-2021
5	SYNDICATE BANK	10.25%	140.00	28-Mar-2021
6	BANK OF INDIA	10.20%	300.00	27-Mar-2021
7	ORIENTAL BANK OF COMMERCE	10.25%	91.00	21-Mar-2021
8	SYNDICATE BANK	10.25%	150.00	20-Mar-2021
9	SYNDICATE BANK	10.25%	140.00	19-Mar-2021
10	INDIAN BANK	10.25%	100.00	18-Mar-2021
11	CANARA BANK	10.20%	105.00	30-Mar-2020
12	ORIENTAL BANK OF COMMERCE	10.25%	18.00	29-Mar-2020
13	ORIENTAL BANK OF COMMERCE	10.25%	16.00	29-Mar-2019
14	CANARA BANK	10.20%	453.38	28-Mar-2019
15	CANARA BANK	10.20%	546.62	28-Mar-2019
16	HDFC BANK	10.23%	200.00	28-Mar-2019
17	UCO BANK	10.20%	500.00	18-Mar-2019
18	UCO BANK	10.20%	500.00	14-Mar-2019
19	UNION BANK OF INDIA	10.00%	160.00	30-Sep-2018
20	BANK OF INDIA	10.20%	500.00	20-Sep-2018
21	BANK OF INDIA	10.20%	470.00	20-Sep-2018
22	BANK OF BARODA	10.25%	490.00	31-Mar-2018
23	ALLAHABAD BANK	10.25%	150.00	30-Mar-2018
24	BANK OF INDIA	10.20%	30.00	30-Mar-2018

S. No	Loan	Rate of Interest p.a. as on 31.03.2015	Amount (₹ in crore)	Date of Repayment
25	UNION BANK OF INDIA	10.00%	15.00	30-Mar-2018
26	BANK OF BARODA	10.25%	250.00	29-Mar-2018
27	CANARA BANK	10.20%	220.00	29-Mar-2018
28	BANK OF BARODA	10.25%	285.00	28-Mar-2018
29	CANARA BANK	10.20%	280.00	28-Mar-2018
30	HDFC BANK	10.23%	150.00	28-Mar-2018
31	STATE BANK OF MYSORE	10.25%	150.00	28-Mar-2018
32	DENA BANK	10.25%	75.00	21-Mar-2018
33	DENA BANK	10.25%	125.00	21-Mar-2018
34	STATE BANK OF MYSORE	10.25%	50.00	21-Mar-2018
35	BANK OF BARODA	10.25%	350.00	19-Mar-2018
36	BANK OF INDIA	10.20%	1,000.00	14-Mar-2018
37	VIJAYA BANK	10.25%	250.00	15-Dec-2017
38	VIJAYA BANK	10.25%	100.00	31-Jul-2017
39	HDFC BANK	10.23%	150.00	28-Mar-2017
40	INDIAN BANK	10.25%	60.00	27-Mar-2017
41	STATE BANK OF INDIA	10.15%	142.00	25-Mar-2017
42	STATE BANK OF INDIA	10.15%	143.00	25-Dec-2016
43	STATE BANK OF INDIA	10.15%	143.00	25-Sep-2016
44	STATE BANK OF INDIA	10.15%	143.00	25-Jun-2016
45	UNION BANK OF INDIA	10.00%	110.00	24-Apr-2016
46	INDIAN BANK	10.25%	60.00	27-Mar-2016
47	STATE BANK OF INDIA	10.15%	143.00	25-Mar-2016
48	STATE BANK OF INDIA	10.15%	143.00	25-Dec-2015
49	JAMMU & KASHMIR BANK	10.25%	260.00	15-Oct-2015
50	STATE BANK OF INDIA	10.15%	143.00	25-Sep-2015
51	CANARA BANK	10.20%	425.00	1-Sep-2015
52	CANARA BANK	10.20%	75.00	31-Aug-2015
53	CORPORATION BANK	10.25%	750.00	29-Jun-2015
54	STATE BANK OF BIKANER & JAIPUR	10.25%	200.00	29-Jun-2015
55	CORPORATION BANK	10.25%	250.00	28-Jun-2015
56	SUMITO MITSUI BANKING CORPORATION	10.15%	100.00	28-May-2015
57	ANDHRA BANK	10.25%	310.00	1-May-2015
58	ANDHRA BANK	10.25%	100.00	28-Apr-2015
59	CANARA BANK	10.20%	500.00	16-Apr-2015
60	BANK OF INDIA	10.20%	500.00	15-Apr-2015
61	PUNJAB NATIONAL BANK	10.25%	500.00	15-Apr-2015
		Total	**14,585.00**	

54. Details of Rupee Term Loans (From Financial Institutions) outstanding as at 31.03.2015 are as follows:

S. No	Loan	Rate of Interest p.a. as on 31.03.2015	Amount (₹ in crore)	Date of Repayment
1	Nil		Nil	

55. Details of Commercial Paper outstanding as at 31.03.2015 are as follows:

S. No	Loan	Rate of Interest p.a. as on 31.03.2015	Amount (₹ in crore)	Date of Repayment
1	CP-63	9.20%	435.00	29-Jun-15
2	CP-58 (I)	9.25%	345.00	15-Apr-15
3	CP-58 (II)	9.25%	1,375.00	28-Apr-15
	Less-Unamortized Financial Charges*		(18.76)	
		Total	**2,136.24**	

*Unamortized financial charges on Commercial Paper as on 31.03.2015 amounts to ₹ 18.76 crore (previous year ₹ 35.51 crore)

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

(₹ in crore)

Description	As at 31.03.2015			As at 31.03.2014		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Interest Subsidy Fund from GOI (Refer Note No. 14(ii) of Part-C - Other Notes on Accounts)	**12.63**	**98.72**	**111.35**	21.93	101.94	123.87
Interest Differential Fund - KFW (Refer Note No. 11 of Part-C - Other Notes on Accounts)	**0.00**	**58.38**	**58.38**	0.00	54.63	54.63
Advance received / amount payable to Subsidiaries (including interest payable thereon) (Refer Note No. 9(A)(ii) of Part-C - Other Notes on Accounts)	**168.10**	**172.08**	**340.18**	163.70	160.95	324.65
Amount payable to GoI under IPDS (Refer Note No. 16(B) of Part-C - Other Notes on Accounts)	**50.01**	**0.00**	**50.01**	0.00	0.00	0.00
Sub Total	**230.74**	**329.18**	**559.92**	**185.63**	**317.52**	**503.15**
Interest Accrued but not due :						
On Bonds	**6,241.57**	**0.00**	**6,241.57**	5,874.55	0.00	5,874.55
On Loans	**114.24**	**0.00**	**114.24**	92.11	0.00	92.11
Sub Total	**6,355.81**	**0.00**	**6,355.81**	**5,966.66**	**0.00**	**5,966.66**
Unpaid / Unclaimed						
Bonds	**3.97**	**0.00**	**3.97**	4.54	0.00	4.54
Interest on Bonds	**2.42**	**0.00**	**2.42**	1.96	0.00	1.96
Dividend	**1.32**	**0.00**	**1.32**	1.45	0.00	1.45
Sub Total	**7.71**	**0.00**	**7.71**	**7.95**	**0.00**	**7.95**
Others	**65.89**	**4.63**	**70.52**	83.76	30.10	113.86
Sub Total	**65.89**	**4.63**	**70.52**	**83.76**	**30.10**	**113.86**
Grand Total	**6,660.15**	**333.81**	**6,993.96**	**6,244.00**	**347.62**	**6,591.62**

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

(₹ in crore)

Description	As at 31.03.2015			As at 31.03.2014		
	Short Term	Long Term	Total	Short Term	Long Term	Total
I. **Employee Benefits***						
Economic Rehabilitation of Employees	**0.10**	**1.14**	**1.24**	0.12	1.12	1.24
Leave Encashment	**1.51**	**21.91**	**23.42**	0.99	19.67	20.66
Staff Welfare Expenses	**0.83**	**18.34**	**19.17**	0.92	14.96	15.88
Gratuity / Superannuation Fund	**0.15**	**0.00**	**0.15**	0.93	0.00	0.93
Bonus / Incentive	**10.90**	**0.00**	**10.90**	17.75	0.00	17.75
Sub Total	**13.49**	**41.39**	**54.88**	**20.71**	**35.75**	**56.46**
II. **Others**						
Income Tax (net)	**118.74**	**54.59**	**173.33**	96.44	23.05	119.49
CSR & SD Expenses (Refer Note No. 28 of Part-C - Other Notes on Accounts)	**114.30**	**0.00**	**114.30**	32.33	0.00	32.33
Contingent provision against Standard Assets (Refer Note No. 17 of Part-C - Other Notes on Accounts)	**44.88**	**441.69**	**486.57**	55.18	414.24	469.42
Contingent Provisions against Restructured Standard Assets (Refer Note No.18 of Part-C - Other Notes on Accounts)	**138.50**	**425.94**	**564.44**	0.00	0.00	0.00
Proposed Final Dividend*	**79.20**	**0.00**	**79.20**	26.40	0.00	26.40
Proposed Corporate Dividend Tax*	**16.12**	**0.00**	**16.12**	4.49	0.00	4.49
Sub Total	**511.74**	**922.22**	**1,433.96**	**214.84**	**437.29**	**652.13**
Grand Total	**525.23**	**963.61**	**1,488.84**	**235.55**	**473.04**	**708.59**

* (Refer Note No. 27 of Part-C - Other Notes on Accounts)

NOTE - Part A - 6
FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK				DEPRECIATION						NET BLOCK	
	Opening Balance as at 01.04.2014	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at 31.03.2015	Opening Balance as at 01.04.2014	For the year 01.04.2014 to 31.03.2015	Adjustment*	Prior period Adjustments	Withdrawn/ Written back	Closing Balance as at 31.03.2015	As at 31.03.2015	As at 31.03.2014
I. Tangible Assets : Owned Assets												
Land (Freehold)	3.38	0.00	0.00	3.38	0.00	0.00	0.00	0.00	0.00	0.00	3.38	3.38
Land (Leasehold)**	37.87	0.00	0.00	37.87	0.00	0.00	0.00	0.00	0.00	0.00	37.87	37.87
Buildings	24.92	0.00	0.00	24.92	8.09	0.82	0.00	0.00	0.00	8.91	16.01	16.83
EDP Equipments	14.28	3.18	1.43	16.03	11.83	1.62	0.32	0.00	1.35	12.42	3.61	2.45
Office and other equipments	14.14	0.46	0.13	14.47	8.49	1.62	2.58	0.00	0.09	12.60	1.87	5.65
Furniture & Fixtures	7.56	0.09	0.04	7.61	5.65	0.78	0.01	0.00	0.02	6.42	1.19	1.91
Vehicles	0.16	0.09	0.05	0.20	0.07	0.05	0.00	0.00	0.05	0.07	0.13	0.09
Total	**102.31**	**3.82**	**1.65**	**104.48**	**34.13**	**4.89**	**2.91**	**0.00**	**1.51**	**40.42**	**64.06**	**68.18**
Previous year	**101.39**	**1.46**	**0.54**	**102.31**	**30.83**	**3.67**	**0.00**	**0.00**	**0.37**	**34.13**	**68.18**	**70.56**
II. Intangible Assets : Purchased Software (Useful Life - 5 years)	**7.78**	**0.48**	**0.00**	**8.26**	**5.33**	**1.20**	**0.00**	**0.00**	**0.00**	**6.53**	**1.73**	**2.45**
Previous year	**7.87**	**0.01**	**0.10**	**7.78**	**4.09**	**1.26**	**0.00**	**(0.02)**	**0.00**	**5.33**	**2.45**	**3.78**

* Depreciation Adjustment in surplus account on life expired assets as per Companies Act, 2013. (Refer Note No. 35 of Part-C - Other Notes on Accounts)

** (Refer Note No. 24 of Part-C - Other Notes on Accounts)

NOTE - Part A - 7
NON- CURRENT INVESTMENTS

(₹ in crore)

Description		As at 31.03.2015		As at 31.03.2014
(A) Trade Investments (Quoted)				
I. Equity Instruments				
- Valued at Cost				
1,20,00,000 (Previous year 1,20,00,000) Equity Shares of ₹ 10/- each fully paid-up of PTC India Ltd.		**12.00**		12.00
Sub Total		**12.00**		**12.00**
(B) Other Investments (Unquoted-Non Trade)				
I. Equity Instruments				
21,87,015 (Previous year 21,87,015 Equity Shares of ₹ 10/- each fully paid-up of National Power Exchange Ltd.	**2.19**		2.19	
Less : Provision for diminution (Refer Note No. 8(A)(iv) of Part-C - Other Notes on Accounts)	**1.06**	**1.13**	0.00	2.19
32,20,000 (Previous Year 32,20,000) Equity Shares of ₹ 10/- each fully paid-up of Power Exchange India Ltd.		**3.22**		3.22
2,25,00,000 (Previous Year 2,25,00,000) Equity Shares of ₹ 10/- each fully paid-up of Energy Efficiency Services Ltd		**22.50**		22.50
10,07,50,000 (Previous Year 10,07,50,000) Equity Shares of ₹ 10/- each fully paid-up of Subsidiaries		**100.75**		100.75
II. Preference Shares				
20,00,00,000 (Previous Year 20,00,00,000) 10% Cumulative Fully Convertible Preference shares of ₹10/- each fully paid-up of Subsidiaries		**200.00**		200.00
III. Others				
- Valued at Cost (Less diminution, if any, other than temporary)				
76,82,816 (Previous year 76,82,816) Units of Small is Beautiful Fund of KSK Investment Advisor Pvt. Ltd. (Face value per unit is ₹10)*		**7.68**		7.68
Sub Total		**335.28**		**336.34**
TOTAL		**347.28**		**348.34**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	12.00	116.28
(previous year)	(12.00)	(81.17)
Aggregate of Un-Quoted (non trade) Investments	335.28	0.00
(previous year)	(336.34)	0.00
Application Money pending allotment of Shares	0.00	0.00
(previous year)	0.00	0.00
TOTAL	**347.28**	**116.28**
(Previous year)	**(348.34)**	**(81.17)**

* NAV as on 31-Mar-2015 is ₹ 9.70 per unit (31-Mar-2014 ₹ 9.70 per unit). The fluctuation in NAV is considered as temporary.

NOTE - Part A - 8
LOANS*

(₹ in crore)

Description	As at 31.03.2015						As at 31.03.2014					
	Current maturities (Twelve Months)		**Non-Current**		**Total**		Current maturities (Twelve Months)		Non-Current		Total	
A. Long Term Loans												
I Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings, JV 619B Borrowers and State Governments	**8,653.83**		**101,759.61**		**110,413.44**		10,767.18		93,618.53		**104,385.71**	
RTLs to Independent Power Producers	**1,285.82**		**24,890.44**		**26,176.26**		1,047.01		16,706.58		**17,753.59**	
Foreign Currency Loans to Independent Power Producers	**25.52**		**24.29**		**49.81**		30.32		47.78		**78.10**	
Foreign Currency Loans to State Power Utilities	**13.38**		**13.38**		**26.76**		12.83		25.66		**38.49**	
Buyer's Line of Credit	**89.83**		**574.03**		**663.86**		67.94		492.07		**560.01**	
Lease Financing to Borrowers **	**7.73**		**204.54**		**212.27**		33.15		209.39		**242.54**	
RTLs to Equipment Manufacturers	**73.09**	**10,149.20**	**840.52**	**128,306.81**	**913.61**	**138,456.01**	247.69	12,206.12	810.65	111,910.66	**1,058.34**	**124,116.78**
b) Others												
RTL to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings, JV 619B Borrowers and State Governments - NPA	**267.39**		**454.57**		**721.96**		0.00		0.00		**0.00**	
Less: Provision for contingencies	**26.74**	**240.65**	**45.45**	**409.12**	**72.19**	**649.77**	0.00	0.00	0.00	0.00	**0.00**	**0.00**
RTL to Independent Power Producers - NPA	**471.52**		**933.37**		**1,404.89**		414.68		581.74		**996.42**	
Less: Provision for contingencies	**143.22**	**328.30**	**187.01**	**746.36**	**330.23**	**1,074.66**	88.62	326.06	107.42	474.32	**196.04**	**800.38**
FCL to Independent Power Producers - NPA	**7.66**		**229.12**		**236.78**		110.37		120.92		**231.29**	
Less: Provision for contingencies	**2.30**	**5.36**	**68.73**	**160.39**	**71.03**	**165.75**	22.07	88.30	24.18	96.74	**46.25**	**185.04**
Sub Total (I)		**10,723.51**		**129,622.68**		**140,346.19**		**12,620.48**		**112,481.72**		**125,102.20**

II. Un-Secured Loans												
a) Considered Good												
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	**5,401.87**		**59,925.69**		**65,327.56**		4,738.22		47,080.32		51,818.54	
RTLs to Independent Power Producers	**158.29**		**6,794.73**		**6,953.02**		206.05		8,018.88		8,224.93	
Buyer's Line of Credit	**0.00**		**76.79**		**76.79**		0.00		11.17		11.17	
RTLs to Equipment Manufacturers	**28.42**	**5,588.58**	**223.04**	**67,020.25**	**251.46**	**72,608.83**	0.00	4,944.27	0.00	55,110.37	0.00	60,054.64
Sub Total (II)		**5,588.58**		**67,020.25**		**72,608.83**		4,944.27		55,110.37		60,054.64
Total A (I + II)		**16,312.09**		**196,642.93**		**212,955.02**		**17,564.75**		**167,592.09**		**185,156.84**
B. Bonds												
I Un-secured Bonds / Debentures												
Bonds / Debentures from State Power Corporations		**0.00**		**1,170.50**		**1,170.50**		0.00		1,170.50		1,170.50
Bonds / Debentures from Independent Power Producers		**0.00**		**29.48**		**29.48**		0.00		29.52		29.52
Total B		**0.00**		**1,199.98**		**1,199.98**		**0.00**		**1,200.02**		**1,200.02**
C. Short Term Loans												
I Secured Loans - Considered Good												
Working Capital Loans to State Electricity Boards and State Power Corporations		**549.88**		**0.00**		**549.88**		812.98		0.00		812.98
Working Capital Loans to Independent Power Producers		**0.00**		**0.00**		**0.00**		100.00		0.00		100.00
Sub Total (I)		**549.88**		**0.00**		**549.88**		**912.98**		**0.00**		**912.98**
II Un-Secured Loans - Considered Good												
Working Capital Loans to State Electricity Boards and State Power Corporations		**2,132.14**		**0.00**		**2,132.14**		1,483.08		0.00		1,483.08
Working Capital Loans to Independent Power Producers		**205.20**		**0.00**		**205.20**		0.00		0.00		0.00
Sub Total (II)		**2,337.34**		**0.00**		**2,337.34**		**1,483.08**		**0.00**		**1,483.08**
Total C (I + II)		**2,887.22**		**0.00**		**2,887.22**		**2,396.06**		**0.00**		**2,396.06**
Grand Total (A+B+C)		**19,199.31**		**197,842.91**		**217,042.22**		**19,960.81**		**168,792.11**		**188,752.92**

* (Refer Note No. 19(A) of Part-C - Other Notes on Accounts)

** (Refer Note No. 13(A)(i) of Part-C - Other Notes on Accounts)

NOTE - Part A - 9
OTHER ASSETS

(₹ in crore)

Description	As at 31.03.2015						As at 31.03.2014					
	Current		Non-Current		Total		Current		Non-Current		Total	
A. LOANS & ADVANCES												
I Loans (considered good) *												
a) to Employees (Secured)	**2.51**		**16.99**		**19.50**		2.51		15.55		18.06	
b) to Employees (Unsecured)	**5.51**	**8.02**	**38.78**	**55.77**	**44.29**	**63.79**	5.32	7.83	35.70	51.25	41.02	59.08
II Advances (Unsecured considered good)												
Advances recoverable in cash or in kind or for value to be received												
a) to Subsidiaries (including interest recoverable there on) (Refer Note No. 9 (A)(i) of Part-C- Other Notes on Accounts)	**184.12**		**104.60**		**288.72**		162.02		92.97		254.99	
b) to Employees	**0.71**		**0.02**		**0.73**		0.81		0.00		0.81	
c) Prepaid Expenses	**2.21**		**0.00**		**2.21**		2.11		0.00		2.11	
d) Others	**136.68**		**3.34**		**140.02**		99.67		0.33		100.00	
e) Advance Income Tax and Tax Deducted at Source (net)	**0.00**		**45.39**		**45.39**		0.00		53.37		53.37	
f) Security Deposits	**0.29**	**324.01**	**0.27**	**153.62**	**0.56**	**477.63**	3.55	268.16	0.02	146.69	3.57	414.85
B OTHER ASSETS												
I Accrued but not due :												
a) Interest on Loan Assets	**4,414.39**		**0.00**		**4,414.39**		3,865.26		0.00		3,865.26	
b) Other charges	**2.06**		**0.00**		**2.06**		15.63		0.00		15.63	
c) Interest on Loans to Employee	**0.27**		**15.33**		**15.60**		0.25		11.74		11.99	
d) Interest on Deposits and Investments	**8.62**	**4,425.34**	**0.00**	**15.33**	**8.62**	**4,440.67**	0.00	3,881.14	0.00	11.74	0.00	3,892.88
II Accrued and due :												
Incomes accrued & due on loans	**533.35**	**533.35**	**0.00**	**0.00**	**533.35**	**533.35**	478.32	478.32	0.00	0.00	478.32	478.32
C Loans & Advances (Unsecured - Others)												
Non Performing Assets (NPAs)	**170.72**		**0.00**		**170.72**		104.77		0.00		104.77	
Less : Provision for contingencies	**51.88**	**118.84**	**0.00**	**0.00**	**51.88**	**118.84**	21.71	83.06	0.00	0.00	21.71	83.06
Total		**5,409.56**		**224.72**		**5,634.28**		**4,718.51**		**209.68**		**4,928.19**

* Note :
Loans and Advances include :

Particulars	Balance as at 31.03.2015	Maximum during 2014-15	Balance as at 31.03.2014	Maximum during 2013-14
Loans given to Directors	**0.08**	**0.24**	0.15	0.26
Loans given to Executives	**52.39**	**59.43**	46.95	52.41
Loans given to other employees	**11.32**	**13.81**	11.98	13.74
Total	**63.79**	**73.48**	59.08	66.41

NOTE - Part A -10
CURRENT INVESTMENTS

(₹ in crore)

Description	As at 31.03.2015	As at 31.03.2014
Equity Instruments - Valued scrip wise at lower of cost or fair value (Trade and Quoted)		
5,39,349 Shares (Previous year - 5,39,349 Shares) (Face value of ₹ 10/- each fully paid-up) of PGCIL purchased at a cost of ₹ 52	**2.80**	2.80
47,952 Shares (Previous year - 97,952 Shares) (Face value of ₹ 10/- each fully paid-up) of REC Ltd. purchased at a cost of ₹ 105	**0.50**	1.03
1,39,64,530 Shares (Previous year - Nil Shares) (Face value of ₹ 10/- each fully paid-up) of Coal India Ltd. purchased at a cost of ₹ 358.58 (Refer Note No. 10 of Part-C- Other Notes on Accounts)	**500.74**	0.00
Total	**504.04**	**3.83**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	**504.04**	515.50
(previous year)	**3.83**	(7.91)
TOTAL	**504.04**	**515.50**
(Previous year)	**3.83**	**(7.91)**

NOTE - Part A -11
CASH AND BANK BALANCES

(₹ in crore)

	Description		As at 31.03.2015		As at 31.03.2014
I	**Cash and Cash Equivalents**				
i)	Balances in current accounts with:				
	Reserve Bank of India	**0.05**		0.05	
	Scheduled Banks*	**127.16**	**127.21**	0.28	0.33
ii)	Cheques in hand		**0.01**		58.36
iii)	Imprest with postal authority		**0.00**		0.00
iv)	Fixed Deposits with Scheduled Banks (original maturity up to three months)		**4,892.22**		0.00
	Sub Total (I)		**5019.44**		**58.69**
II	**Earmarked Balances:**				
i)	Balances in current accounts with scheduled banks for payment of interest on bonds, dividend, etc.	**1.36**		1.50	
ii)	IPDS Balances in current account with schedule banks	**5.00**		0.00	
	Fixed Deposits with Banks	**45.00**	**51.36**	0.00	1.50
	Sub Total (II)		**51.36**		**1.50**
	Total (I+II)		**5,070.80**		**60.19**

* Include bank balances of Regional Offices at Mumbai and Chennai regrouped during the year.	0.02	0.05

NOTE - Part A - 12
REVENUE FROM OPERATIONS

(₹ in crore)

	Description		Year ended 31.03.2015		Year ended 31.03.2014
I.	**Interest**				
	Interest on Loans	**24,823.74**		20,953.45	
	Less : Rebate for Timely Payment to Borrowers	**(261.06)**	**24,562.68**	(205.90)	20,747.55
	Lease income		**22.93**		25.26
	Sub Total (I)		**24,585.61**		**20,772.81**
II.	**Other Operating income**				
	Income from surplus funds		**123.54**		161.89
	Interest received on advances given to subsidiaries		**7.79**		6.04
	Sub Total (II)		**131.33**		**167.93**
III.	**Other Financial Services**				
	Prepayment Premium on Loans		**64.18**		182.74
	Upfront fees on Loans		**14.66**		34.54
	Management, Agency & Guarantee Fees		**94.27**		142.64
	Commitment charges on Loans	**1.84**		4.15	
	Less : Commitment charges on Loans waived	**(0.01)**	**1.83**	(0.75)	3.40
	Fee on account of GoI Schemes :-				
	Nodal Agency Fee - R-APDRP (Refer Note No. 16(A) (ii) of Part-C - Other Notes on Accounts)	**(36.38)**		18.50	
	Nodal Agency Fee - IPDS (Refer Note No. 16(B) of Part-C - Other Notes on Accounts)	**5.82**	**(30.56)**	0.00	18.50
	Sub Total (III)		**144.38**		**381.82**
	Total		**24,861.32**		**21,322.56**

NOTE - Part A - 13
OTHER INCOME

(₹ in crore)

Description	Year ended 31.03.2015	Year ended 31.03.2014
Dividend / Interest Income on Non-Current Investments	**2.40**	1.92
Dividend Income on Current Investments	**29.06**	0.22
Profit on sale of Fixed Assets	**0.05**	0.01
Profit on sale of Current Investments	**1.31**	0.00
Interest on Income Tax Refund	**1.48**	2.42
Miscellaneous Income	**8.73**	8.11
Excess Liabilities written back	**2.45**	2.36
Total	**45.48**	**15.04**

NOTE - Part A - 14
FINANCE COSTS

(₹ in crore)

	Description		Year ended 31.03.2015		Year ended 31.03.2014
I.	**Interest**				
	On Bonds	**12,353.14**		10,682.71	
	On Loans	**2,080.75**		1,644.01	
	GOI on Interest Subsidy Fund	**9.42**		10.70	
	Financial Charges on Commercial Paper	**288.46**		192.22	
	Swap Premium (Net)	**60.53**	**14,792.30**	8.38	12,538.02
II.	**Other Charges**				
	Commitment & Agency Fees	**0.59**		0.41	
	Guarantee, Listing & Trusteeship fees	**2.35**		2.11	
	Management Fees on Foreign Currency Loans	**124.15**		0.25	
	Bank / Other Charges	**0.02**		0.03	
	Interest paid on advances received from subsidiaries	**4.59**	**131.70**	6.39	9.19
III.	**Net Translation / Transaction Exchange Loss (+) / gain (-)**		**514.18**		452.52
	Total		**15,438.18**		**12,999.73**

NOTE - Part A - 15
BOND ISSUE EXPENSES

(₹ in crore)

Description	Year ended 31.03.2015	Year ended 31.03.2014
Interest on Application Money	**0.18**	39.28
Credit Rating Fees	**3.73**	3.50
Other Issue Expenses	**21.28**	32.24
Stamp Duty Fees	**6.21**	4.07
Total	**31.40**	**79.09**

NOTE - Part A - 16
EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

Description	Year ended 31.03.2015	Year ended 31.03.2014
Salaries, Wages and Bonus	**63.39**	63.28
Contribution to Provident and other funds	**6.81**	7.40
Staff Welfare	**11.18**	10.00
Rent for Residential accommodation of employees (Refer Note No. 13 (B) of Part-C - Other Notes on Accounts)	**4.43**	4.43
Total	**85.81**	**85.11**

NOTE - Part A - 17
OTHER EXPENSES

(₹ in crore)

Description	Year ended 31.03.2015	Year ended 31.03.2014
Administrative Expenses		
Office Rent	**0.50**	0.50
Electricity & Water charges	**1.50**	1.39
Insurance	**0.04**	0.04
Repairs & Maintenance	**2.71**	2.54
Stationery & Printing	**1.66**	1.68
Travelling & Conveyance	**7.03**	7.62
Postage, Telegraph & Telephone	**2.00**	1.73
Professional & Consultancy charges	**1.08**	0.65
Miscellaneous Expenses#	**20.06**	18.84
Loss on sale of Fixed Assets	**0.01**	0.09
Auditors' Remuneration	**0.41**	0.59
Service Tax	**6.42**	3.99
Rates & Taxes	**0.94**	0.88
Contribution to PMC (MoP)	**0.34**	0.30
Sub - Total (I)	**44.70**	**40.84**
Others		
R-APDRP Expenses (Refer Note No. 16(A)(ii) of Part-C - Other Notes on Accounts)	**(36.91)**	36.91
Sub - Total (II)	**(36.91)**	**36.91**
Total (I + II)	**7.79**	**77.75**

 # Note :-

1) Miscellaneous Expenses includes :		
Books & Periodicals	**0.06**	0.05
Advertisement	**4.20**	4.65
Membership & Subscription	**0.79**	0.67
Entertainment	**0.52**	0.53
Conference & Meeting Expenses	**1.58**	0.97
Security Expenses	**1.25**	1.37
Training	**0.86**	0.73
EDP Expenses	**2.02**	1.74
Business Promotion / Related Expenses	**0.70**	0.31
Interest on income tax	**4.32**	5.51
2) Auditors' Remuneration includes :		
Audit fees	**0.20**	0.20
Tax Audit fees	**0.05**	0.05
Other certification services	**0.16**	0.34

Note - Part A -18

PRIOR PERIOD ITEMS (NET)

(₹ in crore)

Description		Year ended 31.03.2015		Year ended 31.03.2014
Prior Period Expenses :				
Interest & other Charges	**(6.06)**		0.30	
Issue Expenses	**(0.02)**		0.19	
Personnel & Administration Expenses - Others	**3.92**		(0.76)	
Depreciation	**0.00**	**(2.16)**	(0.02)	(0.29)
Total		**(2.16)**		**(0.29)**

AOC-1 (Subsidiaries - SPVs)

Form AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

PART "A" : Subsidiaries - SPVs

(₹ in crore)

S. No.	Name of the Subsidiary / SPV	Reporting period	Share Capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
1	Chhattisgarh Surguja Power Ltd.	1.04.14 - 31.03.15	0.0500	(0.0024)	74.8912	74.8436	-	-	-	-	-	-	100
2	Coastal Karnataka Power Limited	1.04.14 -31.03.15	0.0500	(0.0021)	3.8696	3.8217	-	-	-	-	-	-	100
3	Coastal Maharashtra Mega Power Limited	1.04.14 -31.03.15	0.0500	(0.0038)	59.1321	59.0859	-	-	-	-	-	-	100
4	Orissa Integrated Power Limited	1.04.14 - 31.03.15	0.0500	(0.2158)	969.4638	969.6296	-	-	-	-	-	-	100
5	Coastal Tamil Nadu Power Limited	1.04.14 -31.03.15	0.0500	0.0321	162.0182	161.9361	-	0.0228	0.0228	0.0071	0.0158	-	100
6	Sakhigopal Integrated Power Limited	1.04.14 -31.03.15	0.0500	(0.0045)	23.2026	23.1571	-	0.0012	0.0012	0.0004	0.0008	-	100
7	Ghogarpalli Integrated Power Company Limited	1.04.14 - 31.03.15	0.0500	(0.0047)	22.0286	21.9833	-	0.0011	0.0011	0.0003	0.0008	-	100
8	Tatiya Andhra Mega Power Limited*	1.04.14 - 31.03.15	0.0500	(0.0022)	20.5394	20.4916	-	0.9278	0.0011	0.0003	0.0008	-	100
9	Deoghar Mega Power Limited	1.04.14 -31.03.15	0.0500	(0.0039)	6.1619	6.1158	-	-	-	-	-	-	100
10	Cheyyur Infra Limited	1.04.14 -31.03.15	0.0500	(0.0037)	0.0552	0.0088	-	-	-	-	-	-	100
11	Odisha Infrapower Limited	1.04.14 - 31.03.15	0.0500	(0.0046)	0.1613	0.1159	-	-	-	-	-	-	100
12	Ballabhgarh-GN Transmission Company Limited	1.04.14 - 31.03.15	0.0500	(0.0029)	0.6239	0.5768	-	-	-	-	-	-	100
13	Tanda Transmission Company Limited	1.04.14-31.03.15	0.0500	(0.0029)	1.1086	1.0615	-	-	-	-	-	-	100
14	Sipat Transmission Limited	23.12.14- 31.03.15	0.0500	(0.0035)	0.5061	0.4596	-	-	(0.0035)	-	(0.0035)	-	100
15	Raipur-Rajnandgaon-Warora Transmission Limited	23.12.14- 31.03.15	0.0500	(0.0035)	0.3820	0.3355	-	-	(0.0035)	-	(0.0035)	-	100
16	Mohindergarh-Bhiwani Transmission Limited	23.12.14- 31.03.15	0.0500	(0.0036)	0.4373	0.3909	-	-	(0.0036)	-	(0.0036)	-	100
17	Chhattisgarh-WR Transmission Limited	24.12.14- 31.03.15	0.0500	(0.0035)	0.5146	0.4681	-	-	(0.0035)	-	(0.0035)	-	100
18	South-Central East Delhi Power Transmission Limited	18.02.15 -31.03.15	0.0500	(0.0034)	0.0977	0.0511	-	-	(0.0034)	-	(0.0034)	-	100

Note:-

1. The Company does not have any foreign subsidiary.
2. Turnover is considered as Income from Operations.
3. All the SPVs are under pre-operative stage and yet to commence operations.
4. DGEN Transmission Company Ltd. (wholly owned subsidiary company of PFCC Limited) has been transferred during the year.

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

Sd/-
M.K. GOEL
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date attached

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N
Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N
Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 28.05.2015

AOC-1 (Subsidiaries and JVs)

Form AOC 1 (contd.)
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures.
PART "A" : Subsidiaries

(₹ in crore)

A.	Subsidiaries	PFC Consulting Limited	PFC Green Energy Limited	PFC Capital Advisory Services Limited	Power Equity Capital Advisors Private Limited
1	Information for the year ended as on[1]	31-03-2015	31-03-2015	31-03-2015	31-03-2015
2	Share Capital	0.05	300.00	0.10	0.05
3	Reserves & Surplus	151.03	30.15	5.78	0.00
4	Total Assets	156.42	331.61	6.20	0.05
5	Total Liabilities	5.34	1.46	0.32	0.00
6	Investments	0.35	0.00	0.00	0.00
7	Turnover[2]	37.31	33.65	4.44	0.00
8	Profit before Taxation	33.33	28.30	2.78	0.00
9	Provision for Taxation	11.63	9.39	0.93	0.00
10	Profit after taxation	21.70	18.91	1.85	0.00
11	Proposed Dividend	Nil	Nil	Nil	Nil
12	% of Shareholding	100%	100%	100%	100%

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. Power Equity Capital Advisors Private Limited is under process of voluntary liquidation.
4. The Company does not have any foreign subsidiary.

Part "B": Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in crore)

B.	Name of Joint Ventures	National Power Exchange Limited	Energy Efficiency Services Limited
1	Latest Audited Balance Sheet Date	31-03-2015	31-03-2014
2	Shares of Joint Ventures held by the company on the year end		
	No. of shares	2,187,015	22,500,000
	Amount of Investments in Joint Venture	2.19	22.50
	Extent of Holding %	16.66%	25.00%
3	Description of how there is Significant Influence	Business Decisions under agreement	Being Promoter[3]
4	Reason why the joint venture is not consolidated	NA	NA
5	Net worth attributable to shareholding as per latest audited balance sheet	1.14	26.14
6	Profit / Loss for the year		
	i) Considered in Consolidation	0.02	0.26
	ii) Not considered in Consolidation	0.10	0.77

Note:
1. Turnover is considered as Income from Operations.
2. Voluntary winding up of National Power Exchange Limited is under process.
3. EESL has been jointly promoted by PFC, NTPC, PGCIL and RECL.

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

Sd/-
M.K. GOEL
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date attached

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N
Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N
Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 28.05.2015

Part - B

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), notified Accounting Standards and relevant provisions of the Companies Act, 1956 and 2013.

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

2. RECOGNITION OF INCOME / EXPENDITURE

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

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

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

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

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

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

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

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

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

3. FIXED ASSETS / DEPRECIATION

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

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

3.3 Depreciation on assets is provided on, original cost of the asset reduced by its residual value estimated from time to time, as per written down value method, over the useful lives of the assets as per Companies Act, 2013.

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

4. INTANGIBLE ASSETS / AMORTIZATION

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

5. INVESTMENTS

5.1 Current investments are valued individually at lower of cost or fair value.

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

6. PROVISIONS / WRITE OFF AGAINST LOANS AND ADVANCES

Prudential Norms

6.1 PFC being a Government owned Non-Banking Financial Company (NBFC) is exempt from the RBI directions relating to Prudential Norms. The Company, however, has formulated its own set of Prudential Norms with effect from 01.04.2003, which has been revised from time to time.

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

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

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

i) Loans in respect of projects which are under implementation as per RBI Circular No. ref DBS.FID No. C-11/01.02.00/2001-02 dated February 1, 2002 read with D.O. letter DBS FID No 1285/01.02.00/2001-02 dated May 14, 2002 and RBI letter No.DBOD.BP.No.7675/21.04.048/2008-09 dated 11.11.2008.

ii) A facility which is backed by the Central / State Government guarantee or by the State Government undertaking for deduction from central plan allocation or a loan to State department, for a period not exceeding 12 months from the date from which Company's dues have not been paid by the borrower.

iii) A loan disbursed to an integrated power entity which is bifurcated on account of division of states, the Company shall follow the Government order issued for division of assets and liabilities, unless the same is stayed by any court and the case is pending in the court.

iv) Non servicing of part of dues due to dispute by the borrower for a period not exceeding 12 months from the date from which the company's dues have not been paid by the borrower. The disputed income shall be recognized only when it is actually realized. Any such disputed income already recognized in the books of accounts shall be reversed. Disputed dues means amount on account of financial charges like commitment charges, penal interest etc. and the disputed differential income on account of interest reset not serviced by the borrower due to certain issues remains unresolved. A dispute shall be acknowledged on case to case basis with the approval of the Board of Directors.

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

(i) NPA for a period not exceeding 18 months : Sub-standard asset

(ii) NPA for a period exceeding 18 months : Doubtful asset

(iii) When an asset is identified as loss asset or assets remain doubtful asset for a period exceeding 36 months, whichever is earlier : Loss asset

For the purpose of assets classification and provisioning :

a) Facilities granted to Government Sector & Private Sector Entities shall be classified borrower wise with the following exceptions:

i) Government sector loans, where cash flow from each project are separately identifiable and applied to the same project, PFC shall classify such loans on project wise basis.

b) The amount of security deposits kept by the borrower with the PFC in pursuance to the lease agreement together with the value of any other security available in pursuance to the lease agreement may be deducted against the provisions stipulated above.

c) NPA subjected to rescheduling and/or renegotiation and/or restructuring, whether in respect of installments of principal amount, or interest amount, by whatever modality, shall not be upgraded to the standard category until expiry of one year of satisfactory performance under the restructuring and/or rescheduling and/or renegotiation terms.

d) Interest restructuring which is normally done by PFC to help the borrowers to convert the past high cost debts into lower interest bearing debts will not be considered as re-schedulement / debt restructuring.

Facilities falling under paragraph 6.2 (i), supra, shall be classified in line with RBI guidelines for asset classification of infrastructure projects, as applicable to banks from time to time, but provisioning for such facilities shall be as per PFC Prudential Norms applicable from time to time.

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

(i) Sub-standard assets : 10%

(ii) Doubtful assets :

(a) Secured portion / facility including that guaranteed by the State / Central Government or by the State Government undertaking for deduction from central plan allocation or loan to state department.

Upto 1 year : 20%

1 - 3 years : 30%

(b) Unsecured* : 100%

* A facility which is backed by Central / State Government Guarantee or by State Government undertaking for deduction from central plan allocation or a loan to state department would be treated as secured for the purpose of making provision.

(iii) Loss assets : 100%

The entire loss assets shall be written off. In case, a loss asset is permitted to remain in the books for any reason, 100% of outstanding shall be provided for.

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

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

Lease and hire purchase assets

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

Hire purchase assets

(i) In respect of hire purchase assets, the total dues (overdue and future installments taken together) as reduced by

(a) the finance charges not credited to the statement of profit and loss and carried forward as unmatured finance charges; and

(b) the depreciated value of the underlying asset, shall be provided for.

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

Additional provision for hire purchase and leased assets

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

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

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

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

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

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

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

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

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

a) Before commencement of commercial production

b) After commencement of commercial production but before the asset has been classified as sub-standard;

c) After the commencement of commercial production and the asset has been classified as sub-standard.

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

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

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

* including change in terms w.r.t payment of principal consequent to cost overrun funding.

** Completion Date for projects where COD is not applicable.

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

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

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

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

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

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

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

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

(v) Adjustment of Interest:

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

(vi) Funded Interest:

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

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

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

Note

a) Satisfactory Performance means where no payment should remain overdue for a period of more than number of days after which it would be classified as NPA. In addition there should not be any overdue at the end of one year period. Further, the satisfactory performance is to be seen in respect of all the outstanding loan/facilities in the account.

b) Asset classification of sub-standard asset will not deteriorate upon rescheduling and/or renegotiation and/or restructuring whether in respect of instalments of principal amount or interest amount by whatever modality, if satisfactory performance is demonstrated during the period of one year under the restructuring and/or rescheduling and/or renegotiation terms.

c) In case, however, satisfactory performance after a period of one year is not evidenced, the asset classification of the restructured account would be governed as per the applicable prudential norms with reference to the pre-restructuring payment schedule*.

*pre-restructuring payment schedule shall mean the date on which the loan asset became NPA on the first occasion.

(viii) Reversal of Provision:

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

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

(ix) Conversion of Debt into Equity:

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

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

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

(x) Conversion of Debt into Debentures:

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

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

For the above paragraphs, restructuring / re-schedulement / renegotiation shall cover terms of agreement relating to principal and interest.

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

a) A facility which is backed by Central / State Government Guarantee or by State Government Undertaking for deduction from central plan allocation or a loan to state department.

b) Loans falling under paragraph 6.2(i).

(xii) Accounting Policy stated at 6.7 (i) to 6.7(xi) to be read with the following paragraphs:

a) PFC's restructuring norms approved by MoP will be applicable till 31.03.2017 for Transmission & Distribution, Renovation & Modernization and Life Extension Projects and also the Hydro Projects in Himalayan Region or affected by natural disasters.

b) All new project loans (except covered under 6.7 (xii)(a) above) sanctioned with effect from 01.04.2015 to generating companies, to be regulated by the RBI norms for restructuring and provisioning.

c) Loans (except covered under 6.7 (xii)(a) above) already sanctioned upto 31.03.2015 will, continue to be subjected to PFC's restructuring norms approved by the Ministry of Power, however provisioning on loan assets of generating companies will be as per RBI norms.

7. FOREIGN EXCHANGE TRANSACTIONS

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

(i) Expenses and income in foreign currency; and

(ii) Amounts borrowed and lent in foreign currency.

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

(i) Foreign currency loan liabilities.

(ii) Funds kept in foreign currency account with banks abroad.

(iii) Contingent liabilities in respect of guarantees given in foreign currency.

(iv) Income earned abroad but not remitted / received in India.

(v) Loans granted in foreign currency.

(vi) Expenses and income accrued but not due on foreign currency loans/borrowing.

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

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

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

8. DERIVATIVE TRANSACTIONS

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

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

9. Accounting of Government of India (GoI) schemes:

9.1 The Company acts as a channelizing / nodal agency for pass-through of loans / grants / subsidies to beneficiaries under various schemes of the Govt. of India. The Company receives the amount on such account and disburses it to the eligible entities in accordance with the relevant schemes.

9.2 Where funds are first disbursed to the beneficiary, the same are shown as amount recoverable from the Govt. of India and are squared up on receipt of amount.

9.3 Where funds are received in advance from Govt. of India, the same are shown as current liabilities till the payments are released to the beneficiary.

9.4 The income on account of fee etc. arising from implementation of such GoI schemes is accounted for in accordance with the respective scheme / GoI directives as applicable.

10. INTEREST SUBSIDY FUND

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

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

11. INCOME / RECEIPT / EXPENDITURE ON SUBSIDIARIES

11.1 Expenditure incurred on the subsidiaries is debited to the account "amount recoverable from concerned subsidiary".

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

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

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

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

12. EMPLOYEE BENEFITS

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

Company's contribution paid / payable during the financial year towards provident fund and pension fund are charged in the statement of Profit and Loss. The Company's obligation towards gratuity to employees and post retirement benefits such as medical benefits, economic rehabilitation benefit, and settlement allowance after retirement are actuarially determined and provided for as per Accounting Standard - 15 (Revised).

12.2 Other Employee Benefits

The Company's obligation towards sick leave, earned leave, service award scheme are actuarially determined and provided for, as per Accounting Standard - 15 (Revised)

13. INCOME TAX

13.1 Income Tax comprising of current tax is determined in accordance with the applicable tax laws and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) in accordance with Accounting Standard - 22 on Accounting for Taxes on Income.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

13.2 Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

14. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard - 3 on Cash Flow Statement.

15. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

PART - C
OTHER NOTES ON ACCOUNTS

1. The Company is a Government Company engaged in extending financial assistance to power sector and is a Non-Banking Finance Company registered with RBI as an Infrastructure Finance Company.

2. Contingent liabilities:
(A) The details are as follows:

(₹ in crore)

S. No.	Particulars	As on 31.03.2015	As on 31.03.2014
(i)	Default guarantees issued in foreign currency - US $ 0.74 million (as on 31.03.2014 US $ 4.14 million)	**4.69**	25.07
(ii)	Guarantees issued in domestic currency	**262.84**	299.20
(iii)	Claims against the Company not acknowledged as debts	**0.04**	0.04
(iv)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	**787.32**	2,274.96
	Total	**1,054.89**	**2,599.27**

(B) Additional demands raised by the Income Tax Department totaling to ₹ 64.41 crore (as on 31.03.2014 ₹ 49.87 crore) of earlier years are being contested. Further, the Income Tax Department has filed appeals against the relief allowed by appellate authorities to the Company aggregating to ₹ 85.47 crore (as on 31.03.2014 ₹ 79.26 crore). The same are being contested. The Management does not consider it necessary to make provision, as the probability of tax liability devolving on the Company is negligible.

3. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) aggregating to ₹ 78.50 crore for Assessment Years 2001-02 to 2012-13 (as on 31.03.2014 ₹ 55.10 crore for Assessment Years 2001-02 to 2011-12) have been provided for and are being contested by the Company.

4. Estimated amount of contract remaining to be executed on account of capital contracts, not provided for, is ₹ 0.33 crore (as on 31.03.2014 Nil).

5. Ministry of Corporate Affairs (MoCA), Government of India, vide its Circular No. 6/3/2001 - CL.V dated 18.04.2002 prescribed adequacy of Debenture Redemption Reserve (DRR) as 50% of the value of debentures issued through public issue; subsequently, the MoCA through its Circular No. 11/02/2012-CL-V(A) dated 11.02.2013 modified the adequacy of DRR to 25%. In this regard, the Company has requested the MoCA for clarification, which is awaited.

Meanwhile, The Companies (Share Capital and Debentures) Rules, 2014, with effect from 01.04.2014, also stated that for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, the adequacy of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures.

In view of above, the Company is creating DRR for public issue of bonds / debentures @ 50% for the issues for which prospectuses had been filed before 11.02.2013 and @ 25% for the subsequent public issues.

6. Foreign currency actual outgo and earning:

(₹ in crore)

S. No.	Description	During FY ended 31.03.2015	During FY ended 31.03.2014
A.	**Expenditure in foreign currency**		
i)	Interest on loans from foreign institutions*	**206.75**	230.47
ii)	Financial & Other charges*	**118.86**	9.56
iii)	Traveling Expenses	**0.38**	Nil
iv)	Training Expenses	**0.18**	0.25
B.	**Earning in foreign currency**	**Nil**	Nil

*excluding withholding tax

7. (A) As per the Accounting Standard - 'Related Party Disclosures' (AS-18), notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

(i) Subsidiaries including companies promoted as Special Purpose Vehicles (SPVs) for Ultra-Mega Power Projects (UMPPs) and Joint Ventures (JVs)

S. No.	Name of the companies	S. No.	Name of the companies
A	**Subsidiary Companies***	**C**	**Subsidiary Companies promoted as SPVs for UMPPs***
(i)	PFC Consulting Limited	(i)	Coastal Maharashtra Mega Power Limited
(ii)	PFC Green Energy Limited	(ii)	Orissa Integrated Power Limited
(iii)	PFC Capital Advisory Services Ltd.	(iii)	Coastal Karnataka Power Limited
(iv)	Power Equity Capital Advisors (Private) Limited	(iv)	Coastal Tamil Nadu Power Limited
		(v)	Chhattisgarh Surguja Power Limited
B	**Joint Venture***	(vi)	Sakhigopal Integrated Power Company Limited
(i)	National Power Exchange Limited	(vii)	Ghogarpalli Integrated Power Company Limited
(ii)	Energy Efficiency Services Limited	(viii)	Tatiya Andhra Mega Power Limited
		(ix)	Deoghar Mega Power Limited
		(x)	Cheyyur Infra Limited
		(xi)	Odisha Infrapower Limited

*Govt. controlled entities as per AS-18.

(ii) Key Managerial Personnel (KMP) :

Name	Period
Shri M K Goel, CMD, CEO and holding additional charge of Director (Commercial)	with effect from 22.01.2015 (A/N)
Shri R Nagarajan, Director (Finance) and CFO	with effect from 31.07.2009
Shri A K Agarwal, Director (Project)	with effect from 13.07.2012
Shri Manohar Balwani, CS	with effect from 01.04.2014#

Joined the Company on 11.04.2013, KMP from 01.04.2014 as per Companies Act 2013.

(B) Transactions with related parties

Managerial remuneration of KMP for the year ended 31.03.2015 is ₹ 2.50 crore (previous year ended 31.03.2014 ₹ 2.30 crore).

8. (A) Investment in share capital of companies incorporated and operating in India as subsidiaries / joint venture companies including companies promoted as SPVs for UMPPs are given below:-

S. No.	Name of the companies	Date of investment	No. of shares subscribed	% of ownership	Amount (₹ in crore)
A	**Subsidiary Companies (i)**				
(i)	PFC Consulting Limited	09.04.2008	50,000	100%	0.05
(ii)	(a) PFC Green Energy Limited (Equity Shares)	29.07.2011 08.12.2011 29.03.2012 21.03.2013 18.06.2013 07.10.2013	50,000 44,50,000 4,90,000 2,10,00,000 1,36,00,000 6,04,10,000	100%	100.00
	(b) PFC Green Energy Limited (Preference Shares)	21.03.2013 18.06.2013 07.10.2013	8,40,00,000 5,44,00,000 6,16,00,000	100%	200.00
(iii)	PFC Capital Advisory Services Ltd	01.09.2011	1,00,000	100%	0.10
(iv)	Power Equity Capital Advisors (Private) Limited	15.04.2008 11.10.2011	15,000 35,000	100%	0.05
	Sub-Total (A)				**300.20**

(B)	**Subsidiary Companies promoted as SPVs for UMPPs (ii)**				
(i)	Coastal Maharashtra Mega Power Limited	05.09.2006	50,000	100%	0.05
(ii)	Orissa Integrated Power Limited	05.09.2006	50,000	100%	0.05
(iii)	Coastal Karnataka Power Limited	14.09.2006	50,000	100%	0.05
(iv)	Coastal Tamil Nadu Power Limited	31.01.2007	50,000	100%	0.05
(v)	Chhattisgarh Surguja Power Limited	31.03.2008	50,000	100%	0.05
(vi)	Sakhigopal Integrated Power Company Limited	27.01.2010	50,000	100%	0.05
(vii)	Ghogarpalli Integrated Power Company Limited	27.01.2010	50,000	100%	0.05
(viii)	Tatiya Andhra Mega Power Limited(iii)	27.01.2010	50,000	100%	0.05
(ix)	Deoghar Mega Power Limited	30.07.2012	50,000	100%	0.05
(x)	Cheyyur Infra Limited	24.03.2014	50,000	100%	0.05
(xi)	Odisha Infrapower Limited	27.03.2014	50,000	100%	0.05
	Sub-Total (B)				**0.55**
(C)	**Joint venture Companies (i)**				
(i)	National Power Exchange Limited (iv)	18.12.2008 03.09.2010	8,33,000 13,54,015	16.66%	2.19
(ii)	Energy Efficiency Services Limited	21.01.2010 26.03.2013	6,25,000 2,18,75,000	25%	22.50
	Sub-Total (C)				**24.69**
	TOTAL (A) + (B) + (C)				**325.44**

(i) The financial statements are consolidated as per Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures.

(ii) The subsidiary companies were incorporated as SPVs under the mandate from the Government of India for development of Ultra-Mega Power Projects (UMPPs) with the intention to hand over the same to successful bidders on completion of the bidding process. The financial statements of these subsidiaries are not consolidated, in accordance with paragraph 11 of Accounting Standard-21.

(iii) Board of Directors of the Company, in its 322nd meeting held on 14th August, 2014, decided for winding up Tatiya Andhra Mega Power Limited, subject to approval of Ministry of Power, Government of India.

(iv) The Group of Promoters (GoP) of National Power Exchange Limited (NPEL), comprising of NTPC, NHPC, TCS and PFC in their meeting dated 21.03.2014 decided to recommend voluntary winding up of NPEL to the Board of NPEL. The Board of Directors of PFC in their meeting held on 14th August, 2014 had approved the recommendation of the GoP. The voluntary winding up of NPEL is under process.

The Company as on 31.03.2015 has an investment of ₹ 2.19 crore (as on 31.03.2014 ₹ 2.19 crore) in the equity share capital of NPEL against which a provision for diminution in value amounting to ₹1.06 crore (previous year Nil) has been made during the current year.

(B) The Company's share of assets, liabilities, contingent liabilities and capital commitment as on 31.03.2015 and income and expenses for the period in respect of joint venture entities based on their unaudited financial statements are given below:

(₹ in crore)

S.No.	Particulars	As on 31.03.2015			As on 31.03.2014		
		NPEL	**EESL**	**Total**	NPEL	EESL	**Total**
	Ownership (%)	**16.66**	**25**		**16.66**	**25**	
A	Assets						
	Non Current assets	0.02	37.83	**37.85**	0.03	1.99	**2.02**
	Current assets	1.13	41.11	**42.24**	1.13	29.61	**30.74**
	Total	**1.15**	**78.94**	**80.09**	**1.16**	**31.60**	**32.76**
B	Liabilities						
	Non Current Liabilities	-	22.08	**22.08**	-	0.08	**0.08**
	Current Liabilities	-	28.13	**28.13**	0.03	4.80	**4.83**
	Total	**-**	**50.21**	**50.21**	**0.03**	**4.88**	**4.91**
C	Contingent Liabilities	-	-	**-**	-	-	**-**
D	Capital Commitments	-	-		-	5.52	**5.52**
		For the Year			**For the Year**		
E	Total Income	0.09	17.57	**17.66**	0.11	8.39	**8.50**
F	Total Expenses	0.07	14.37	**14.44**	0.12	7.13	**7.25**

9. Disclosure as required by Clause 32 of Listing Agreement:

A. Loans and Advances in the nature of Loans:

(i) The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

(₹ in crore)

Name of the Subsidiary Companies	Amount as on 31.03.2015*	Amount as on 31.03.2014*	Maximum during the FY ended 31.03.2015	Maximum during the FY ended 31.03.2014
Coastal Maharashtra Mega Power Limited	8.99	7.88	9.10	7.88
Orissa Integrated Power Limited	105.21	92.97	111.77	106.62
Coastal Karnataka Power Limited	3.81	3.32	3.81	3.33
Coastal Tamil Nadu Power Ltd.	70.10	57.00	70.10	57.00
Chhattisgarh Surguja Power Limited	75.23	68.37	75.23	68.42
Sakhigopal Integrated Power Company Limited	5.54	4.50	5.54	4.50
Ghogarpalli Integrated Power Company Limited	4.79	3.89	4.79	3.89
Tatiya Andhra Mega Power Limited	8.37	11.28	11.65	11.30
Deoghar Mega Power Ltd	6.12	5.00	6.12	5.01
PFC Green Energy Ltd.	0.31	0.40	0.53	0.40
PFC Capital Advisory Services Limited	0.13	0.36	0.52	0.49
Cheyyur Infra Limited	0.01	0.01	0.01	0.01
Odisha Infra Power Ltd.	0.11	0.01	0.11	0.01
Total	**288.72**	**254.99**	**299.28**	**268.86**

* Amount is in the nature of advances, does not include any loan.

(ii) The details of amounts payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:

(₹ in crore)

Name of the Subsidiary Companies	Amount as on 31.03.2015	Amount as on 31.03.2014	Maximum during the FY ended 31.03.2015	Maximum during the FY ended 31.03.2014
PFC Consulting Limited (PFCCL)	1.88	5.39	9.80	5.40
Coastal Maharashtra Mega Power Limited	59.79	56.47	59.79	56.47
Orissa Integrated Power Limited	72.57	67.57	72.57	67.57
Coastal Tamil Nadu Power Limited	68.72	63.72	68.72	63.72
Chhattisgarh Surguja Power Limited	66.17	61.16	66.17	61.16
Sakhigopal Integrated Power Company Limited	23.69	22.24	23.69	22.24
Ghogarpalli Integrated Power Company Limited	22.44	21.08	22.44	21.08
Tatiya Andhra Mega Power Limited	24.92	27.02	27.48	27.02
Total	**340.18**	**324.65**	**350.66**	**324.66**

(iii) To firms / companies in which directors are interested : Nil

(iv) Where there is no repayment schedule or repayment beyond seven years : Nil

(v) Where no interest or interest as per Section 186 of the Companies Act, 2013 : Nil

B. Investment by the loanee in the shares of PFC / Subsidiaries : Nil

10. Investment made in equity shares of Coal India Ltd.:

During the year, the Company has subscribed to 1,39,64,530 fully paid equity shares of Coal India Limited (CIL) of face value of ₹ 10/- per share under Offer for Sale route. The shares have been subscribed at a cost of ₹ 358.58/- per share aggregating to ₹ 500.74 crore.

11. Interest Differential Fund (IDF) - KFW

The agreement between KFW and the Company provides that the IDF belongs to the borrowers solely and will be used to cover the exchange risk variations under this loan and any excess will be used in accordance with the agreement. The balance in the IDF fund has been kept under separate account head titled as Interest Differential Fund - KFW and shown as a liability. The total fund accumulated as on 31.03.2015 is ₹ 58.38 crore (as on 31.03.2014 ₹ 54.63 crore), after transferring exchange difference of ₹ 14.11 crore (as on 31.03.2014 ₹ 16.56 crore).

12. Foreign currency liabilities not hedged by a derivative instrument or otherwise:-

Liabilities in Foreign Currencies	Foreign Currency (in millions)	
	31.03.2015	31.03.2014
USD	**1,128**	792
EURO	**19**	21
JPY	**24,209**	36,807

13. As required under AS-19, the disclosure with respect to various leases are as under:

(A) Asset under finance lease after 01.04.2001:

(i) The gross investment in the leased assets and the present value of the minimum value receivable at the balance sheet date and the value of unearned financial income are given in the table below:

(₹ in crore)

Particulars	**As on 31.03.2015**	**As on 31.03.2014**
Total of future minimum lease payments recoverable (Gross Investments)	392.95	433.52
Present value of lease payments recoverable	212.27	242.54
Unearned finance income	**180.68**	**190.98**
Maturity profile of total of future minimum lease payments recoverable (Gross Investment):-		
Not later than one year	30.06	54.34
Later than one year and not later than 5 years	107.98	102.87
Later than five years	254.91	276.31
Total	**392.95**	**433.52**
Break up of present value of lease payments recoverable:-		
Not later than one year	10.06	33.15
Later than one year and not later than 5 years	36.18	33.11
Later than five years	166.03	176.28
Total	**212.27**	**242.54**

(ii) The Company had sanctioned an amount of ₹ 88.90 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). The sanction was reduced to ₹ 88.85 crore in December 2006. The gross investment stood at the level of ₹ 1.78 crore as on 31.03.2015 (₹ 4.21 crore as on 31.03.2014). The lease rent is to be recovered within a period of 15 Years, starting from 19.07.2004, which comprises of 10 years as a primary period and 5 years as a secondary period. Secondary period is in force with effect from 19.07.2014.

(iii) The Company had sanctioned an amount of ₹ 98.44 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 18.5.2004). The gross investment stood at ₹ 4.43 crore as on 31.03.2015 (₹ 22.53 crore as on 31.03.2014). The lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as a primary period and a maximum of another 10 years as a secondary period. Secondary period is in force with effect from 01.04.2014.

(iv) The Company had sanctioned an amount of ₹ 93.51 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). The gross investment stood at ₹ 7.62 crore as on 31.03.2015 (₹ 1.96 crore as on 31.03.2014). The lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as a primary period and a maximum of 9 years and 11 months as a secondary period.

(v) The Company had sanctioned an amount of ₹ 228.94 crore in the year 2008 as finance lease for financing wind turbine generator (commissioned on 18.05.2011). The gross investment stood at ₹ 379.12 crore as on 31.03.2015 (₹ 404.82 crore as on 31.03.2014). The lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as a primary period and a maximum of 7 years as a secondary period.

(B) Operating Lease:

The Company's operating leases consist of:-

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 4.43 crore (during the FY ended 31.03.2014 ₹ 4.43 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 16 - Employee Benefit Expenses. Lease payments in respect of premises for offices are shown as office rent in Note Part A 17.

Other Expenses. Future lease payments in respect of these lease agreements are as under:

(₹ in crore)

Future minimum lease rent payments	**FY ended 31.03.2015**	**FY ended 31.03.2014**
	Office & Accommodations	Office & Accommodations
Not later than one year	2.11	2.58
Later than one year and not later than 5 years	0.27	0.36
Later than 5 years	0.00	0.00
Total	**2.38**	**2.94**

14. Subsidy under Accelerated Generation & Supply Programme (AG&SP):

(i) The Company claimed subsidy from Govt. of India at net present value calculated at indicative interest rates in accordance with the GOI's letter vide D.O.No.32024 / 17 / 97 - PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 - PFC dated 07.03.2003, irrespective of the actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. The impact of difference between the indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after the end of the respective schemes. However, on the basis of the projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), the Company estimated the net excess amount of ₹ 7.02 crore and ₹ 61.32 crore as on 31.03.2015 (₹ 6.32 crore and ₹ 74.53 crore as on 31.03.2014) for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. This net excess amount is worked out on overall basis and not on individual basis and may vary due to change in assumptions, if any, during the projected period such as changes in moratorium period, repayment period, loan restructuring, pre-payment, interest rate reset etc. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of the respective scheme.

(ii) The balance under the head Interest Subsidy Fund shown as liability, represents the amount of subsidy received from Ministry of Power, Govt. of India which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following : -

(₹ in crore)

Particulars	As on 31.03.2015	As on 31.03.2014
Opening balance of Interest Subsidy Fund (As on 1st day of the Financial Year)	**123.87**	145.78
Add : - Received during the period		– –
: - Interest credited during the period	**9.42**	10.70
: - Refund by the borrower due to non – commissioning of project in time	**–**	–
Less : - Interest subsidy passed on to borrowers	**21.94**	32.61
: - Refunded to MoP:		
(a) Estimated net excess against IX Plan	**–**	–
(b) Due to non- commissioning of Project in time	**–**	–
(c) Estimated net excess against X Plan	**–**	–
Closing balance of interest subsidy fund	**111.35**	**123.87**

15. The Company had exercised the option under para 46A of the AS-11 - 'The Effects of Changes in Foreign Exchange Rates', to amortize the exchange differences on the long term foreign currency monetary items over their tenure. Consequently, as on 31.03.2015 the debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) amounting to ₹ 380.56 crore (as on 31.03.2014 ₹ 709.21 crore) is shown on the "Equity and Liabilities" side of the balance sheet under the head "Reserve and Surplus", as a separate line item.

16. Implementation of GoI Scheme:

(A) Re-structured Accelerated Power Development and Reforms Programme (R - APDRP):

(i) The Company is the Nodal Agency for operationalisation and associated service for implementation of the R - APDRP under which projects are being taken up in two parts. Part - A includes the projects for establishment of baseline data and IT applications for energy accounting as well as IT based customer care centers. Part - B includes regular distribution strengthening projects. GoI provides 100% loan for Part A and up to 25% (up to 90% for special category States) loan for Part - B. Balance funds for Part - B projects can be raised by the utilities from PFC / REC / multi-lateral institutions and / or own resources. The loans under Part A- along with interest thereon are convertible into grant as per applicable guidelines. Similarly, up to 50% (up to 90% for special category states) of the loan against Part -B project would be convertible in to grant as per applicable guidelines. Enabling activities of the programme are covered under Part - C.

Amounts received from the Government of India under R - APDRP as a Nodal agency for on-lending to eligible borrowers are back to back arrangements with no profit or loss arising to the Company. The amount on-lended but not converted in to grants as per applicable guidelines will become payable along with interest to the GoI on receipt from the borrowers.

The details are furnished below :

(₹ in crore)

Particulars	Amount recoverable from borrowers & payable to GOI		R – APDRP Grant		Amount payable to GOI (Interest earned on Fixed Deposit)	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
A. GoI Loan under R-APDRP (Principal)						
Opening balance as on 1st day of the Financial Year	7,315.85	6,694.63	0.00	0.00	0.00	0.25
Additions during the period	578.47	640.00	578.47	640.00	0.00	0.00
Recoveries / refunds / changes during the period	(206.48)	(18.78)	(578.47)	(640.00)	0.00	(0.25)
Closing balance (A)	**7,687.84**	**7,315.85**	**0.00**	**0.00**	**0.00**	**0.00**
B. Interest Accrued but not due (Int.earned on FD)	-	-	-	-	-	-
C. Interest on loan under R-APDRP						
(i) Accrued but not due						
Opening Balance	1,605.09	1,327.94				
Additions during the period	673.90	627.24				
Transfer to Accumulated Moratorium Interest	298.41	(340.43)				
Transfer to Interest Accrued and Due	(13.51)	(9.66)				
Closing Balance	2,563.89	1,605.09				
(ii) Accrued and due						
Opening Balance	3.69	0.00				
Additions During the period	16.59	9.66				
Recoveries & refunds to GoI / Changes due to extension of project completion period	(16.60)	(5.97)				
Closing Balance	3.68	3.69				
Interest on loan under R-APDRP (C) = (i + ii)	**2,567.57**	**1,608.78**				
D. Accumulated Moratorium Interest						
Opening Balance	338.92	0.00				
Additions during the period	(301.58)	340.43				
Recoveries & refunds to GoI / Changes due to extension of project completion period	1.51	(1.51)				
Closing Balance (D)	**38.85**	**338.92**				
E. Interest on Accumulated Moratorium Interest						
(i) Accrued but not due						
Opening Balance	1.42	0.00				
Additions during the period	(0.92)	4.48				
Transfer to accrued and due	(0.35)	(3.06)				
Closing Balance	0.15	1.42				
(ii) Accrued and due						
Opening Balance	2.21	0.00				
Additions during the period	(1.88)	3.06				
Recoveries & refunds to GoI / Changes due to extension of project completion period	0.85	(0.85)				
Closing Balance	1.18	2.21				
Interest on Accumulated Moratorium Int. (E) = (i + ii)	**1.33**	**3.63**				
F. Interest on Interest, Interest on "Interest on Accumulated Moratorium Interest" and Penal Interest						

(₹ in crore)

Particulars	Amount recoverable from borrowers & payable to GOI		R – APDRP Grant		Amount payable to GOI (Interest earned on Fixed Deposit)	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
(i) Interest on Interest						
Opening Balance	0.00	-				
Additions during the period	0.11	-				
Recoveries / refunds / changes during the period	(0.06)	-				
Closing Balance	0.05	-				
(ii) Interest on Interest on Accumulated Moratorium Interest		-				
Opening Balance	0.00	-				
Additions during the period	0.02	-				
Recoveries / refunds / changes on account of extension of project completion period during the FY	0.00	-				
Closing Balance	0.02	-				
(iii) Penal Interest		-				
Opening Balance	0.00	-				
Additions during the period	0.15	-				
Recoveries / refunds / changes on account of extension of project completion period during the FY	(0.10)	-				
Closing Balance	0.05	-				
Interest on Interest, Interest on Interest on Accumulated Moratorium Interest and Penal Interest (F) = (i + ii+iii)	0.12	-				
Closing Balance (A+B+C+D+E+F)	**10,295.71**	**9,267.18**	**0.00**	**0.00**	**0.00**	**0.00**

(ii) In line with the R – APDRP scheme approved by MoP, GoI , vide Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010, till 31.03.2013, Nodal Agency Fees under R – APDRP had been accounted for @ 1% of the sanctioned project cost in three stages - 0.40% on sanction of the project, 0.30% on disbursement of the funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B). Further, actual expenditure, including expenditure allocable on account of PFC manpower, incurred for operationalising the R– APDRP were reimbursed / reimbursable by Ministry of Power, Government of India. As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, GoI, the total amount receivable against the nodal agency fee plus the reimbursement of actual expenditure will not exceed ₹ 850 crore or 1.7 % of the likely outlay under Part A & B of R – APDRP, whichever is less.

Ministry of Power (MoP) vide letter dated 15.07.2013 informed that as per Department of Expenditure (DoE), Nodal Agency Fee for R-APDRP scheme for 12th Plan may be restricted to 0.5% of the sanctioned project cost or actual expenditure, whichever is less.

Pursuant to various correspondence with MoP, GoI a revised proposal was submitted to MoP, GoI vide letter dated 26.12.2014, wherein Company agreed to restrict its claims only to reimbursements of actual expenditure in line with norms indicated by Department of Expenditure (DoE) through MoP communication dated 15.07.2013 excluding Company's own manpower (Salary only) / administrative charges during XII / XIII Plan under R-APDRP. MoP vide letter dated 05.01.2015 directed the Company to intimate its final claim based on revised proposal of the Company. The Company, vide letter dated 02.02.2015, submitted its claim including balance claim pertaining to XIth plan and claim for the period from 01.04.2012 to 31.12.2014 (earlier shown as other expenses of the Company) which has been approved by MoP vide its letter dated 31.03.2015

Accordingly, the Company has reversed Nodal Agency Fee for R-APDRP scheme for XIIth Plan (upto FY 2013-14) amounting to ₹ 35.86 crore and has not recognized the fee pertaining to the current year.

(ii) As on 31.03.2015, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by PFC is as under:-

(₹ in crore)

Particulars	During the FY ended 31.03.2015	During the FY ended 31.03.2014	Cumulative up-to	
			31.03.2015	31.03.2014
Nodal agency fee*	(36.38)#	18.50	127.41	163.79
Reimbursement of expenditure	41.20**	(21.81)	103.06	61.86
Total	**4.82**	**(3.31)**	**230.47**	**225.65**

*Exclusive of Service Tax

#Reversal for XI[th] & XII[th] Plan ₹ 1.41 crore and ₹ 35.86 crore respectively, net of fee booked ₹ 0.89 crore for XI[th] Plan disbursement.

** Net of claim for FY 2012-13 to FY 2013-14 ₹ 36.91 crore (Accounted for as other expenses of the Company earlier and reversed as amount recoverable from MoP, GoI during the year), reversal / rectification ₹ (4.93) crore in respect of current and earlier years, and claim for FY 14-15 ₹ 9.22 crore.

(B) Integrated Power Development Scheme (IPDS)

Govt. of India (GoI) has launched IPDS for the Urban areas with the (i) Strengthening of Sub-transmission and Distribution network in urban areas including provisioning of solar panels on Govt. buildings including Net-metering, (ii) Metering of feeders / distribution transformers / consumers in urban areas and (iii) IT enablement of distribution sector and strengthening of distribution network, as per CCEA approval dated 21.06.2013 for completion of the targets laid down under R-APDRP for XII[th] and XIII[th] Plans by subsuming R-APDRP in IPDS and carrying forward the approved outlay for R-APDRP to IPDS.

As per guidelines, approved by IPDS Monitoring Committee, constituted by Ministry of Power (MoP), GoI, the company has been designated as the Nodal Agency for operationalization and implementation of the scheme under the overall guidance of the MoP. The role of the Nodal agency is mentioned in IPDS scheme which inter-alia includes administration of GoI grant to the eligible utilities which can be recalled / pre closed subject to certain conditions mentioned in the IPDS guidelines.

The Company will be eligible for 0.5% of the total project cost approved by Monitoring Committee or award cost, whichever is lower, as nodal agency fee to be claimed / accrued as under:

i. 1[st] installment: 40% of the nodal agency fee (i.e. 40% of 0.5% of approved project cost) in the financial years in which the projects are approved by the Monitoring Committee under IPDS.

ii. 2[nd] installment: 30% of the nodal agency fee (i.e. 30% of 0.5% of approved project cost) on award of approved projects.

iii. 3[rd] installment: 20% of the nodal agency fee (i.e. 20% of 0.5% of approved project cost) after one year of claiming 2[nd] installment.

iv. 4[th] installment: 10% of the nodal agency fee (i.e. 10% of 0.5% of approved project cost) after completion of works.

The details are furnished below

(₹ in crore)

Particulars	Amount of GoI grant administered to the eligible utilities		IPDS Grant		Amount payable to GOI (Interest earned on Fixed Deposit)	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
Opening balance as on 1[st] day of the Financial Year	-	-	0.00	-	0.00	-
Additions during the period	-	-	50.00	-	0.01	-
Recoveries / refunds / changes during the period	-	-	0.00	-	0.00	-
Closing balance	**-**	**-**	**50.00***	**-**	**0.01***	**-**

*Appearing as amount payable to GoI.

17. The Company has been creating provision @ 0.25% of the outstanding standard loan assets excluding outstanding restructured standard loan assets on which separate provision has been started during the year. As on 31.03.2015, the Standard Asset provision stands at ₹ 486.57crore (₹ 469.42 crore as on 31.03.2014).

18. The Company being a Government owned Non-Banking Financial Company is exempt from the RBI directions relating to Prudential Norms. RBI has directed the Company, vide its letter dated 25.07.2013, to take steps to comply with RBI's Prudential Norms by 31.03.2016. Further, RBI vide its letter dated 03.04.2014 has allowed exemption from credit concentration norms in respect of exposure to Central / State Government entities till 31.03.2016.

The Company follows its own prudential norms approved by the Ministry of Power (MoP), Govt.of India (GoI) (including revisions approved by BoD in its meeting held on 09.03.2015 subject to the approval of MoP) which inter-alia includes norms for

Restructuring / Reschedulement / Renegotiation (R/R/R) of loans which allows (i) two times restructuring before COD, (ii) exemption to the loans having central / state government guarantee and loans to government department, and (iii) dispensation not to consider extension of repayment schedule without sacrifice as restructuring for government sector borrowers. For R/R/R norms, RBI has advised the Company to follow the instructions contained in RBI circular DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23.01.2014, vide its letter dated 03.04.2014 inter-alia allowing maximum period of delay in DCCO for which a loan can be restructured. The matter regarding applicability of RBI's R/R/R norms was taken up with RBI. In this regard, RBI vide its letter dated 11.06.2014 has allowed exemption from application of its restructuring norms for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters for a period of 3 years i.e. till 31.03.2017. Further, for new project loans to generating companies restructured w.e.f. 01.04.2015, the provisioning requirement would be 5% and for stock of such outstanding loans as on 31.03.2015 to all generating companies, the provisioning shall commence with a provision of 2.75% with effect from 31.03.2015 and reaching 5% by 31.03.2018. This provision is in addition to the provision for diminution in fair value.

The Company vide its letter dated 03.07.2014 has communicated the manner of its implementation to RBI, further reiterated vide Company's letter dated 27.11.2014, inter-alia stating that all new project loans sanctioned with effect from 01.04.2015 to generating companies would be regulated by RBI norms on R/R/R. RBI vide its letter dated 04.02.2015 has informed that the Company's request is under examination.

Pending decision by RBI regarding implementation of R/R/R norms, the Company is following its own norms read with the manner of implementation as stated above.

Accordingly, the Accounting policy related to Prudential Norms on R/R/R has been amended during the year ended 31.03.2015 which inter-alia requires provision @ 2.75% on restructured standard assets. Thus, during the year ended 31.03.2015 a provision has been made amounting to ₹ 564.44 crore, on qualifying loans. As on 31.03.2015, these loans comprise of private sector loan ₹ 20,524.91 crore and Govt. Sector loan Nil. Consequently, profit for the year ended 31.03.2015 has been reduced by ₹ 513.12 crore, after considering the existing provision on standard loan assets on these restructured loans.

19. (A) The Classification of Loan Assets (Gross) as per the Company's Prudential Norms is as under:

(₹ in crore)

Sl. No.	Asset Classification	As on 31.03.2015		As on 31.03.2014	
		Principal Outstanding	**Provision as per Norms on Principal Outstanding**	**Principal Outstanding**	**Provision as per Norms on Principal Outstanding**
(i)	Standard Assets	1,94,627.13	486.57	176,018.17	440.05
(ii)	Restructured Standard Assets	20,524.91	564.44	11,749.32	29.37
(iii)	Sub-standard Assets	1,209.37	120.93	103.83	10.38
(iv)	Doubtful Assets	1,145.34	343.60	1,114.97	222.99
(v)	Loss Assets	8.92	8.92	8.92	8.92
	Grand Total	**2,17,515.67**	**1,524.46**	**1,88,995.21**	**711.71**

(B) The details of provisions made as per Prudential Norms of the Company on loan assets and other assets are as under:

(₹ in crore)

S.No.	Particulars	During the FY ended 2014-15	During the FY ended 2013-14
(i)	Provision on Standard Assets	17.15	336.63
(ii)	Provision on Restructured Standard Assets	564.44	0.00
(iii)	Provision on NPAs (Loan Assets)	231.16	120.82
(iv)	Provision on NPAs (Other Assets)	30.16	12.44
	Total	**842.91**	**469.89**

(C) Provision for shortfall in security of Restructured/Rescheduled/Renegotiated (R/R/R)Loans:

The Restructured Standard Assets as on 31.03.2015 includes 3 loan assets amounting to ₹ 2,753.50 crore, classified as unsecured. These loans carry adequate security as on 31.03.2015 in form of charge on assets etc., but require completion of full security creation process as per the sanction terms. Hence, these are classified as unsecured. As these loans carry adequate security coverage as on 31.03.2015, there is no short fall in security. Provision on these R/R/R assets has been created @2.75% and no further provision for any shortfall in security is required.

20. Details of Restructured Accounts

(₹ in crore)

S. N.	Type of Restructuring#		Under CDR / SME Mechanism					Others					Total				
	Asset Classification Details		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured accounts as on April 01, 2014	No. of borrowers	-	-	-	-	-	9	2	2	0	**13**	9	2	2	0	**13**
		Amount outstanding (Restructured facility)	-	-	-	-	-	11749.32	103.83	1114.97	0	**12968.12**	11749.32	103.83	1114.97	0	**12968.12**
		Amount outstanding (Other facility)	-	-	-	-	-	0.00	0.00	103.83	0	**103.83**	0.00	0.00	103.83	0	**103.83**
		Provision Thereon	-	-	-	-	-	0.00	10.38	243.76	0	**254.14**	0.00	10.38	243.76	0	**254.14**
2	Movement of balance in account appearing in opening balance	No. of borrowers	-	-	-	-	-	9	0	2	0	**11**	9	0	2	0	**11**
		Amount outstanding (Restructured facility)	-	-	-	-	-	1692.88	0.00	5.49	0	**1698.37**	1692.88	0.00	5.49	0	**1698.37**
		Amount outstanding (Other facility)	-	-	-	-	-	0.00	0.00	65.95	0	**65.95**	0.00	0.00	65.95	0	**65.95**
		Provision Thereon	-	-	-	-	-	369.66	0.00	143.31	0	**512.97**	369.66	0.00	143.31	0	**512.97**
3	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	6	0	0	0	**6**	6	0	0	0	**6**
		Amount outstanding (Restructured facility)	-	-	-	-	-	7082.71	0.00	0.00	0	**7082.71**	7082.71	0.00	0.00	0	**7082.71**
		Amount outstanding (Other facility)	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
		Provision Thereon	-	-	-	-	-	194.77	0.00	0.00	0	**194.77**	194.77	0.00	0.00	0	**194.77**
4	Up gradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	0	0	0	0	**0**	0	0	0	0	**0**
		Amount outstanding (Restructured facility)	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
		Amount outstanding (Other facility)	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
		Provision Thereon	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
5	Restructured Standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-1	0	0	0	**-1**	-1	0	0	0	**-1**
		Amount outstanding (Restructured facility)	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
		Amount outstanding (Other facility)	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
		Provision Thereon	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
6	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	0	-1	1	0	**0**	0	-1	1	0	**0**
		Amount outstanding (Restructured facility)	-	-	-	-	-	0.00	-27.20	24.88	0	**-2.32**	0.00	-27.20	24.88	0	**-2.32**
		Amount outstanding (Other facility)	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
		Provision Thereon	-	-	-	-	-	0.00	-2.72	7.46	0	**4.74**	0.00	-2.72	7.46	0	**4.74**
7	Write-offs restructured accounts during the year	No. of borrowers	-	-	-	-	-	0	0	0	0	**0**	0	0	0	0	**0**
		Amount outstanding (Restructured facility)	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
		Amount outstanding (Other facility)	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
		Provision Thereon	-	-	-	-	-	0.00	0.00	0.00	0	**0.00**	0.00	0.00	0.00	0	**0.00**
8	Restructured accounts as on March 31, 2015	No. of borrowers	-	-	-	-	-	14	1	3	0	**18**	14	1	3	0	**18**
		Amount outstanding (Restructured facility)	-	-	-	-	-	20524.91	76.63	1145.34	0	**21746.88**	20524.91	76.63	1145.34	0	**21746.88**
		Amount outstanding (Other facility)	-	-	-	-	-	0.00	0.00	169.78	0	**169.78**	0.00	0.00	169.78	0	**169.78**
		Provision Thereon	-	-	-	-	-	564.44	7.66	394.53	0	**966.63**	564.44	7.66	394.53	0	**966.63**

21. The status of net deferred tax assets / liabilities as per Accounting Standard-22 Accounting for Taxes on Income is given below :

(₹ in crore)

Description	As on 31.03.2015	As on 31.03.2014
(A) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	11.25	23.28
(B) Deferred Tax Liabilities (-)		
(i) Depreciation	(0.25)	(1.42)
(ii) Lease income	(72.19)	(79.95)
(iii) Amortization	(0.60)	(0.83)
(iv) Unamortized Exchange Loss (Net)	(127.46)	(215.30)
Net Deferred Tax liabilities (-)/Assets (+)	**(189.25)**	**(274.22)**

22. In compliance with Accounting Standard - 20 on Earning Per Share issued by the Institute of Chartered Accountants of India, the calculation of Earning Per Share (basic and diluted) is as under:-

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Net Profit after tax used as numerator (₹ in crore)	5,959.33	5,417.75
Weighted average number of equity shares used as denominator (basic)	132,00,40,704	132,00,31,803
Diluted effect of outstanding Stock Options	-	7,525
Weighted average number of equity shares used as denominator (diluted)	132,00,40,704	132,00,39,328
Earning per share (basic) (₹)	45.15	41.04
Effect of outstanding Stock Options (₹)	0.00	0.00
Earning per share (diluted) (₹)	45.15	41.04
Face value per share (₹)	10.00	10.00

23. The Company has no outstanding liability towards Micro, Small and Medium Enterprises.

24. Leasehold land is not amortized, as it is a perpetual lease.

25. Liabilities and assets denominated in foreign currency have generally been translated at TT selling rate of SBI at year end as given below: -

(₹ in crore)

S. No.	Exchange Rates	As on 31.03.2015	As on 31.03.2014
(i)	USD / INR	63.06	60.49
(ii)	JPY / INR	0.5263	0.5903
(iii)	EURO / INR	68.42	83.48

In case of specific provision in the loan agreement for a rate other than SBI TT selling rate, the rate has been taken as prescribed in the respective loan agreement.

26. Disclosures as per Accounting Standard -15 :-

A. Provident fund

The Company pays fixed contribution to provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the statement of profit and loss. The trust to ensure a minimum rate of return to the members as specified by GoI. However, any short fall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will take place in this regard in the near future and hence no further provision is considered necessary.

B. Gratuity

The Company has a defined gratuity scheme and is managed by a separate trust. The provision for the same has been made on actuarial valuation based upon total number of years of service rendered by an employee subject to a maximum amount of ₹ 10 lakh.

C. Pension

The Company has a defined contribution pension scheme which is in line with guidelines of the Department of Public Enterprise (DPE) and is managed by a separate trust. Employer contribution to the fund has been contributed on monthly basis. Pension is payable to the employees of the Company as per the scheme.

D. Post Retirement Medical Scheme (PRMS)

The Company has Post-Retirement Medical Scheme (PRMS), under which retired employees and their dependent family member are provided with medical facilities in empanelled hospitals. They can also avail reimbursement of out-patient treatment subject to a ceiling fixed by the Company.

E. Terminal Benefits

Terminal benefits include settlement in home town for employees & their dependents.

F. Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrue on half yearly basis @ 15 days and 10 days, respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. Earned leave is en-cashable during the service; while half pay leave is not en-cashable during the service or on separation / superannuation before 10 years. On separation after 10 years of service or on superannuation, earned leave plus half pay leave together can be en-cashed subject to a maximum of 300 days. However, there is no restriction in the number of years of service for earned leave encashment on separation from the service.

The above mentioned schemes (D, E and F) are unfunded and are recognized on the basis of actuarial valuation.

The summarised position of various defined benefits recognized for 31.03.2015 in the statement of profit and loss account, balance sheet are as under {Figures in brackets ( ) are for 31.03.2014}

i) Expenses recognised in Statement of Profit and Loss Account

(₹ in crore)

Particulars	Gratuity	PRMS	Leave
Current service cost	1.43 (1.35)	0.52 (0.45)	2.14 (1.89)
Interest cost on benefit obligation	1.53 (1.29)	1.00 (0.76)	1.76 (1.63)
Expected return on plan assets	-1.54 (-1.28)	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	-1.21 (-0.50)	2.11 (1.54)	1.16 (2.65)
Expenses recognised in Statement of Profit & Loss Account*	0.21 (0.86)	3.63 (2.75)	5.06 (6.17)

(*) During the year the expenses includes ₹ 0.02 crore (previous year ₹ 0.07 crore), ₹ 0.42 crore (previous year ₹ 0.58 crore) and ₹ 0.34 crore (previous year ₹ 0.11 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) The amount recognized in the Balance Sheet

(₹ in crore)

Particulars	Gratuity	PRMS	Leave
Present value of obligation as on 31.03.2015 (i)	19.36 (17.98)	14.58 (11.75)	23.42 (20.66)
Fair value of plan assets as on 31.03.2015 (ii)	19.15 (17.12)	0.00 (0.00)	0.00 (0.00)
Difference (ii) - (i)	-0.21 (-0.86)	-14.58 (-11.75)	-23.42 (-20.66)
Net asset / (liability) recognized in the Balance Sheet	-0.21 (-0.86)	-14.58 (-11.75)	-23.42 (-20.66)

iii) Changes in the present value of the defined benefit obligations

(₹ in crore)

Particulars	Gratuity	PRMS	Leave
Present value of obligation as on 01.04.2014	17.98 (16.16)	11.75 (9.50)	20.66 (20.39)
Interest cost	1.53 (1.29)	1.00 (0.76)	1.76 (1.63)
Current service cost	1.43 (1.35)	0.52 (0.45)	2.14 (1.89)
Benefits paid	-0.47 (-0.51)	-0.80 (-0.50)	-2.30 (-5.90)
Net actuarial (gain)/loss on obligation	-1.11 (-0.31)	2.11 (1.54)	1.16 (2.65)
Present value of the defined benefit obligation as on 31.03.2015	19.36 (17.98)	14.58 (11.75)	23.42 (20.66)

iv) Changes in the fair value of plan assets

(₹ in crore)

Particulars	Gratuity	PRMS	Leave
Fair value of plan assets as on 01.04.2014	17.12 (14.67)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	1.54 (1.28)	0.00 (0.00)	0.00 (0.00)
Contributions by employer	0.86 (1.48)	0.00 (0.00)	0.00 (0.00)
Benefit paid	-0.47 (-0.51)	0.00 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	0.09 (0.20)	0.00 (0.00)	0.00 (0.00)
Fair value of plan assets as on 31.03.2015	19.14 (17.12)	0.00 (0.00)	0.00 (0.00)

v) One percent increase / decrease in the inflation rate would impact liability for medical cost of PRMS, as under:-

Cost increase by 1% ₹ 2.09 crore

Cost decrease by 1% ₹ (2.19) crore

vi) During the year, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 0.21 crore, to PRMS of ₹ 3.63 crore, to leave ₹ 5.06 crore and to pension Nil (during the year ended 31.03.2014 towards contribution to the Gratuity Trust of ₹ 0.86 crore, to PRMS of ₹ 2.75 crore, to leave ₹ 6.17 crore and to pension ₹ Nil crore). Above amount includes ₹ 0.02 crore (as on 31.03.2014 ₹ 0.07 crore), ₹ 0.42 crore (as on 31.03.2014 ₹ 0.58 crore) and ₹ 0.34 crore (as on 31.03.2014 ₹ 0.11 crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

G. Other Employee Benefits:-

During the year, provision of ₹ 0.01 crore (during the year ended 31.03.2014 ₹ -0.05 crore) has been made for Economic Rehabilitation Scheme (ERS) for Employees and provision of ₹ 0.92 crore has been made for Long Service Award (LSA) for employees (during the year ended 31.03.2014 ₹ 0.74 crore) on the basis of actuarial valuation made at the end of the year by charging / crediting the statement of profit and loss.

H. Details of the Plan Asset:- Gratuity

The details of the plan assets at cost, as on 31.03.2015 are as follows:-

(₹ in crore)

S.No.	Particulars	As on 31.03.2015	As on 31.03.2014
i)	Government Securities	10.91	9.69
ii)	Corporate bonds / debentures	7.54	6.82
	Total	**18.45**	**16.51**

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.00%
Expected rate of return on assets - Gratuity	9.00%
Future salary increase*	6.00%

*The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

I. Till FY 2013-14, the employee benefits (viz. Gratuity, PRMS, Terminal Benefits, Leave encashment and other employee benefits) in respect of Company's employees working in PFCCAS, PFC GEL and PFCCL on deputation / secondment basis were being allocated on actuarial basis and recognized as recoverable (from these subsidiaries) by the Company. During the FY 2014-15, the practice has been changed with effect from 01.01.2007, whereby amount recoverable from subsidiaries, on account of above stated employee benefits, has been mutually worked out at a fixed percentage of employee cost.

J. **Other disclosure**

(₹ in crore)

Gratuity*	**31.03.2015**	**31.03.2014**	**31.03.2013**	**31.03.2012**	**31.03.2011**
Present value of obligation as on	19.36	17.98	16.16	14.03	12.69
Fair value of plan assets as on	19.14	17.12	14.67	12.95	10.57
Surplus/(Deficit)	(0.21)	(0.86)	(1.48)	(1.08)	(2.13)
Experience adjustment on plan liabilities (loss)/gain	1.10	0.31	0.31	0.23	(0.79)
Experience adjustment on plan assets (loss)/gain	1.64	0.26	0.02	0.17	0.19

(₹ in crore)

PRMS	**31.03.2015**	**31.03.2014**	**31.03.2013**	**31.03.2012**	**31.03.2011**
Present value of obligation as on	14.58	11.75	9.50	8.33	7.13
Experience adjustment on plan liabilities (loss)/gain	(2.12)	(1.54)	(0.16)	(0.78)	(0.17)

(₹ in crore)

Leave	**31.03.2015**	**31.03.2014**	**31.03.2013**	**31.03.2012**	**31.03.2011**
Present value of obligation as on	23.42	20.66	20.39	17.74	15.47
Experience adjustment on plan liabilities (loss)/gain	(1.18)	(2.63)	(1.50)	(0.58)	(0.65)

(₹ in crore)

LSA	**31.03.2015**	**31.03.2014**	**31.03.2013**	**31.03.2012**	**31.03.2011**
Present value of obligation as on	4.49	4.04	3.71	3.33	2.75
Experience adjustment on plan liabilities (loss)/gain	0.67	0.46	0.80	-	-

(₹ in crore)

ERS	**31.03.2015**	**31.03.2014**	**31.03.2013**	**31.03.2012**	**31.03.2011**
Present value of obligation as on	1.24	1.24	1.31	1.24	1.26
Experience adjustment on plan liabilities (loss)/gain	0.38	0.46	0.43	-	0.40

(₹ in crore)

Baggage Allowance	**31.03.2015**	**31.03.2014**	**31.03.2013**	**31.03.2012**	**31.03.2011**
Present value of obligation as on	0.10	0.09	0.08	0.07	0.05
Experience adjustment on plan liabilities (loss)/gain	0.02	0.01	0.01	-	-

*The Company's best estimate of the contribution towards gratuity for the financial year 2015-16 is ₹ 0.68 crore. Actual return on plan assets during the FY ended 31.03.2015 is ₹ 1.64 crore (previous year ₹ 1.47 crore). Further, the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management and historical returns from plan assets.

27. Details of provision as required in Accounting Standard - 29, {Figures in brackets ( ) are as on 31.03.2014}, are as under :

(₹ in crore)

Provision for	**Opening Balance (1)**	**Addition during the year (2)**	**Paid / adjusted during the year (3)**	**Closing Balance 4 = (1+2-3)**
Post-Retirement Medical Scheme	11.75 (9.50)	3.63 (2.75)	0.80 (0.50)	14.58 (11.75)
Gratuity	0.86 (1.48)	0.21 (0.86)	0.99 (1.48)	0.08 (0.86)
Provision for super annuation benefit (Pension)	0.07 (0.15)	0.00 (0.00)	0.00 (0.08)	0.07 (0.07)
Leave Encashment	20.66 (20.39)	5.06 (6.17)	2.30 (5.90)	23.42 (20.66)
Economic Rehabilitation Scheme for employee	1.24 (1.31)	0.01 (-0.05)	0.01 (0.02)	1.24 (1.24)
Bonus / Incentives / Base Line Compensation	17.75 (15.52)	12.09 (10.25)	18.94 (8.02)	10.90 (17.75)
Baggage Allowances	0.09 (0.08)	0.01 (0.01)	0.00 (0.00)	0.10 (0.09)
Service Award	4.04 (3.71)	0.92 (0.74)	0.47 (0.41)	4.49 (4.04)
Income Tax	4,630.44 (3,419.83)	2,506.74 (2,081.03)	925.99 (870.42)	6,211.19 (4,630.44)

Proposed Final Dividend	26.40 (132.00)	79.20 (26.40)	26.40 (132.00)	79.20 (26.40)
Proposed Corporate Dividend Tax	4.49 (22.43)	16.12 (4.49)	4.49 (22.43)	16.12 (4.49)

28. Pursuant to the requirements of the Companies Act 2013, followed by clarification from Department of Public Enterprises (DPE), the Company amended its CSR and Sustainability policy during the year. Accordingly, during the year, a CSR provision amounting to ₹117.49 crore (previous year ₹ 63.23 crore including reversal of CSR and SD reserve amounting to ₹ 18.85 crore as on 31.03.2013) has been made at the rate 2% of the average net Profit Before Tax (PBT) of the Company earned during the three immediately preceding financial years. During the FY 2014-15, an amount of ₹ 49.90 crore (previous year ₹ 46.52 crore) has been disbursed against CSR activities.

As on 31.03.2015, the CSR and SD provisions stands at ₹ 114.30 crore(previous year ₹ 32.33 crore) after adjusting an amount of ₹ 35.52 crore (previous year ₹ 30.90 crore) during the year on account of CSR claims.

29. Disclosure as per Accounting Standard - 1 on 'Disclosure of Accounting Policies.

During the FY ended 31.03.2015, following changes in Part - B- Significant accounting policies have been made:

(i) Policy no. 1, Basis for Preparation of Financial Statements, has been aligned with the Companies Act, 2013. There is no financial impact due to this change.

(ii) Policy no. 2.7, regarding adjustment of repayment against earliest disbursement is deleted since the same is covered under Policy no. 2.6. There is no financial impact due to this change.

(iii) Policy no. 3.3, Fixed assets / Depreciation, has been aligned with the Companies Act, 2013. There is no financial impact due to this change. The financial impact on account of change in estimate has been disclosed at note 35.

(iv) Policy no. 4.1, Intangible Assets / Amortization, has been aligned with the presentation followed by the Company. There is no financial impact due to this change.

(v) Policy no. 5, Investments, has been modified to bring in more clarity. There is no financial impact due to this change.

(vi) Policy no. 6.4.(ii)(a) has been modified to avoid overlapping with policy no. 6.3.(iii). There is no financial impact due to this change.

(vii) Policy no. 6.7.(i), Restructuring, Reschedulement or Renegotiation of term(s) of loan, has been aligned with the changes in the Prudential Norms of the Company. There is no financial impact due to this change.

(viii) Policy no. 6.7.(vii), Eligibility for Upgradation of Restructured / Rescheduled / Renegotiated Sub-standard Infrastructure loan, has been aligned with the changes in the Prudential Norms of the Company. There is no financial impact due to this change.

ix) Policy no. 6.7.(xii), regarding provisioning on Restructured / Rescheduled / Renegotiated standard asset, has been added to align with the changes in the Prudential Norms of the Company. The financial impact has been disclosed at note18 supra.

x) Policy no. 9, Accounting of Government of India Schemes, has been amended to align with the nature of transaction governed under the policy related to GoI schemes such as R-APDRP, IPDS. There is no financial impact due to this change.

(xi) Policy no. 11, R-APDRP Fund, has been deleted since the same is covered under amended Policy no. 9. There is no financial impact due to this change.

(xii) Policy no. 12.5, regarding income on development of Request for Qualification (RFQ) document / Request for Proposal (RFP) document, has been deleted since the same is no more relevant. There is no financial impact due to this change.

(xiii) Policy no. 16, Cash and Cash Equivalents, has been added to bring in more clarity. There is no financial impact due to this change.

30. (A) Interim Dividend

The Board of Directors in their 330th meeting held on 27.02.2015 declared interim dividend at the rate of 85% i.e. ₹ 8.50/- per equity share of ₹ 10/- each amounting to ₹ 1,122.04 crore for the FY 2014-15.

(B) Proposed Final Dividend

The final dividend proposed for the year is as follows:

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in crores)	79.20	26.40
- Rate of Dividend	6.00%	2.00%
- Dividend per equity share (₹)	0.60	0.20

(C) Dividend payable to Non-Resident Shareholders

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends paid / payable to non-resident shareholders (including Foreign Institutional Investors) are as under:

Particulars	Interim Dividend		Final Dividend	
Year to which the dividend relates	2013-14	2012-13	2013-14	2012-13
Number of non-resident shareholders	2,359	2,421	2,460	2,452
Number of shares held by them of Face Value of ₹ 10 each	14,36,22,601	14,63,82,692	15,81,53,992	15,42,59,825
Gross amount of Dividend in (₹ in crore)	126.39	87.83	3.16	15.43

31. The Company got registered with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) in April, 2012 for filing and registering the records of equitable mortgages created in its favour, in the web portal of CERSAI. On facing the practical difficulties, the Company has since then continuously taken up the matter with CERSAI and RBI.

The Company vide letter dated 24.12.2014 has also requested Department of Financial Services to exempt the Company from reporting of equitable mortgage transactions contemplated under Section 23 of SARFAESI Act, 2002. The Company vide letter dated 05.01.2015 has also sought RBI's intervention in the matter. The response in this regard is still awaited.

Meanwhile, the Company vide letter dated 19.02.2015 has again requested CERSAI to remove the practical difficulties in entering the data in the web portal of CERSAI. The response is still awaited.

32. As required under Section 205C of the Companies Act, 1956, ₹ 0.21 crore (Previous Year ₹ Nil) became due and was transferred to the Investor Education and Protection Fund (IEPF) during the FY ended 31.03.2015. However, an amount of ₹ 0.56 crore (Previous Year ₹ 0.56 crore) remains unpaid pending completion of transfer formalities by the claimants.

33. During the year, the Company has sent letters seeking confirmation of balances as on 31.12.2014 to the borrowers and confirmation from all the borrowers (except one case which is sub-judice) have been received.

34. The Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of the Company are given hereunder:-

	Items	**As on 31.03.2015**	**As on 31.03.2014**
(i)	Capital Fund - a. Tier I (₹ in crore) - b. Tier II (₹ in crore)	30,099.55 6,011.08	25,641.72 5,751.93
(ii)	Risk weighted assets (₹ in crore)	1,77,542.35	1,56,154.40
(iii)	CRAR	20.34%	20.10%
(iv)	CRAR - Tier I Capital	16.95%	16.42%
(v)	CRAR - Tier II Capital	3.39%	3.68%
		During the FY ended 31.03.2015	**During the FY ended 31.03.2014**
(vi)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	0.00	3,800.00
(vii)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	0.00	0.00

35. Effective from 1st April 2014, depreciation on assets is provided on original cost of the asset reduced by its residual value estimated from time to time, as per written down value method, over the useful lives of the assets as per Companies Act, 2013. In respect of life expired assets, an amount of ₹ 1.92 crore (net of deferred tax) has been charged to retained earnings as per Companies Act, 2013.

36. The Company does not have more than one reportable segment in terms of Accounting Standard-17 on Segment Reporting.

37. Previous year's figures have been re-grouped / re-arranged, wherever practicable to make them comparable.

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

39. Additional Disclosures in accordance with RBI Directions on Corporate Governance:

(A) Reference may be made to Note Part - B for Significant Accounting Policies.

(B) Capital

Reference may be made to Note Part -C 34 for CRAR.

(C) Investments

(₹ in crore)

Sl. No.	Particulars			As on 31.03.2015	As on 31.03.2014
(1)	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	852.38	352.17
		(b)	Outside India	0.00	0.00
	(ii)	Provisions for Depreciation			
		(a)	In India	1.06	0.00
		(b)	Outside India	0.00	0.00
	(iii)	Net Value of Investments			
		(a)	In India	851.32	352.17
		(b)	Outside India.	0.00	0.00
(2)	Movement of provisions held towards depreciation on investments.				
	(i)	Opening balance		0.00	0.15
	(ii)	Add : Provisions made during the year		1.06	0.00
	(iii)	Less : Write-off / write-back of excess provisions during the year		0.00	0.15
	(iv)	Closing balance		1.06	0.00

(D) Derivatives

I. Forward Rate Agreement / Interest Rate Swap in respect of Loan Liabilities

(₹ in crore)

Sl. No.	Particulars	As on 31.03.2015	As on 31.03.2014
(i)	The notional principal of swap agreements	9,541.10	11,442.78
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	74.47	Nil
(iii)	Collateral required by the NBFC upon entering into swaps	N/A	N/A
(iv)	Concentration of credit risk arising from the swaps	N/A	N/A
(v)	The fair value of the swap book	42.13	(407.83)

II. The Company does not hold any exchange traded Interest Rate (IR) derivatives (Previous year Nil).

III. Qualitative disclosures on Risk Exposure in Derivatives:

a. The Company has put in place Currency Risk Management policy to manage and hedge risks associated with foreign currency borrowing. The said policy prescribes the structure and organization for management of associated risks.

b. The Company enters into derivatives transactions to mitigate exchange rate risk in foreign currency liabilities and interest rate risk in rupee and foreign currency liabilities. A system for reporting and monitoring of risks is in place.

c. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market as per accounting policy. The Mark to Market positions mentioned are those as informed by the counterparties.

d. Reference may be made to Note Part B-8 for relevant accounting policy on derivative transactions.

IV. Quantitative Disclosures on Risk Exposure in Derivatives in respect of Loan Liabilities:

(₹ in crore)

Sl.No.	Particular	As on 31.03.2015		As on 31.03.2014	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	For hedging[1]	1,595.42	9,541.10	2,662.71	11,442.78
(ii)	Marked to Market Positions (MTM)				
	a) Asset (+MTM)	12.86	86.05	90.44	4.37
	b) Liability (-MTM)	294.66	43.92	269.49	412.20
(iii)	Credit Exposure	Nil	Nil	Nil	Nil
(iv)	Unhedged Exposures[2]	8,830.84	6,608.82	7,397.24	3,892.76

[1]Interest rate derivatives include derivatives on Rupee liabilities of ₹ 7,964.60 crore (As on 31.03.2014 ₹ 7,964.60 crore).

[2]Includes JPY loan liability partly hedged through forward rate contract entered for one leg (USD/JPY) for ₹ 1,008.96 crore (As on 31.03.2014 ₹ 1,482.01 crore)

(E) Disclosures related to Securitisation

I. The Company has not entered into any securitization transaction during the year and there is no exposure on account of securitisation as on 31.03.2015 (Previous year Nil).

II. The Company has not sold any financial assets to Securitisation / Reconstruction Company for asset construction during the year ended 31.03.2015 (Previous Year Nil).

III. The Company has not undertaken any assignment transaction during the year ended 31.03.2015 (Previous Year Nil).

IV. The Company has neither purchased nor sold any non-performing financial assets during the year ended 31.03.2015 (Previous Year Nil)

(F) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

(₹ in crore)

Particulars	Upto 30 / 31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances[1]	2,773.84	289.41	409.98	3,308.93	9,011.93	36,676.83	40,159.93	1,24,571.47	2,17,202.32
Investments	0.00	0.00	0.00	0.00	504.04	0.00	0.00	347.29	851.33
Borrowings[2]	6,009.67	4,154.50	2,885.00	302.80	10,212.78	41,704.41	40,714.85	72,416.83	1,78,400.84
Foreign Currency assets	7.90	0.00	0.00	14.59	16.41	37.67	92.06	144.72	313.35
Foreign Currency liabilities	4.51	0.00	6.52	1,576.50	463.64	3,084.13	1,614.63	2,980.72	9,730.65

[1] Rupee Loan Assets
[2] Rupee Liabilities

(G) Exposures

I. The Company does not have any exposure to real estate sector.

II. Exposure to Capital Market:

(₹ in crore)

Sl. No.	Particulars	Amount as on 31.03.2015	Amount as on 31.03.2014
(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);	844.70	344.49
(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;	Nil	Nil
(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;	1,076.71	200.00
(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);	Nil	Nil
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(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;	2,097.82	1,317.44
(vii)	Bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	7.68	7.68
	Total Exposure to Capital Market	**4,026.91**	**1,869.61**

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

IV. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:
The Company has not exceeded its prudential exposure limits against Single Borrower / Group Borrower Limits during FY 2014-15 and FY 2013-14.

V. Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is Nil as on 31.03.2015 (As on 31.03.2014 Nil).

(H) Registration obtained from other financial sector regulators

The Company is a Government Company and is registered with RBI as NBFC-ND-IFC (Non-Banking Finance Company - Non Deposit Accepting - Infrastructure Finance Company).

(I) Disclosure of Penalties imposed by RBI and other regulators

During the year ended 31.03.2015, no penalty has been imposed on the Company by SEBI and RBI (Previous Year Nil).

(J) Credit rating

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

Sl. 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.

b. Long term foreign currency issuer rating assigned to the Company as on 31.03.2015:

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

[1]During the year ended 31.03.2015, S&P has revised its outlook from Negative to Stable.

(K) Net Profit or Loss for the period, prior period items and changes in accounting policies

Reference may be made to Part A-18 and C-29 of notes to accounts regarding prior period items and changes in accounting policies respectively.

(L) Circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties

Reference may be made to note Part B - 2.1 of Significant Accounting Policy.

(M) The Company is preparing Consolidated Financial Statements in accordance with Accounting Standard - 21. Reference may be made to Part C - 8 (A) of notes to accounts in this regard.

(N) Provisions and Contingencies

(₹ in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	During the FY ended 31.03.2015	During the FY ended 31.03.2014
Provisions for depreciation on Investment	1.06	(0.15)
Provision towards NPA	261.32	133.26
Provision made towards Income Tax	2,506.74	2,081.03
Provision on Standard Assets	17.15	336.63
Provision on Restructured Standard Assets	564.44	0.00

(O) Draw Down from Reserves

Reference may be made to Part C-35 of notes to accounts in this regard.

(P) Concentration of Deposits, Advances, Exposures and NPAs

a. Concentration of Deposits (for deposit taking NBFCs)

The Company is a non-deposit accepting NBFC.

b. Concentration of Advances:

(₹ in crore)

Particulars	As on 31.03.2015	As on 31.03.2014
Total Advances to 20 largest borrowers	1,34,468.69	1,23,452.40
Percentage of Advances to 20 largest borrowers to Total Advances of the company	61.82	65.32

c. Concentration of Exposures:

(₹ in crore)

Particulars	As on 31.03.2015	As on 31.03.2014
Total Exposure to twenty largest borrowers / customers	2,02,132.26	2,08,173.07
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	55.77	61.05

d. Concentration of NPAs:

(₹ in crore)

Particulars	As on 31.03.2015	As on 31.03.2014
Total Exposure to top four NPA accounts	2,228.64	1,218.80

e. Sector-wise NPAs

The Company is a Government Company engaged in extending financial assistance to power sector. As on 31.03.2015, the percentage of NPAs to total loan assets stand at 0.87% (As on 31.03.2014 0.52%).

(Q) Movement of NPAs in respect of Loan Assets

(₹ in crore)

Sl. No.	Particulars	FY 2014-15	FY 2013-14
(i)	Net NPAs to Net Advances (%)	0.87	0.52
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	1,227.71	1,134.52
	(b) Additions during the year	2,482.92	1,418.44
	(c) Reductions during the year	1,347.00	1,325.25
	(d) Closing balance	2,363.63	1,227.71
(iii)	Movement of Net NPAs		
	(a) Opening balance	985.42	1,013.04
	(b) Additions during the year	2,229.69	1,261.69
	(c) Reductions during the year	1,324.93	1,289.31
	(d) Closing balance	1,890.18	985.42
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	242.29	121.48
	(b) Provisions made during the year	365.63	253.34
	(c) Write-off / write-back of excess provisions	134.47	132.53
	(d) Closing balance	473.45	242.29

(R) The Company does not have any Overseas Assets in the form of Joint Ventures and Subsidiaries.

(S) Reference may be made to Part C-8(A)(b) of notes to accounts for list of Off-balance Sheet SPVs sponsored by the Company.

(T) Customer Complaints for FY 2014-15

Sl. No.	Particulars	Number of complaints
(a)	No. of complaints pending at the beginning of the year	Nil
(b)	No. of complaints received during the year	Nil
(c)	No. of complaints redressed during the year	Nil
(d)	No. of complaints pending at the end of the year	Nil

For and on behalf of the Board of Directors

Sd/-
(MANOHAR BALWANI)
Company Secretary

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

Sd/-
M.K. GOEL
Chairman & Managing Director
DIN - 00239813

Signed in terms of our report of even date

For N.K. Bhargava & Co.
Chartered Accountants
Firm Regn. No. 000429N
Sd/-
(N.K. BHARGAVA)
PARTNER
Membership No - 080624

For K.B.Chandna & Co.
Chartered Accountants
Firm Regn. No. 000862N
Sd/-
(V.K. GUREJA)
PARTNER
Membership No - 016521

Place : New Delhi
Date : 28.05.2015

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