

**POWER FINANCE CORPORATION LIMITED**

CIN : L65910DL1986GOI024862

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

**NOTICE**

Notice is hereby given that the Thirty Second Annual General Meeting of the members of Power Finance Corporation Limited will be held on **Tuesday, the September 11, 2018 at 10:30 AM** at Talkatora Indoor Stadium, Talkatora Garden, New Delhi 110004 to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statements including consolidated financial statements of the Company for the financial year ended March 31, 2018, the Reports of the Board of Directors and Auditors thereon.
2. To confirm interim dividend as total dividend for the financial year 2017-18.
3. To appoint a Director in place of Shri Chinmoy Gangopadhyay (DIN:02271398), who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix the remuneration of the Statutory Auditors.

**SPECIAL BUSINESS**

5. To appoint Smt. Gouri Chaudhury, 76 years (DIN: 07970522), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder, Smt. Gouri Chaudhury, 76 years (DIN: 07970522), who was appointed as Independent Director, by the President of India through Ministry of Power vide letter no.20/8/2016-Coord.(Vol-II) dated September 22, 2017 and subsequently appointed as an Additional Director by the Board of Directors with effect from November 3, 2017 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and the Company has received a notice in writing from Smt. Gouri Chaudhury, specifying her candidature for the office of a director of the Company, be and is hereby appointed as Independent Director of the Company, on terms & conditions determined by the Govt. of India."

6. To raise funds upto ₹65,000 crore through issue of Bonds/Debentures/notes/debt securities on Private Placement basis in India and/or outside India and in this regard to consider and if thought fit, to pass, with or without modification(s), following resolutions as **Special Resolutions:**

"**RESOLVED THAT** pursuant to provisions of section 42 of Companies Act 2013, read with rule 14(2) of Companies (Prospectus and Allotment of Securities), Rule 2014 approval be and is hereby accorded for raising of funds by way of private placement of secured/ unsecured, redeemable, non-convertible, taxable/ tax free, senior/ subordinated bonds/ debentures/ notes/ debt securities in India and/ or outside India to the extent of ₹65,000 crore during the period of one year from the date of current AGM."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized, to make offer(s) or invitation(s) to subscribe to private placement of secured/ unsecured, redeemable, non-convertible, taxable/ tax free, senior/ subordinated bonds/ debentures/ notes/ debt securities ("Bonds") in India and/ or outside India to the extent of ₹65,000 crore during the period of one year from the date of current AGM and to do all such acts, deeds and things as may be deemed necessary in respect of issue of bonds including but not limited to the face value, issue price, issue size, timing, amount, security, coupon/ interest rate, yield, listing, allotment and other terms and conditions of issue bonds as they may, in their absolute discretion deem necessary."

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

7. To approve scheme of arrangement for Amalgamation of PFC Green Energy Limited (Transferor Company) with Power Finance Corporation Limited (Transferee Company) and their respective shareholders and creditors under sections 230-232 of Companies Act, 2013, read along with Rules made there under and Notification No. G.S.R. 582 (E), Dated 13<sup>th</sup> June, 2017 of Ministry of Corporate Affairs and in this regard to consider and if thought fit, to pass, with or without modification(s), following resolutions as **Special Resolutions:**

"**RESOLVED THAT** pursuant to the provisions of Sections 230 - 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made there under (including any statutory modification or re-enactment thereof) read with Notification no. G.S.R. 582 (E) dated 13<sup>th</sup> June, 2017 issued by Ministry of Corporate Affairs as may be applicable and subject to the provisions of the Memorandum of Association and Article of Association of the Company and subject to such other approvals, permissions and sanctions of Ministry of

Corporate Affairs as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by Ministry of Corporate Affairs or other authorities while granting consents, approvals and permissions which may be agreed to by the Board of Directors of the Company ("Board") which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution, the arrangement embodied in the Scheme of Arrangement for Amalgamation of PFC Green Energy Limited (Transferor Company) with Power Finance Corporation Limited (Transferee Company) and their respective shareholders and creditors ("Scheme"), placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to above resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Ministry of Corporate Affairs while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper."

**Registered office:**

Urjanidhi, 1, Barakhamba Lane, Connaught  
Place, New Delhi- 110001  
CIN: L65910DL1986GOI024862  
Date: 03.08.2018

**By order of the Board of Directors**



**Manohar Balwani**  
**Company Secretary**

**NOTES:-**

1. A Member entitled to attend and vote at the Annual General Meeting ("Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a Member of the Company. The instrument appointing a proxy duly completed, stamped and signed should, however, be deposited at the registered office of the Company, not less than forty eight hours before the commencement of the Meeting. Blank proxy form is enclosed and can also be obtained free of charge from the registered office of the company. Proxy so appointed shall not have any right to speak at the meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Meeting.
4. Every member entitled to vote at the meeting or on any resolution to be moved there at, shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the company, provided not less than three days' notice in writing of the intention to inspect is given to the company.
5. In compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company is offering Remote E- voting facility to all the Shareholders of the Company in respect of items to be transacted at this Meeting. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for AGM. The user-id & password is mentioned at the bottom of the Attendance Slip/ email forwarded through the electronic notice. Procedure and Instructions for Remote e-voting are given hereunder. All members are requested to read those instructions carefully before casting their e-vote.

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

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

**Procedure and Instructions for remote e-voting**

- I. Launch an internet browser and open <https://evoting.karvy.com>.
- II. Initial Password is provided, as follows, at the bottom of the Attendance Slip/E-mail.

EVEN (E-Voting Event Number)	USER ID	PASSWORD
	For Members holding shares in Demat Form:- Event no. followed by: For NSDL :- 8 Character DP ID followed by 8 Digits Client ID For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the Company	Your Unique password is printed on the Attendance Slip sent via email forwarded through the electronic notice.

**(a) In case of Members receiving an e-mail from Karvy [applicable to members whose email IDs are registered with the Company / Depository Participant(s)]:**

- (i) Enter the login credentials (i.e. User ID and password). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- (ii) After entering the above details Click on - Login.
- (iii) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
- (iv) On successful login, the system will prompt you to select the E-Voting Event of Power Finance Corporation Limited.
- (v) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- (vi) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- (vii) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- (viii) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (ix) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you

will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

- (x) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ID: sachinag1981@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_Event No."

**(b) In case of Members receiving physical copy of the Notice of AGM and Attendance Slip (applicable to members whose email IDs are not registered with the Company/Depository Participant(s) or are requesting physical copy)**

- (i) Enter the login credential (please refer to the USER ID and initial password mentioned in the attendance slip of the AGM).
- (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (x) above, to cast vote.
- III. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com> or contact Mr . B Srinivas , Manager (Unit: POWER FINANCE CORPORATION LIMITED ) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at /einward.ris@karvy.com and evoting@karvy.com or phone no. 040 - 6716 2222 or call Karvy's toll free No. 1-800-3454-001 for any further clarifications.
- IV. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
- V. The voting rights shall be as per the number of equity share held by the Member(s) as on cut-off date i.e September 03, 2018. Members are eligible to cast vote only if they are holding shares as on that date.
- VI. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 10.00 a.m. on September 08, 2018 and will end at 5.00 p.m. on September 10, 2018. The e-voting module shall be disabled by Karvy at 5.00 p.m. on the same day.
- VII. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VIII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- IX. Members who have not voted through remote e-voting can cast their vote at the venue.
- X. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- XI. Members who have acquired shares after the dispatch of the Annual Report and before the cut-off date i.e. September 03, 2018, may obtain the User ID and Password for exercising their right to vote by electronic means as follows:
  - a. If the e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID:  
The member may send SMS: MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399  
Example for NSDL : MYEPWD <SPACE> IN12345612345678  
Example for CDSL : MYEPWD <SPACE> 1402345612345678  
Example for Physical : MYEPWD <SPACE> XXX1234567890

OR

The member may go to the home page of <https://evoting.karvy.com>, and click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

- b. Member may call Karvy's toll free number 1-800-3454-001
  - c. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.
  - XII. The Results on resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.
  - XIII. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.pfcindia.com](http://www.pfcindia.com)) and on Karvy's website (<https://evoting.karvy.com>) and shall also be communicated to BSE Limited and National Stock Exchange of India Limited.
  - XIV. Kindly note that a person who is not a member of the Company as on the Cut-off date should treat this Notice for Information Purposes Only.
  - XV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
6. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. As required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Shri Chinmoy Gangopadhyay, Director retiring by rotation and seeking re-appointment under item no. 3 and of Smt. Gouri Chaudhury seeking appointment under Item no. 5 of the notice in accordance with applicable provisions of the Companies Act, 2013 is forming part of the notice.
8. Members are requested to:-
- i. note that copies of Annual Report will not be distributed at the Annual General Meeting.
  - ii. deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Auditorium will be strictly on the basis of the Entry Slip available at the counters at the venue to be exchanged with the Attendance Slip.

- iii. quote their Folio/Client ID & DP ID Nos. in all correspondence.
  - iv. note that due to strict security reasons brief cases, eatables and other belongings are not allowed inside the auditorium.
  - v. note that no gifts/coupons will be distributed at the Annual General Meeting.
  - vi. note that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The Board of Directors in its meeting held on November 3, 2017 and February 26, 2018 had declared 1<sup>st</sup> interim dividend @ 60% (₹6.00 per share) and 2<sup>nd</sup> interim dividend @ 18% (₹1.80 per share) on the paid-up equity share capital of the company, which was paid on November 23, 2017 and March 19, 2018 respectively. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company (RTA), for revalidating the warrants or for obtaining duplicate warrants.
  10. The Register of Members and Share Transfer Books of the Company will remain closed from September 01, 2018 to September 11, 2018 (both days inclusive).
  11. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. Therefore, Members are advised to encash their Dividend warrants immediately on receipt. The details of investors' (whose payment is due) are available on MCA website (Form 5 INV) as well as company's website so as to enable the investors to claim the same.
  12. The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including annual report can be sent by e-mail to the members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their email id, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold the shares in physical form are requested to get their e-mail id registered with Karvy, RTA of the Company.
  13. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS Mandate Form to Karvy, RTA of the Company. Those holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ RTA/DP with complete details need not send it again.
  14. The shareholders holding shares in physical form and do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy, RTA of the Company to enable them to print these details on the dividend warrants.
  15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. It has also made mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical form can submit their PAN to the Company/ Karvy, RTA of the Company.
  16. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or Karvy, RTA of the Company alongwith relevant Share Certificates.
  17. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and/or change in address and bank account, to Karvy, RTA of the Company.
  18. Pursuant to Section 139 of the Companies Act, 2013, the Auditors of a Government Company are to be appointed or reappointed by the Comptroller and Auditor General of India (C&AG) and in pursuant to Section 142 of the Companies Act, 2013, their remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Comptroller and Auditor General of India has appointed M. K. Aggarwal & Co., Chartered Accountants and Gandhi Minocha & Co., Chartered Accountants as Joint Statutory Auditors of the Company for the FY 2018-19 under section 139 of the Companies Act, 2013. The members may authorize the Board of Directors to fix an appropriate remuneration of Auditors for the FY 2018-19 as may be deemed fit by the Board.
  19. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to Karvy, RTA of the Company in the prescribed form. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
  20. Member who hold shares in physical form are requested to notify immediately any change in their addresses to the Karvy, RTA of the Company and to their respective depository participants, in case shares are held in electronic mode.
  21. Members desirous of getting any information on financial statements and any other business of this Meeting are requested to address their queries to Company Secretary of the Company at the registered office of the Company at least fifteen days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
  22. All relevant documents referred to in the accompanying notice and Statutory Registers are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.
  23. The entire Annual Report is also available on the Company's website [www.pfcindia.com](http://www.pfcindia.com).
  24. The Route Map to Talkatora Indoor Stadium is enclosed herewith.

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

**Item No. 5**

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

Smt. Gouri Chaudhury, 76 years was appointed as Independent Director of the Company by the President of India through Ministry of Power vide Letter no.20/8/2016-Coord. (Vol-II) dated September 22, 2017 issued by Ministry of Power for a period of three years w.e.f. date of notification of her appointment or until further orders whichever is earlier, and was appointed as an Additional Director by the Board of Directors with effect from November 3, 2017 to hold office upto this Annual General Meeting. The Company has received a notice in writing from Smt. Gouri Chaudhury

pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying her candidature for the office of Independent Director. The terms and conditions regulating the appointment of Smt. Gouri Chaudhury would be as determined by the Government of India.

Further, under the newly inserted Regulation 17(1A) under SEBI(Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, a listed company shall continue the directorship of a person as a non-executive director who has attained the age of 75 years by passing a special resolution. PFC being a Government Company, pursuant to the articles of association of the Company the directors on the board of PFC are appointed by President of India, through Ministry of Power, Government of India. It may be noted that Smt. Gouri Chaudhury was appointed by the President of India through Ministry of Power, Government of India at the age of 75 years for a period of three years. Accordingly, a special resolution is proposed.

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

Smt. Gouri Chaudhury, is concerned and interested, in the resolution.

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

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

#### **Item No. 6**

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

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

The main constituents of the Company's borrowings are generally in the form of Public/ Private Placement of Long/ Short Term Taxable bond/ Tax free bond/ Infrastructure Bonds/ Zero Coupon Bonds/ Subordinated bond/ other bonds, ECB by way of Syndicated Loan/ Line of Credit, Long-term, Medium term and Short term loans (including commercial paper). The provisions of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 mandate the Company to seek approval of shareholders by means of a Special Resolution for raising funds through private placement of non-convertible debentures.

In terms of above applicable provisions, the shareholders had accorded approval in last AGM held on September 20, 2017 for raising of funds through non-convertible debentures to the extent of ₹65,000 crore during the period of one year from the date of AGM (i.e. September 20, 2017 to September 19, 2018).

The Board of Directors in their Meeting held on July 24, 2018 has subject to the approval of shareholders, accorded approval for raising of funds by way of private placement of bonds/ debentures/ notes/ debt securities in India and/ or outside India to the extent of ₹65,000 crore during the period of one year from the date of current AGM.

The Board of Directors has also sought approval from the shareholders that the Board (including any committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be authorized for raising of funds by way of private placement of bonds/ debentures/notes/debt securities in India and/or outside India to the extent of ₹65,000 crore during the period of one year from the date of current AGM.

Further, the Board of Directors has also sought approval from the shareholders that the Board (including any committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be authorized, to make offer(s) or invitation(s) to subscribe to private placement of secured/unsecured, redeemable, nonconvertible, taxable/ tax free, senior/ subordinated bonds/debentures/notes/debt securities ("Bonds") in India and/ or outside India to the extent of ₹65,000 crore during the period of one year from the date of current AGM and to do all such acts, deeds and things as may be deemed necessary in respect of issue of bonds including but not limited to the face value, issue price, issue size, timing, amount, security, coupon/ interest rate, yield, listing, allotment and other terms and conditions of issue bonds as they may, in their absolute discretion deem necessary.

The Board further recommends the Resolution given at Sr. No.6 of this notice for your approval as Special Resolution.

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

#### **Item No. 7**

**The following statement sets out the material facts under sections 230(3), 231(1) and (2) of the Companies Act, 2013 read with rule 6 of the companies (compromises, arrangements and amalgamations) rules, 2016 relating to the special business mentioned in item No. 7 of the accompanying Notice:**

The Board of Directors of PFC Green Energy Limited (PFCGEL) and Power Finance Corporation Limited (PFC) accorded its in-principle approval for merger of PFCGEL with PFC in its 35<sup>th</sup> and 350<sup>th</sup> meeting held on 18.07.2016 and 09.08.2016 respectively. Thereafter, a scheme setting out in detail the terms and conditions of the arrangement for the proposed Amalgamation between "PFC Green Energy Limited (Transferor Company) with Power Finance Corporation Limited (Transferee Company)" and their respective shareholders was approved by the Board of Directors of the respective Companies at its meeting held on 25.08.2017 and 29.09.2017 respectively and is attached to this explanatory statement as Annexure-1 and forms part of this statement.

This Annual General Meeting of the Equity Shareholders of Power Finance Corporation Limited (hereinafter referred to as the "Transferee Company" as the context may admit), is being convened also for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Scheme of Amalgamation among PFC Green Energy Limited (Transferor Company) with Power Finance Corporation Limited (Transferee Company) and their respective shareholders ("Scheme"), under Sections 230 to 232 of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment or amendment thereof) read with the rules issued there under and Notification No. G.S.R. 582 (E), Dated 13<sup>th</sup> June, 2017 of Ministry of Corporate Affairs.

Further, an application along with the scheme was filed with Ministry of Corporate Affairs (MCA) with respect to aforesaid merger on 09.05.2018 and approval of equity shareholders is being sought subject to direction of MCA in this regard.

## OVERVIEW

- i. The Scheme envisages the Arrangement between the Applicant Companies under Sections 230-232 of the Companies Act 2013, with effect from 01.04.2017.
- ii. The Transferor Company is wholly owned subsidiary of the Power Finance Corporation Limited (Transferee Company) a 'Navratna' Central Public Sector Enterprise, under the Ministry of Power, Government of India. Hence, in terms of section 2(45) of the Companies Act, both Transferor and Transferee Companies are 'Government Companies'. The Ministry of Corporate Affairs vide Notification No. G.S.R. 582 (E), Dated 13<sup>th</sup> June, 2017 provided that for Government Companies the word "Tribunal", wherever it occurs, shall be substituted with "Central Government" in Chapter XV, sections 230 to 232 of the Companies Act, 2013. Hence, this scheme is subject to the approval of the Central Government.

### iii. BACKGROUND

#### Details of PFC GREEN ENERGY LIMITED (Transferor Company)

- a) **"PFC GREEN ENERGY LIMITED"** (Transferor Company) is a Public limited company incorporated on 30.03.2011, under the provisions of Companies Act, 1956.
- b) Corporate Identification Number (CIN): U65923DL2011GOI216796.
- c) Details about name change: Power Finance Corporation Green Energy Limited to PFC Green Energy Limited.
- d) Permanent Account Number (PAN) : AAGCP1323C
- e) Registered office of the Transferor Company is situated at 'URJANIDHI', 1, Barakhamba Lane, Connaught Place, New Delhi -110001.

#### f) The objects of the Transferor Company:

The Transferor Company is registered as a Non –banking Finance Company (NBFC) and received its NBFC certificate from Reserve Bank of India (RBI) on October 1, 2012. The Transferor Company provides financial assistance to all types of renewable energy and energy efficiency projects.

The Transferor Company was incorporated as wholly owned subsidiary of Power Finance Corporation Limited (Transferee Company) as extended arm of Power Finance Corporation Limited (Transferee Company) to provide financial services to promote green (renewable and non-conventional) sources of energy. The main objects are as under:

- (i) Financial Support for Generating green (Renewable and Non-conventional sources of) Energy.
- (ii) Financial Support for Energy Efficiency and Conservation.
- (iii) Financial Support to Equipment Manufacturers in the area of green (Renewable and Non- conventional sources of) Energy.
- (iv) To promote green (Renewable and Non-conventional sources of) Energy.
- (v) To give financial assistance through lease finance for green (Renewable and Non-conventional sources of) Energy.
- (vi) To finance Renovation and Modernization of projects in the area of green (Renewable and Non-conventional sources of) Energy.
- (vii) To finance schemes for revival/betterment of green (Renewable and Non-conventional sources of) Energy.
- (viii) To undertake Evaluation.
- (ix) To finance for surveys, studies & research activities with various aspects of Technology in Energy Development & Supply through Renewable and Non-conventional sources of Energy.
- (x) To assist pilot projects.
- (xi) To assist CDM projects.
- (xii) To promote, organize and carry on consultancy services in the related activities of the company.

The copy of Memorandum of Association (MoA) and Article of Association (AoA) are open for inspection.

#### g) The authorized, issued, subscribed and paid up share capital of the Transferor Company, as on 31st March, 2017 is as follows:

<b>Authorized Capital:</b>	
100,00,00,000 Equity Shares of ₹ 10/- each	10,00,00,00,000
20,00,00,00,000 Preference Shares of ₹ 10/- each	2,00,00,00,000
<b>Issued, Subscribed and Paid up Share Capital:</b>	
10,00,00,00,000 Equity Shares of ₹. 10/- each	100,00,00,000
20,00,00,00,000 Preference Shares of ₹ 10/- each	200,00,00,000
<b>Total</b>	<b>300,00,00,000</b>

#### Details of POWER FINANCE CORPORATION LIMITED (Transferee Company):

- a) **"POWER FINANCE CORPORATION LIMITED"** (Transferee Company) is Listed Public limited company incorporated on 16.07.1986 under the provisions of the Companies Act, 1956.
- b) Details about name change : Not Applicable
- c) Corporate Identification Number (CIN): L65910DL1986GOI024862

- d) Permanent Account Number (PAN): AAACP1570H
- e) Registered office of the Company is situated at 'URJANIDHI', 1, Barakhamba Lane, Connaught Place, New Delhi -110001.

**f) The objects of the Transferee Company:**

The Transferee Company is registered as a Non –banking Finance Company (NBFC) and received its NBFC certificate from Reserve Bank of India (RBI) on 10.02.1998 and was classified as an Infrastructure Finance Company by the RBI on 28<sup>th</sup> July, 2010. Power Finance Corporation Limited is a leading power sector public financial institution and a non-banking financial company providing fund and non-fund based support for the development of the Indian power sector. The company is engaged in power sector financing and the integrated development of the power and associated sectors. The main objects are as under:

- (i) To finance power projects.
- (ii) To finance power transmission and distribution works.
- (iii) To finance renovation and modernisation of power plants.
- (iv) To finance system improvement and energy conservation.
- (v) To finance maintenance and repair of capital equipment etc.
- (vi) To finance survey and investigation.
- (vii) To finance studies, schemes and experiments.
- (viii) To finance other energy sources.
- (ix) To promote and organise consultancy services.
- (x) To finance manufacturing of Capital equipments.
- (xi) To finance activities having forward and backward linkage to Power Projects.

The copy of Memorandum of Association (MoA) and Article of Association (AoA) are open for inspection.

**g) The authorized, issued, subscribed and paid up share capital of the Transferee Company as on 31<sup>st</sup> March, 2017 is as follows:-**

<b>Authorized Capital:</b>	
1000,00,00,000 Equity Shares of ₹ 10/- each	10000,00,00,000
<b>Issued, Subscribed and Paid up Share Capital:</b>	
264,00,81,408 Equity Shares of ₹ 10/- each	2640,08,14,080
<b>Total</b>	<b>2640,08,14,080</b>

**iv. OBJECTS AND RATIONALE FOR THE SCHEME**

The Transferor Company is wholly owned subsidiary of Transferee Company and engaged in similar nature of business. In order to consolidate the similar nature of business at one place and effectively manage the Transferor Company and Transferee Company as a single entity, which will provide several benefits including streamlined group structure by reducing the number of legal entities, reducing the multiplicity of legal and regulatory compliances, rationalizing costs, it is intended that the Transferor Company be amalgamated with Transferee Company.

The independent operations of the Transferor Company and Transferee Company leads to incurrence of significant costs and the amalgamation would enable economies of scale by attaining critical mass and achieving cost saving. The amalgamation will thus eliminate a multi-layered structure and reduce managerial overlaps, which are necessarily involved in running multiple entities and also prevent cost duplication that can erode financial efficiencies of a holding structure and the resultant operations would be substantially cost-efficient. This Scheme would result in simplified corporate structure of the Transferee Company and its businesses, thereby leading to more efficient utilization of capital and creation of a consolidated base for future growth of the Transferee Company.

The amalgamation will contribute in furthering and fulfilling the objectives and business strategies of both the companies thereby accelerating growth, expansion and development of the respective businesses through the Transferee Company. The amalgamation will thus enable further expansion of the Transferee Company and provide a strong and focused base to undertake the business more advantageously. Further, this arrangement would bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control of the Transferor Company and Transferee Company.

The synergies created by scheme of arrangement would increase operational efficiency and integrate business functions.

The proposed arrangement will provide greater integration and flexibility to the Transferee Company and strengthen its position in the industry, in terms of the asset base, revenues, product and service range.

The other benefits of the proposed amalgamation include:

- Optimum and efficient utilization and rationalization of capital, resources, assets and facilities;
- Enhancement of competitive strengths including financial resources;
- Obtaining synergy benefits;
- Better management and focus on growing the businesses;
- Reduction of overheads, administrative, managerial and other expenditure;
- Simplify shareholding structure and reduce shareholding tiers.

***The members are requested to read the entire text of the Scheme attached herewith to get fully acquainted with the provisions thereof. What is stated hereinabove, are brief salient features of the said Scheme.***

- v. The accounting treatment as proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. The certificate issued by the Statutory Auditors of the Transferor Company and Transferee Company, are open for inspection.
- vi. In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of the PFC Green Energy Limited (Transferor Company) and Power Finance Corporation Limited (Transferee Company) have adopted the requisite report and is enclosed as Annexure-2 and Annexure-3 respectively.
- vii. No investigation proceedings have been instituted or are pending in relation to the Companies under Sections 210 to 229 of Chapter XIV of the Act or under the corresponding provisions of the Act of 1956. Further, no proceedings are pending under the Act or under the corresponding provisions of the Act of 1956 against any of the Companies.
- viii. To the knowledge of the Companies, no winding up proceedings have been filed or are pending against them under the Act or the corresponding provisions of the Act of 1956.
- ix. The audited Financial Statements as on 31.03.2018 of PFC Green Energy Limited (Transferor Company) are enclosed as Annexure-4 and audited Financial Statements as on 31.03.2018 of Power Finance Corporation Limited (Transferee Company) are available in the annual report for the financial year 2017-18.
- x. As per the books of accounts (as on 09.05.2018) of PFC Green Energy Limited (Transferor Company) and Power Finance Corporation Limited (Transferee Company), the amount due to the unsecured creditors is Rs. 205.28 crores and Rs. 2,06,573 crores respectively.
- xi. As per the books of accounts (as on 09.05.2018) of PFC Green Energy Limited (Transferor Company) and Power Finance Corporation Limited (Transferee Company), the amount due to the secured creditors is Rs. NIL and Rs. 20,407.12 crores respectively.
- xii. The paid up share capital of the Transferor Company (as on 04.05.2018) is Rs. 300 crores comprising of Rs. 10 crores equity shares of Rs. 10 each and Rs. 20 crores Fully Convertible Preference Shares of Rs. 10 each. PFC Green Energy Limited (Transferor Company) is a wholly owned subsidiary of Power Finance Corporation Limited (Transferee Company) and entire shareholding of the Transferor Company is held in the name of Transferee Company directly or through its nominees.
- xiii. The paid up share capital of the Transferee Company (as on 04.05.2018) is Rs. 2640,08,14,080 comprising of 264,00,81,408 equity shares of Rs. 10/- each, out of which 174,02,16,107 shares is held by President of India amounting to 65.91% of the total paid up share capital of the transferee company.
- xiv. The details of Director and KMP of the Transferor Company (as on 20.07.2018) are as follows:-

Sl. No.	Name of Director and KMP	Address	Total Number of Equity Shares	% of total number of shares
1.	Shri Rajeev Sharma	Q-8, Hauz Khas Enclave, New Delhi	NIL	N.A.
2.	Shri Chinmoy Gangopadhyay	12, Medha Apartments, Mayur Vihar Phase-I Extn. Delhi - 110091	100	0
3.	Shri Naveen Bhushan Gupta	110, Madhur Jeewan Apartment, Plot no.34, Sector-10, Dwarka, New Delhi - 110075	NIL	N.A.
4.	Shri Dinesh Vij	Flat No. 42, Sector-9, PKT-1, Dwarka, Phase-1, New Delhi-110075	NIL	N.A.
5.	Shri Alok Sud	D-55, Anand Niketan, New Delhi-110021	NIL	N.A.
6.	Smt. Rachna Singh	B-1004 Exotica Elegance Ahinsa Khand Indirapuram Ghaziabad - 201010	NIL	N.A.

- xv. The details of Director and KMP of the Transferee Company (as on 20.07.2018) are as follows:-

Sl. No.	Name of Director and KMP	Address	Total Number of Equity Shares	% of total number of shares
1.	Shri Rajeev Sharma	Q-8, Hauz Khas Enclave, New Delhi	32574	0
2.	Shri Chinmoy Gangopadhyay	12, Medha Apartments, Mayur Vihar Phase-I Extn. Delhi - 110091	21488	0
3.	Shri Naveen Bhushan Gupta	110, Madhur Jeewan Apartment, Plot no.34, Sector-10, Dwarka, New Delhi - 110075	24584	0
4.	Shri Arun Kumar Verma	E-203, Deen Dayal Upadhyay Marg, New Delhi - 110002	NIL	N.A.
5.	Shri Sitaram Pareek	501, Satyaprasad CHSL, Dixit Cross Road No.1, Vile Parle (E) Mumbai	NIL	N.A.
6.	Smt. Gouri Chaudhury	1/62 Dover Place, Ballygunge, Circus Avenue Kolkata West Bengal - 700019	NIL	N.A.
7.	Shri Manohar Balwani	Flat no- 20, PKT- D/10, Sector -7, Rohini Delhi - 110085	NIL	N.A.

- xvi. Transferor Company is wholly owned subsidiary of Transferee Company, hence in consideration of amalgamation, Transferee Company will not issue its share accordingly there will be no impact of shareholding pattern of Transferee Company.

**xvii. INSPECTION OF DOCUMENTS**

Following documents are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday)

between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

- i. Copies of Memorandum and Article of Association of Transferor Company and Transferee Company;
- ii. Copies of Annual Reports of Transferor Company and Transferee Company for the financial year ended on 31<sup>st</sup> March, 2018;
- iii. Register of Director's Shareholding of Transferor Company and Transferee Company;
- iv. Copy of the Statutory Auditors' certificate of the Transferor Company and Transferee Company dated 18.06.2018 and 19.06.2018 respectively confirming scheme is in compliance with the Accounting Standard prescribed under section 133 of the Companies Act, 2013;
- v. Copy of the Board Resolution approving scheme by the Board of Transferor Company and Transferee Company dated 25.08.2017 and 29.09.2017 respectively.

The Board further recommends the Resolution given at Sr. No.7 of this notice for your approval as Special Resolution.

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

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT 32<sup>nd</sup> AGM UNDER ITEM NO. 3 and 5**

Name	Shri Chinmoy Gangopadhyay	Smt. Gouri Chaudhury
<b>Date of Birth and Age</b>	03.04.1959/59	19.02.1942/76
<b>Qualification</b>	Graduate in Electrical Engineering from IIT Kharagpur and MBA from FMS, Delhi University.	Masters in English
<b>Date of Appointment</b>	1.1.2017	3.11.2017
<b>Terms and Conditions of Appointment</b>	Appointed as Director (Projects) by President of India through Ministry of Power for a period of 5 years with effect from January 1, 2017 or till the date of his superannuation or until further orders, whichever is the earliest.	Appointed as Independent Director by President of India through Ministry of Power for a period of 3 years with effect from date of notification of her appointment or until further orders, whichever is the earliest.
<b>Remuneration</b>	As per Terms of appointment issued by President of India through Ministry of Power.	Nil
<b>Expertise in Functional Areas</b>	He has more than 37 years of experience in power sector, serving organizations like NTPC, PFC (including PFCCCL). He has been with PFC for more than 29 years and has handled project appraisal, UMPPs & ITPs, equity & financial products and power sector consultancy. He has also served as CEO of PFC Consulting Ltd, a wholly owned subsidiary of PFC.	She is M.A. in English and Sangeet Prabhakar (Sitar). She is a Social Worker and has been a member of the Telephone Advisory Board (TAC) and Member of Film Censor Board.
<b>Number of Meetings of the Board held during the year and number of Board Meetings attended</b>	12/12	6/6
<b>Relationship with any other Director, Manager and other KMP of the Company</b>	Nil	Nil
<b>Number of shares held in the company</b>	21488	Nil

Name	Shri Chinmoy Gangopadhyay	Smt. Gouri Chaudhury
<b>Directorship in other companies</b>	<ul style="list-style-type: none"> <li>• PFC Consulting Limited – Director</li> <li>• Orissa Integrated Power Limited – Chairman</li> <li>• Chhattisgarh Surguja Power Limited – Chairman</li> <li>• Tatiya Andhra Mega Power Limited – Chairman</li> <li>• Power Equity Capital Advisors Private Limited – Director</li> <li>• PFC Capital Advisory Services Limited – Additional Director</li> <li>• PTC India Limited – Director</li> <li>• PFC Green Energy Limited – Additional Director</li> <li>• PTC India Financial Services Limited- Director</li> </ul>	Nil
<b>Chairman/ Membership of committees* across all public companies</b>	<ul style="list-style-type: none"> <li>• Power Finance Corporation Limited- Member, Audit Committee &amp; Stakeholders Relationship and Shareholder'/ Investor' Grievance Committee</li> <li>• PFC Green Energy Limited – Member, Audit Committee</li> </ul>	Power Finance Corporation Limited- Member, Audit Committee & Stakeholders Relationship and Shareholder'/ Investor' Grievance Committee

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

#### ITEM NO. 7 (Annexure 1)

### **SCHEME OF ARRANGEMENT FOR AMALGAMATION BETWEEN PFC GREEN ENERGY LIMITED (TRANSFEROR COMPANY) AND POWER FINANCE CORPORATION LIMITED (TRANSFEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS FOR AMALGAMATION OF PFC GREEN ENERGY LIMITED (TRANSFEROR COMPANY) WITH POWER FINANCE CORPORATION LIMITED (TRANSFEE COMPANY) UNDER SECTION 230 - 232 OF THE COMPANIES ACT, 2013**

#### **Parts of the Scheme:**

1. **Part I** – This part of Scheme contains Definitions, Capital Structure of the Transferor Company and Transferee Company.
2. **Part II** – This part of Scheme deals with Amalgamation of the Transferor Company with the Transferee Company in accordance with Section 230 - 232 of the Companies Act, 2013.
3. **Part III** - This part of Scheme deals with the Accounting Methodology adopted for the Amalgamation.
4. **Part IV** - This part of Scheme contains other terms and conditions applicable to the Scheme.

### **SCHEME OF ARRANGEMENT BETWEEN PFC GREEN ENERGY LIMITED (TRANSFEROR COMPANY) AND POWER FINANCE CORPORATION LIMITED (TRANSFEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS PREAMBLE**

#### **A. An overview of Scheme of Arrangement**

- This Scheme of Arrangement is presented under the provisions of Section 230 - 232 of the Companies Act, 2013 and applicable Rules of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for amalgamation of PFC Green Energy Limited ('Transferor Company') with Power Finance Corporation Limited ('Transferee Company').
- The Transferor Company is wholly owned subsidiary of Transferee Company hence, in consideration Transferee Company will not issue any shares under the scheme of Arrangement. The existing shareholding of Transferee Company in Transferor Company will get cancelled pursuant to the scheme of Arrangement.
- In addition, this Scheme of Arrangement also provides for various others matter consequential or otherwise integrally connected herewith.

#### **B. Background and Description of Companies**

1. **PFC Green Energy Limited or PFCGEL or Transferor Company** bearing CIN U65923DL2011GOI216796 was originally incorporated on March 30, 2011 in accordance with the provisions of the Companies Act, 1956 as Power Finance Corporation Green Energy Limited, subsequently the company has changed its name to its existing name i.e. PFC Green Energy Limited on July 21, 2011. The registered office of the Transferor Company is situated at Urjanidhi, 1 Barakhamba Lane, Connaught Place, New Delhi -110001. The Transferor Company is registered as a Non –banking Finance Company (NBFC) and received its NBFC certificate from Reserve Bank of India (RBI) on October 1, 2012. The Transferor Company provides financial assistance to all types of renewable energy and energy efficiency projects.

The Transferor Company was incorporated as wholly owned subsidiary of Power Finance Corporation Limited (Transferee Company) as extended arm of Power Finance Corporation Limited (Transferee Company) to provide financial services to promote green (renewable and non-conventional) sources of energy.

2. **Power Finance Corporation Limited or PFCL or Transferee Company** bearing CIN L65910DL1986GOI024862 was incorporated on July 16, 1986 in accordance with the provisions of Companies Act, 1956. The registered office of the Transferee Company is situated

at Urjanidhi, 1 Barakhamba Lane, Connaught Place, New Delhi -110001. The Transferee Company is registered as a Non –banking Finance Company (NBFC) and received its NBFC certificate from Reserve Bank of India (RBI) on 10.02.1998 and was classified as an Infrastructure Finance Company by the RBI on 28<sup>th</sup> July,2010.

Power Finance Corporation Ltd is a leading power sector public financial institution and a non-banking financial company providing fund and non-fund based support for the development of the Indian power sector. The company is engaged in power sector financing and the integrated development of the power and associated sectors.

### C. OBJECTS AND RATIONALE FOR THE SCHEME

- The Transferor Company is wholly owned subsidiary of Transferee Company and engaged in similar nature of business. In order to consolidate the similar nature of business at one place and effectively manage the Transferor Company and Transferee Company as a single entity, which will provide several benefits including streamlined group structure by reducing the number of legal entities, reducing the multiplicity of legal and regulatory compliances, rationalizing costs, it is intended that the Transferor Company be amalgamated with Transferee Company.
  - The independent operations of the Transferor Company and Transferee Company leads to incurrence of significant costs and the amalgamation would enable economies of scale by attaining critical mass and achieving cost saving. The amalgamation will thus eliminate a multi-layered structure and reduce managerial overlaps, which are necessarily involved in running multiple entities and also prevent cost duplication that can erode financial efficiencies of a holding structure and the resultant operations would be substantially cost-efficient. This Scheme would result in simplified corporate structure of the Transferee Company and its businesses, thereby leading to more efficient utilization of capital and creation of a consolidated base for future growth of the Transferee Company.
  - The amalgamation will contribute in furthering and fulfilling the objectives and business strategies of both the companies thereby accelerating growth, expansion and development of the respective businesses through the Transferee Company. The amalgamation will thus enable further expansion of the Transferee Company and provide a strong and focused base to undertake the business more advantageously. Further, this arrangement would bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control of the Transferor Companies and Transferee Company.
  - The synergies created by scheme of arrangement would increase operational efficiency and integrate business functions.
  - The proposed arrangement will provide greater integration and flexibility to the Transferee Company and strengthen its position in the industry, in terms of the asset base, revenues, product and service range.
  - The other benefits of proposed amalgamation includes:
    - (a) Optimum and efficient utilization and rationalization of capital, resources, assets and facilities;
    - (b) Enhancement of competitive strengths including financial resources;
    - (c) Obtaining synergy benefits;
    - (d) Better management and focus on growing the businesses;
    - (e) Reduction of overheads, administrative, managerial and other expenditure;
    - (f) Simplify shareholding structure and reduce shareholding tiers.
- D. Due to the aforesaid reasons, it is considered desirable and expedient to amalgamate Transferor Company with Transferee Company in accordance with this Scheme, pursuant to Section 230 read with section 232 and other relevant provisions of the Companies Act, 2013 and applicable Rules of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- E. The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, under Sections 230 – 232 and other relevant provisions of the Companies Act, 2013, shall take place with effect from the Appointed Date and shall be in compliance with Section 2(1B) of the Income Tax Act, 1961.
- F. The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, under Section 230 - 232 and other relevant provisions of the Companies Act, 2013, shall take place with effect from the Appointed Date and shall be in compliance with Section 2(1B) of the Income Tax Act, 1961.

## PART-I

### GENERAL PROVISIONS

#### 1. Definitions

In this Scheme, unless repugnant to the subject or context or meaning thereof, the following expressions shall have the same meanings as set out herein below:

- 1.1. **“Act”**: means the Companies Act, 2013, or the Companies Act, 1956 (to the extent applicable) and will include any statutory modifications, re-enactments or amendments thereof.
- 1.2. **“Appointed Date”**: means April 1, 2017, the date with effect from which this scheme shall come into effect or such other date(s) as may be fixed or approved by the Central Government or Tribunal or any other competent authority.
- 1.3. **“Board” or “Board of Directors”**: in relation to the Transferor Company and Transferee Company, as the case may be, means the board of directors of such company, and shall include a committee of directors, if any constituted or appointed and authorized to take any decision for the implementation of this scheme on behalf of such Board of Directors.

- 1.4. **“BSE”** shall mean BSE Limited.
- 1.5. **“Effective Date”**: means the date on which the certified copy of the order(s) of the Ministry of Corporate Affairs under Sections 230 - 232 of the Act sanctioning the Scheme, is filed with the Registrar of Companies.  
Any references in this Scheme to the words *“upon the Scheme becoming effective”* or *“effectiveness of this Scheme”* or *“date of coming into effect of the Scheme”* or *“Scheme coming into effect”* shall mean the Effective Date.
- 1.6. **“Equity Share(s)”** means the equity shares of the Transferor Company or Transferee Company, as the case may be.
- 1.7. **“Government Company”** has the meaning ascribed to such term in the Companies Act, 2013.
- 1.8. **“IT Act”** means the Income Tax Act, 1961 and any other statutory modifications, amendments, restatements or re-enactments thereof, from time to time and to the extent in force.
- 1.9. **“Law” or “Applicable Law”** includes all applicable statutes, enactments, acts of legislature or Parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any government, statutory authority, Tribunal, Board, Court of India or any other country or jurisdiction as applicable.
- 1.10. **“Listing Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any amendments, modification or any enactment thereof.
- 1.11. **“MCA”** means the Ministry of Corporate Affairs, Government of India.
- 1.12. **“MCA Notification”** means Ministry of Corporate Affairs Notification No. G.S.R. 582 (E), Dated 13<sup>th</sup> June, 2017 in which the word “Tribunal”, wherever it occurs, the words “Central Government” shall be substituted in Chapter XV, sections 230 to 232 of the Companies Act, 2013.
- 1.13. **NSE** shall mean National Stock Exchange of India Limited.
- 1.14. **“Official Liquidator” or “OL”**: means Official Liquidator having jurisdiction over the Transferor Company and Transferee Company.
- 1.15. **“Record Date”**: means date fixed by the Board of Directors or a committee thereof of the Transferee Company for the purpose of determining the members of Transferor Company and the Transferee Company approving the scheme of Amalgamation.
- 1.16. **Regional Director**: means the Regional Director (Northern Region), Ministry of Corporate Affairs at New Delhi.
- 1.17. **“Registrar of Companies” or “RoC”**: means the Registrar of Companies at NCT of Delhi and Haryana at New Delhi.
- 1.18. **“Rules”**: means the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 1.19. **“Scheme” or “Scheme of Amalgamation”**: means this Scheme of Arrangement for Amalgamation of PFC Green Energy Limited (‘Transferor Company’) with Power Finance Corporation Limited (‘Transferee Company’) under Sections 230 -232 of the Companies Act, 2013 as approved by the Board of Directors of both the Companies in its present form and with any modifications and amendment as may be made from time to time and with appropriate approvals and sanction of the Ministry of Corporate affairs and other relevant regulatory authorities as may be required under Companies Act, 2013 as applicable and all other applicable laws.
- 1.20. **“SEBI”** means Securities and Exchange Board of India.
- 1.21. **“SEBI Notification”** means Notification No. SEBI/LAD/NRO/GN/2016-17/029 dated 15<sup>th</sup> February, 2017 which provide no prior approval from SEBI / Stock exchange in case of merger between holding and wholly owned subsidiary company, such draft schemes shall be filed with the stock exchanges for the purpose of disclosures.
- 1.22. **“Stock Exchanges”** shall mean BSE Limited (BSE) , NSE Limited (NSE) or any other stock exchange, where equity shares of Power Finance Corporation Limited are currently listed/may be listed.

## 2. Date of Effect and Operative Date

The Scheme setout herein in its present form or with any modification(s), if any made as per Clause 5 of Part -IV of this Scheme shall be effective from the Appointed Date but shall come into force from the Effective Date.

## 3. CAPITAL STRUCTURE:

The Capital Structure of Transferee Company and Transferor Company as on appointed date i.e. 1<sup>st</sup> April, 2017 and immediately before implementation of the scheme are as under:

- 3.1. **Power Finance Corporation Limited** : As on the Appointed Date i.e. April 1, 2017, the share capital of the Transferee Company was as under:

<b>Authorized Capital:</b>	
1000,00,00,000 Equity Shares of ₹ 10/- each	10000,00,00,000
<b>Issued, Subscribed and Paid up Share Capital:</b>	
264,00,81,408 Equity Shares of ₹ 10/- each	2640,08,14,080
<b>Total</b>	<b>2640,08,14,080</b>

There is no change in the capital structure of the Transferee Company after the Appointed Date.

**3.2. PFC Green Energy Limited :** As on the Appointed Date i.e. April 1, 2017, the share capital of the Transferor Company was as under:

<b>Authorized Capital:</b>	
100,00,00,000 Equity Shares of ₹ 10/- each	10,00,00,00,000
20,00,00,00,000 Preference Shares of ₹ 10/- each	2,00,00,00,000
<b>Issued, Subscribed and Paid up Share Capital:</b>	
10,00,00,00,000 Equity Shares of ₹. 10/- each	100,00,00,000
20,00,00,00,000 Preference Shares of ₹ 10/- each	200,00,00,000
<b>Total</b>	<b>300,00,00,000</b>

There is no change in the capital structure of the Transferee Company after the Appointed Date.

## PART-II

### AMALGAMATION, TRANSFER & VESTING OF UNDERTAKING

1. With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and the whole of the undertaking(s), properties and liabilities of Transferor Company shall, in terms of Section 230 and 232 of Companies Act, 2013 and other applicable Rules, and pursuant to the orders of the Ministry of Corporate Affairs (Central Government) or other appropriate authority or forum, if any, sanctioning the Scheme, without any further act, instrument, deed, matter or thing, stand transferred and vested in and/ or deemed to be transferred to and vested in Transferee Company as a going concern so as to become the undertaking(s), properties and liabilities of Transferee Company.
2. With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and undertaking of Transferor Company shall stand transferred to and be vested in Transferee Company without any further deed or act, together with all their properties, assets, rights, benefits and interest therein, subject to existing charges thereon in favour of banks and financial institutions, as the case may be, in the following manner:
3. **TRANSFER OF ASSETS**
  - 3.1 With effect from the Appointed Date and upon the Scheme becoming effective all memberships, licenses, franchises, rights, privileges, permits, quotas, rights, entitlements, allotments, approvals, consents, concessions, trade mark licenses including application for registration of trade mark, patents, copyrights and their right to use available to Transferor Company as on appointed date or any which may be taken after the appointed date but till the effective date, shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
  - 3.2 With effect from the Appointed Date and upon the Scheme becoming effective all Certificate of Registrations as available with Transferor Company as on Appointed Date or any which may be taken by Transferor Company after the Appointed Date but till the Effective Date shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
  - 3.3 With effect from the Appointed Date and upon the Scheme becoming effective all the assets of Transferor Company as are movable in nature including, sundry debtors, outstanding loans and advances, insurance claims, advance tax, Minimum Alternate Tax (MAT) set-off rights, pre-paid taxes, levies/liabilities, CENVAT/VAT credits if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons or any other assets otherwise capable of transfer by physical delivery would get transferred by physical delivery only and all others assets would get transferred by endorsement and delivery by vesting and recordable pursuant to this Scheme, shall stand vested in Transferee Company, and shall become the property and an integral part of Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
  - 3.4 With effect from the Appointed Date and upon the Scheme becoming effective all incorporeal properties of Transferor Company as on Appointed Date or any which may be taken after the Appointed Date but till the Effective Date, shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
  - 3.5 With effect from the Appointed Date and upon the Scheme becoming effective, all immovable properties including but not limited to land and buildings or any other immovable properties of Transferor Company, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Transferee Company, without any further instrument, deed or act or payment of any further fee, charge or securities either by the Transferor Company or Transferee Company.
  - 3.6 With effect from the Appointed Date, Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, taxes and fulfill obligations, in relation to or applicable to such immovable properties. The mutation/substitution of the title to the immovable properties shall be made and duly recorded in the name of Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the Ministry of Corporate Affairs (Central Government) and the Scheme becoming effective in accordance with the terms hereof.
  - 3.7 With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to Transferor Company to which the Transferor Company are the party or to the benefit of which Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or obligee thereto.
  - 3.8 With effect from the appointed date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, patents, copyrights, privileges, software, powers, facilities of every kind and description of whatsoever nature in relation to Transferor Company to which Transferor Company is the party or to the benefit of which Transferor

Company may be eligible and which are subsisting or having effect immediately before the effective date, shall be enforceable as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or obligee thereto.

- 3.9 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, no-objection certificates, permissions or approvals or consents required to carry on operations of Transferor Company or granted to Transferor Company shall stand vested in or transferred to Transferee Company without further act or deed, and shall be appropriately transferred or assigned by the statutory authorities concerned therewith in favor of Transferee Company upon the vesting of Transferor Company Businesses and Undertakings pursuant to this Scheme. The benefit of all statutory and regulatory permissions, licenses, approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of Transferor Company shall vest in and become available to Transferee Company pursuant to this scheme.
- 3.10 With effect from the Appointed Date and upon the Scheme becoming effective, all motor vehicles of any description whatsoever of Transferor Company shall stand transferred to and be vested in the Transferee Company, and the appropriate Governmental and Registration Authorities shall substitute the name of Transferee Company in place of Transferor Company, without any further instrument, deed or act or any further payment of fee, charge or securities.

#### **4. TRANSFER OF LIABILITIES**

- 4.1 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of accounts or disclosed in the balance sheets of Transferor Company, shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Transferee Company.
- 4.2 Without prejudice to the generality of the provisions contained herein, all loans raised after the Appointed Date but till the Effective Date and liabilities incurred by Transferor Company after the Appointed Date but till the Effective Date for their operations shall be deemed to be of Transferee Company.
- 4.3 The transfer and vesting of the entire business and undertaking of Transferor Company as aforesaid, shall be subject to the existing securities, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof of Transferor Company, as the case may be.

Provided that the securities, charges and mortgages (if any subsisting) over and in respect of the part thereof, of Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of Transferor Company vested in Transferee Company pursuant to the Scheme.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by Transferor Company which shall vest in Transferee Company by virtue of the amalgamation of Transferor Company with Transferee Company and Transferee Company shall not be obliged to create any further or additional security there for after the amalgamation has become operative.

- 4.4 Transferee Company will, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangements in relation to Transferor Company to which Transferor Company are parties, in order to give formal effect to the above provisions. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to carry out or perform all such formalities or compliances referred to above on part of Transferor Company.
- 4.5 Loans or other obligations, if any, due either between Transferee Company and Transferor Company shall stand discharged and there shall be no liability in that behalf. In so far as any securities, debentures or notes issued by the Transferor Company and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by holder of such securities, at any time prior to the Effective Date, stand cancelled and shall have no further effect.

#### **5. LEGAL PROCEEDINGS**

- 5.1 With effect from the Appointed Date, Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against Transferor Company.

Provided however, all legal, administrative and other proceedings of whatsoever nature by or against Transferor Company pending in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority and/or arising after the Appointed Date and relating to Transferor Company or its respective properties, assets, liabilities, duties and obligations shall be continued and/or enforced until the Effective Date by or against Transferor Company; and from the Effective Date, shall be continued and enforced by or against Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against Transferor Company.

- 5.2 If any suit, appeal or other proceedings of whatever nature by or against Transferor Company be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the transfer of the Transferor Company businesses and undertakings or of anything contained in this scheme but the proceedings may be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Transferor Company as if this Scheme had not been made.

#### **6. EMPLOYEE MATTERS**

On occurrence of the Effective Date, all persons that were employed by Transferor Company immediately before such date shall become employees of Transferee Company with the benefit of continuity of service on same terms and conditions as were applicable to such employees of Transferor Company immediately prior to such transfer and without any break or interruption of service. Transferee Company undertakes to continue to abide by agreement/settlement, if any, entered into by Transferor Company with any union/employee thereof. With regard to Provident Fund, Gratuity Fund, Superannuation fund or any other special fund or obligation created or existing for the benefit of

such employees of Transferor Company upon occurrence of the Effective Date, Transferee Company shall stand substituted for Transferor Company, for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing Provident Fund, Gratuity Fund and Superannuation Fund or obligations, if any, created by Transferor Company for their employees shall be continued for the benefit of such employees on the same terms and conditions. With effect from the Effective Date, Transferee Company will make the necessary contributions for such transferred employees of Transferor Company and deposit the same in Provident Fund, Gratuity Fund or Superannuation Fund or obligations, where applicable. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of Transferor Company in relation to such schemes or funds shall become those of Transferee Company.

## **7. TAXATION AND OTHER MATTERS**

- 7.1 With effect from the Appointed Date, all the profits or income accruing or arising to Transferor Company, and all expenditure or losses arising or incurred by Transferor Company shall, for all purposes, be treated (including all taxes, if any, paid or accruing in respect of any profits and income) and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of Transferee Company. Moreover, Transferee Company shall be entitled to revise its statutory returns relating to indirect taxes like sales tax/ service tax/excise, etc. and to claim refund/credits and/or set off all amounts under the relevant laws towards the transactions entered into by Transferee Company and Transferor Company which may occur between the Appointed Date and the Effective Date. The rights to make such revisions in the sales tax returns and to claim refunds/credits are expressly reserved in favour of Transferee Company.
- 7.2 Upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall be entitled, wherever necessary and pursuant to the provisions of this Scheme, to file or revise their financial statements, tax returns, tax deduction at source certificates, tax deduction at source returns, and other statutory returns, and shall have the right to claim refunds, advance tax credits, credit for Minimum Alternate Tax, carry forward of losses and unabsorbed depreciation, deductions, tax holiday benefits, deductions or any other credits and / or set off of all amounts paid by the Transferor Company or the Transferee Company under the relevant laws relating to Income Tax, Value Added Tax, Service Tax, Central Sales Tax, Goods and service Tax or any other tax, as may be required consequent to the implementation of the Scheme.
- 7.3 Transferee Company shall be entitled to revise its all Statutory returns relating to Direct taxes like Income Tax and Wealth Tax and to claim refunds/advance tax credits and/or set off the tax liabilities of Transferor Company under the relevant laws and its rights to make such revisions in the statutory returns and to claim refunds, advance tax credits and/or set off the tax liabilities is expressly granted.
- 7.4 It is expressly clarified that with effect from the Appointed Date, all taxes payable by Transferor Company including all or any refunds of the claims/TDS Certificates shall be treated as the tax liability or refunds/claims/TDS Certificates as the case may be of Transferee Company.
- 7.5 From the Effective Date and till such time as the name of the Transferee Company would get entered as the account holder in respect of all the bank accounts and demat accounts of Transferor Company in the relevant bank's/DP's books and records, the Transferee Company shall be entitled to operate the bank/demat accounts of Transferor Company in their existing names.
- 7.6 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, incentives, concessions and other authorizations of Transferor Company shall stand transferred by the order of the Ministry of Corporate Affairs to Transferee Company, Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the sanctioning Ministry of Corporate Affairs.

## **8. Conduct of Business**

### **I. With effect from the Appointed Date and till the Scheme come into effect:**

- a. Transferor Company shall be deemed to carry on all their businesses and activities and stand possessed of their properties and assets for and on account of and in trust for Transferee Company; and all the profits accruing to Transferor Company and all taxes thereon or gains or losses arising or incurred by them shall, for all purposes, be treated as and deemed to be the profits or losses, as the case may be, of Transferee Company.
  - b. Transferor Company shall carry on their businesses with reasonable diligence and in the same manner as they had been doing hitherto, and Transferor Company shall not alter or substantially expand their businesses except with the concurrence of Transferee Company.
  - c. Transferor Company shall not, without the written concurrence of Transferee Company, alienate charge or encumber any of their properties except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of Transferee Company, as the case may be.
  - d. Transferor Company shall not vary or alter, except in the ordinary course of their business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of Transferee Company the terms and conditions of employment of any of its employees, nor shall it conclude settlement with any union or its employees except with the written concurrence of Transferee Company.
  - e. With effect from the Appointed Date, all debts, liabilities, duties and obligations of Transferor Company as on the close of business on the date preceding the Appointed Date, whether or not provided in their books and all liabilities which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of Transferee Company.
- II. Upon the Scheme coming into effect, Transferee Company shall commence and carry on and shall be authorized to carry on the businesses carried on by Transferor Company.
  - III. For the purpose of giving effect to the vesting order passed under Sections 230 - 232 of the Companies Act, 2013 in respect of this Scheme by the Ministry of Corporate Affairs, Transferee Company shall, at any time pursuant to the orders on this Scheme, be entitled to get the record of the change in the legal right(s) upon the vesting of the Transferor Company businesses and undertakings in

accordance with the provisions of Section 230 - 232 of the Companies Act, 2013. Transferee Company shall be authorized to execute any pleadings; applications, forms, etc. as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.

### PART-III

#### CONSIDERATION & ACCOUNTING TREATMENT

##### 1. CONSIDERATION

- I. Upon the Scheme coming into effect, all equity shares and preference shares of the Transferor Company held by the Transferee Company (either directly or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment made in cash whatsoever by the Transferee Company in lieu of shares of the Transferor Company.
- II. Upon coming into effect of this Scheme, the shares or the share certificates of the Transferor Company in relation to the shares held by the Transferee Company, as the case may be, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect without any necessity of them being surrendered.

##### 2. INCREASE IN AUTHORIZED SHARE CAPITAL AND AMENDMENT TO MEMORANDUM OF THE TRANSFEE COMPANY

- 2.1 Upon the Scheme becoming effective, the Authorized Share Capital of the Transferor Company shall be deemed to be added to the Authorized Share Capital of the Transferee Company without any further act, deed or procedure, formalities or payment of any stamp duty and registration fees. The Face Value of equity shares shall remain same as of the Transferee Company after increase of the Authorized Capital.
- 2.2 Upon coming into effect of the Scheme, Clause V of the Memorandum of Association of the Transferee Company shall without any further act, deed or instrument be substituted as follows:  
*The equity share capital of the company is Rs.112,000,000,000 (Rupees Eleven Thousand Two Hundred Crores) divided into 11,000,000,000 (One Thousand One Hundred Crores) equity shares of Rs. 10/-(Rupees Ten) each and 200,000,000 (Twenty Crores) Preference Shares 10/-(Rupees Ten) each.*
- 2.3 On approval of the Scheme by the members of Transferee Company pursuant to Section 230- 232 of the Companies Act, it shall be deemed that the said members have also accorded all relevant consents under Sections 13, 14, 61 and other applicable provisions of Companies Act, 2013 as may be applicable for the purpose of amendment of the Memorandum of Association of the Transferee Company as above. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Sections 13, 14 and 61 of the Companies Act, 2013 for amendment of the Memorandum of Association of the Transferee Company.

##### 3. ACCOUNTING TREATMENT FOR AMALGAMATION

Upon the coming into effect of this Scheme, the amalgamation of the Transferor Company with the Transferee Company shall be accounted for as per the "Accounting Standard 14: Accounting for Amalgamations" as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Ministry of Corporate Affairs or the "Indian Accounting Standard (Ind AS) 103 for Business Combination" prescribed under section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015, (if applicable), as may be amended from time to time such that:

- 3.1 The Transferee Company shall, record all the assets and liabilities, including Reserves of the Transferor Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Transferor Company on the Appointed Date.
- 3.2 If at the time of amalgamation, the Transferor Company and the Transferee Company have conflicting accounting policies, a uniform accounting policy shall be adopted by the Transferee Company following the amalgamation. The effect on the financial statements of any change in accounting policies shall be reported in accordance with applicable Accounting Standard 5, 'Prior Period and Extraordinary Items and changes in accounting policies'.
- 3.3 Investment, if any, in the equity share capital of the Transferor Company as appearing in the books of accounts of the Transferee Company, if not transferred before the Effective Date, shall stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 3.4 The loans and advance or payables or receivables of any kind, held inter-se, if any between the Transferor Company and the Transferee Company, as appearing in its respective books of accounts shall stand discharged prior to Effective Date.

##### 4. Saving of Concluded Transactions

The transfer of properties and liabilities and the continuance of proceedings by or against Transferor Company as envisaged in above shall not affect any transaction or proceedings already concluded by Transferee Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Transferor Company accept and adopts all acts, deeds and things done and executed by Transferee Company in respect thereto as done and executed by Transferee Company in respect thereto as done and executed on behalf of itself.

##### 5. Dissolution of Transferor Company

On occurrence of the Effective Date, Transferor Company shall, without any further act or deed, shall stand dissolved without winding up.

**PART - IV**  
**OTHER PROVISIONS**

**1. Application To Ministry of Corporate Affairs :**

- 1.1 In terms of Ministry of Corporate Affairs Notification No. G.S.R. 582 (E), Dated 13<sup>th</sup> June, 2017 issued in term of Section 462 of the Companies Act, 2013 read with Rule 3(1) of the Government of India (Allocation of Business) Rules, 1961 Ministry Of Corporate Affairs('MCA') has exclusive jurisdiction under the provisions of Companies Act, 2013 with respect of "Government Companies". Since both the Transferor Company and Transferee Company are government companies, MCA has the jurisdiction to hear, consider and sanction this scheme.
- 1.2 Upon this scheme being approved by the requisite majority of the shareholders and creditors of the Transferor Company and Transferee Company, the Transferor Company and Transferee Company shall with all reasonable dispatch, file application before the MCA for sanction of this scheme under section 230 -232 and other applicable provisions of the Companies Act, 2013, and for such other order or orders, as the MCA may deem fit for sanctioning the / giving effect to this scheme. Upon this scheme becoming effective, the shareholders and creditors of both the Transferor Company and Transferee Company, shall be deemed to have also accorded their approval under all the relevant provisions of the Companies Act, 2013, for giving effect to the provisions contained in this Scheme.

**2. Listing Agreement and SEBI Compliances**

- 2.1. Since the Transferee Company is a listed company, this Scheme is subject to the compliances of all the requirements under the Listing Regulations and other statutory directives of the Securities Exchange Board of India insofar as they relate to sanction and implementation of the Scheme.
- 2.2. SEBI vide Notification No. SEBI/LAD/NRO/GN/2016-17/029 dated 15<sup>th</sup> February, 2017 has amended the Listing Regulations and relaxed the requirement of obtaining prior approval or No objection letter / observation letter of the Stock Exchanges and SEBI in case of merger of wholly owned subsidiary with its holding company. The schemes shall be filed with the BSE Limited and NSE Limited for disclosure purpose in compliance with the above notification.

**3. Conditionality of Scheme:**

The Scheme is conditional upon and subject to:

- (a) The Scheme is in compliance with the applicable provisions of the Companies Act, 2013, The SEBI Regulations, so far as it relates to scheme involving listed company, the regulations of Reserve Bank of India in as much as applicable to the Non-banking finance companies and such other laws as may be applicable to the Companies or the scheme of arrangement;
- (b) The Scheme being agreed to by the respective requisite majority of members and creditors of Transferor Company and Transferee Company;
- (c) The Scheme being approved by the Central Government through MCA;
- (d) All certified copies of the order(s) of the MCA sanctioning this Scheme being filed with the Registrar of Companies of relevant jurisdiction;
- (e) This Scheme although to come into operation from the Appointed Date shall not become effective until the necessary certified copies of the order(s) under Sections 230 to 232 of the Act shall be duly filed with the Registrar of Companies of relevant jurisdiction.

**4. Modification or Amendment of the Scheme and Revocation of the Scheme**

- a. The Transferee Company, Transferor Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may make and/or consent to any modifications or amendments to the Scheme or to any conditions or limitations that the Ministry of Corporate Affairs or other authority may deem fit to direct or impose or which may otherwise be considered necessary or desirable. The Transferee Company and the Transferor Companies, by their respective Board of Directors, or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions whether by reason of any order(s) of the Ministry of Corporate Affairs or of any directive or order(s) of any other authority or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.
- b. Transferor Company and Transferee Company shall be at liberty to withdraw from this Scheme in case any condition or alteration imposed by the Ministry of Corporate Affairs or any other authority is not on terms acceptable to them.
- c. In the event of any of the said sanctions / approvals / conditions referred hereinabove not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Ministry of Corporate Affairs and/or order or orders not being passed as aforesaid and/or the Scheme failing to be made effective, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of the Transferor Company and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme to be of no effect if such boards are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn-up orders with any authority could have adverse implication on all/any of the companies.

**5. Costs**

All costs, charges, fees, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and matters incidental thereto shall be borne and paid by Transferee Company.

#### ITEM NO. 7 (Annexure 2)

### ADOPTION OF REPORT BY BOARD OF DIRECTORS OF PFC GREEN ENERGY LIMITED IN ITS MEETING HELD ON 25.08.2017; EXPLAINING THE EFFECT OF SCHEME ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF THE COMPANY PURSUANT TO THE PROVISIONS OF SECTION 232(2)(c) OF THE COMPANIES ACT, 2013.

#### 1. Background

- 1.1. The proposed Scheme of Arrangement between PFC Green Energy Limited (Transferor Company) and Power Finance Corporation Limited (Transferee Company) and their respective shareholders and creditors ("**the Scheme**") was approved by the Board of Directors of Transferor Company vide resolution dated 25.08.2017. The Provisions of Section 232(2) (c) of the Companies Act, 2013 requires the Directors to adopt a report explaining the effect of arrangement and amalgamation on shareholders, key managerial personnel, promoters and non-promoter shareholders of the Transferor Company laying out in particular the share exchange ratio and the same is required to be circulated to for the meeting of Shareholders/Members of the Transferor Company.
- 1.2. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2) (c) of the Companies Act, 2013.
- 1.3. The draft Scheme duly initialed for the purpose of identification was placed before the Board of Directors. Further, PFC Green Energy Limited (Transferor Company) is a wholly owned subsidiary of the Power Finance Corporation Limited (Transferee Company). Therefore, in consideration there will be no shares issued by the Transferee Company.

#### 2. Effect of the Scheme of Arrangement as summarized below on Equity Shareholders (Promoter and Non-Promoter) and KMPs of PFC Green Energy Limited (Transferor Company).

- 2.1. Upon the Scheme coming into effect, all equity shares and preference shares of the Transferor Company held by the Transferee Company (either directly or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment made in cash whatsoever by the Transferee Company in lieu of shares of the Transferor Company. Hence, there will be no impact on the shareholding of the Transferee Company after the effectuation of the scheme of Arrangement.
- 2.2. Under Clause 6 of Part II of the Scheme, on and from the Effective Date, Transferee Company undertakes that all persons that were employed by the Transferor Company immediately before such date shall become employees of the Transferee Company with the benefit of continuity of service on same terms and conditions as were applicable to such employees of Transferor Company immediately prior to such transfer and without any break or interruption of service and in the manner provided under Clause 6 of Part II of the Scheme. In the circumstances, the rights of the Employees of the Transferor Company would in no way be affected by the Scheme.
- 2.3. The scheme is not expected to have any effect on the Directors and Key Managerial Personnel of the Transferee/Transferor Company.

For PFC Green Energy Limited



(Rajeev Sharma)

Chairman

DIN: 00973413

#### ITEM NO. 7 (Annexure 3)

### ADOPTION OF REPORT BY BOARD OF DIRECTORS OF POWER FINANCE CORPORATION LIMITED IN ITS MEETING HELD ON 29.09.2017; EXPLAINING THE EFFECT OF SCHEME ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF THE COMPANY PURSUANT TO THE PROVISIONS OF SECTION 232(2)(c) OF THE COMPANIES ACT, 2013.

#### 1. Background

- 1.1. The proposed Scheme of Arrangement between PFC Green Energy Limited (Transferor Company) and Power Finance Corporation Limited (Transferee Company) and their respective shareholders and creditors ("**the Scheme**") was approved by the Board of Directors of Transferee Company vide resolution dated 29.09.2017. The Provisions of Section 232(2) (c) of the Companies Act, 2013 requires the Directors to adopt a report explaining the effect of arrangement and amalgamation on shareholders, key managerial personnel, promoters and non-promoter shareholders of the Transferee Company laying out in particular the share exchange ratio and the same is required to be circulated to for the meeting of Shareholders/Members of the Transferee Company.
- 1.2. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2) (c) of the Companies Act, 2013.
- 1.3. The draft Scheme duly initialed for the purpose of identification was placed before the Board of Directors. Further, PFC Green Energy Limited (Transferor Company) is a wholly owned subsidiary of the Power Finance Corporation Limited (Transferee Company). Therefore, in consideration there will be no shares issued by the Transferee Company.

#### 2. Effect of the Scheme of Arrangement as summarized below on Equity Shareholders (Promoter and Non-Promoter) and KMPs of Power Finance Corporation Limited (Transferee Company).

- 2.1. Upon the Scheme coming into effect, all equity shares and preference shares of the Transferor Company held by the Transferee Company (either directly or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall

be issued or payment made in cash whatsoever by the Transferee Company in lieu of shares of the Transferor Company. Hence, there will be no impact on the shareholding of the Transferee Company after the effectuation of the scheme of Arrangement.

- 2.2. Under Clause 6 of Part II of the Scheme, on and from the Effective Date, Transferee Company undertakes that all persons that were employed by the Transferor Company immediately before such date shall become employees of the Transferee Company with the benefit of continuity of service on same terms and conditions as were applicable to such employees of Transferor Company immediately prior to such transfer and without any break or interruption of service and in the manner provided under Clause 6 of Part II of the Scheme. In the circumstances, the rights of the Employees of the Transferor Company would in no way be affected by the Scheme.
- 2.3. The scheme is not expected to have any effect on the Directors and Key Managerial Personnel of the Transferee/Transferor Company.

**For Power Finance Corporation Limited**



**(Rajeev Sharma)**

Chairman & Managing Director

DIN: 00973413

#### **ITEM NO. 7 (Annexure 4)**

##### **Independent Auditor's Report**

##### **To the Members of PFC Green Energy Limited**

##### **Report on the Financial Statements**

We have audited the accompanying financial statements of PFC Green Energy Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

##### **Management's Responsibility for the Financial Statements**

The Company's 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 of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 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. 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 financial statements.

##### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit and its Cash Flows for the year ended on that date.

##### **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 & Auditor General of India, the action taken thereon and its impact on 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 Section 143(11) of the Act, we give in the **Annexure B** a statement on the matters specified in the paragraphs 3 and 4 of the Order.

3. As required by Section 143 (3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - Being a Government company, pursuant to the Notification No. GSR 463(E) dated 05<sup>th</sup> June 2015 issued by Government of India, provision of Section 164(2) of the Companies Act, 2013, are not applicable to the Company.
  - For internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure C**.
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - The Company does not have any pending litigation which would impact its financial position.
    - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For K B D S & Co.**

(Chartered Accountants)  
Firm Regn. No. 323288E

Sd/-

**(BHAWESH KUMAR GUPTA)**

Partner  
M. No. 096587

Place: New Delhi  
Date: 17.05.2018

**Annexure A to the Independent Auditor's Report on the Financial Statements**

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

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.	Directions	Action Taken	Impact on financial statement
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.	Not Applicable	Nil
2	Whether there are any cases of waiver/write off of debts/loans/ interest etc. If yes, the reasons thereof and amount involved.	There are no cases of waiver/ write off of debts/loans/interest etc.	Nil
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grant(s) from the Government or other authorities.	There are no cases of inventories lying with third parties & assets received as gift from Govt. or other authorities.	Nil

**For K B D S & Co.**

(Chartered Accountants)  
Firm Regn. No. 323288E

Sd/-

**(BHAWESH KUMAR GUPTA)**

Partner  
M. No. 096587

Place: New Delhi  
Date: 17.05.2018

## **Annexure B to the Independent Auditor's Report on the 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) The management carries out physical verification of its fixed assets at the year end in a phased manner. The frequency of physical verification is reasonable having regard to the size of the company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification.
- (c) The Company does not have any immovable property 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 Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clause 3(iii) of the Order 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 Act.
- (v) The Company has not accepted any deposit from public during the year.
- (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) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Service Tax, Goods and Service Tax, Value added Tax, Cess and any other statutory dues as applicable to the appropriate authorities and no undisputed amount payable in respect of the aforesaid dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of Income Tax, Service Tax, Goods and Service Tax, Value Added Tax outstanding on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to financial institution, bank, government or dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3(ix) of the Order is not applicable to the Company.
- (x) Based upon the audit procedures performed and the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Being a Government Company, Section 197 of the Act does not apply to the Company.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) Based upon the audit procedures performed and the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them which are covered under Section 192 of the Act. Accordingly, clause 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is a Non-Banking Finance Company and has obtained registration under section 45-IA of the Reserve Bank of India Act, 1934.

### **For K B D S & Co.**

(Chartered Accountants)  
Firm Regn. No. 323288E

Sd/-

### **(BHAWESH KUMAR GUPTA)**

Partner  
M. No. 096587

Place: New Delhi  
Date: 17.05.2018

### **Annexure C to the Independent Auditor's Report on the Financial Statements**

(Referred to in paragraph 3(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of PFC Green Energy Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 with reference to financial statements 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, 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 K B D S & Co.**

(Chartered Accountants)

Firm Regn. No. 323288E

Sd/-

**(BHAWESH KUMAR GUPTA)**

Partner

M. No. 096587

Place: New Delhi

Date: 17.05.2018

**PFC GREEN ENERGY LIMITED**  
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)  
CIN U65923DL2011GOI216796  
BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2018

(Amount in ₹)

Description		Note No. Part	As at 31.03.2018		As at 31.03.2017	
<b>A</b>	<b>EQUITY AND LIABILITIES</b>					
(1)	<b>Shareholders' Funds</b>					
	(i) Share Capital	A-1	3,000,000,000		3,000,000,000	
	(ii) Reserves & Surplus	A-2	1,147,311,237	4,147,311,237	829,040,004	3,829,040,004
(2)	<b>Non-Current Liabilities</b>					
	(i) Long Term Provisions	A-5		53,200,417		36,293,560
(3)	<b>Current Liabilities</b>					
	(i) Short Term Borrowing	A-3				
	Secured		-		-	
	Un-secured		2,684,102,427		2,526,938,318	
	(ii) Other Current Liabilities	A-4	58,711,339		51,439,052	
	(iii) Short Term Provisions	A-5	2,017,027	2,744,830,793	3,804,755	2,582,182,125
	<b>Total</b>			<b>6,945,342,447</b>		<b>6,447,515,689</b>
<b>B</b>	<b>ASSETS</b>					
(1)	<b>Non-Current Assets</b>					
	(i) Fixed Assets	A-6				
	a) Tangible Assets		314,333		464,333	
	Less: Accumulated Depreciation		282,246	32,087	414,073	50,260
	(ii) Deferred Tax Assets (Net)	C-19		28,461		378,670
	(iii) Long-Term Loans	A-7				
	Secured		6,411,453,826		6,052,355,730	
	Un-secured		-	6,411,453,826	-	6,052,355,730
	(iv) Other Non-Current Assets	A-8		10,496,735		5,670,960
(2)	<b>Current Assets</b>					
	(i) Cash and Bank Balances	A-9	4,600		97,973	
	(ii) Other Current Assets					
	a) Current Maturity of Long Term Loans	A-7				
	Secured		382,474,824		243,641,822	
	Un-secured		-		-	
	b) Others	A-8	140,851,914	523,331,338	145,320,274	389,060,069
	<b>TOTAL</b>			<b>6,945,342,447</b>		<b>6,447,515,689</b>

**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

Signed in terms of our report of even date attached

**For KBDS & Co.**

Chartered Accountants

Firm Regn. No. 323288E

Sd/-

**(RACHNA SINGH)**

Company Secretary

Sd/-

**(ALOK SUD)**

CFO

Sd/-

**BHAWESH KUMAR GUPTA**

Partner

Membership No. 096587

Sd/-

**(N. B. GUPTA)**

Director

DIN - 00530741

Sd/-

**(RAJEEV SHARMA)**

Chairman

DIN - 00973413

Place: New Delhi

Date: 17.05.2018

**PFC GREEN ENERGY LIMITED**  
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)  
CIN U65923DL2011GOI216796  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**

(Amount in ₹)

Description	Note No. Part	Year Ended 31.03.2018		Year Ended 31.03.2017	
<b>I. Revenue from Operations</b>					
Interest	A-10	738,780,805		630,223,569	
Other Operating Income	A-10	-		27,790	
Other Financial Services	A-10	600,959	739,381,764	17,630,183	647,881,542
<b>II. Other Income</b>					
Other Income	A-11		106,526		10,855
<b>III. Total Income (I+II)</b>			<b>739,488,290</b>		<b>647,892,397</b>
<b>IV. Expenses</b>					
Finance Costs	A-12		247,257,570		169,358,783
Employee Benefits Expenses	A-13		-		11,256,031
Provision for contingencies	C-11		43,540,120		26,439,784
Depreciation and Amortization expenses	A-6		10,673		35,926
CSR Expenses	C-14		6,959,968		5,385,000
Other Expenses	A-14		312,122		4,003,538
<b>Total Expenses</b>			<b>298,080,453</b>		<b>216,479,062</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>			<b>441,407,837</b>		<b>431,413,335</b>
VI. Exceptional Items			-		-
<b>VII. Profit before extraordinary items and tax (V-VI)</b>			<b>441,407,837</b>		<b>431,413,335</b>
VIII. Extraordinary Items			-		-
<b>IX. Profit Before Tax (VII-VIII)</b>			<b>441,407,837</b>		<b>431,413,335</b>
<b>X. Tax Expenses:</b>					
<b>(1) Current Tax</b>					
Current Year			129,249,670		127,324,340
Earlier Years			(6,463,275)		(743,153)
<b>(2) Deferred Tax Liability (+) / Asset (-)</b>			<b>350,209</b>		<b>3,378,703</b>
<b>XI. Profit (Loss) for the year from continuing operations (IX-X)</b>			<b>318,271,233</b>		<b>301,453,445</b>
<b>XII. Earnings per equity share of par value of ₹ 10/- each</b>	<b>C-20</b>				
Basic (₹)			0.78		0.61
Diluted (₹)			0.78		0.61

**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

Signed in terms of our report of even date attached

**For KBDS & Co.**

Chartered Accountants  
Firm Regn. No. 323288E

Sd/-  
**(RACHNA SINGH)**  
Company Secretary

Sd/-  
**(ALOK SUD)**  
CFO

Sd/-  
**BHAWESH KUMAR GUPTA**  
Partner  
Membership No. 096587

Sd/-  
**(N. B. GUPTA)**  
Director  
DIN - 00530741

Sd/-  
**(RAJEEV SHARMA)**  
Chairman  
DIN - 00973413

Place: New Delhi  
Date: 17.05.2018

**NOTE - Part A - 1**  
**SHARE CAPITAL**

(Amount in ₹)

Description		As at 31.03.2018	As at 31.03.2017
<b>A</b>	<b>Authorised</b>		
	20,00,00,000 (previous year 20,00,00,000) Preference shares of par value of ₹ 10/- each	2,000,000,000	2,000,000,000
	100,00,00,000 (previous year 100,00,00,000) Equity shares of par value of ₹ 10/- each	10,000,000,000	10,000,000,000
<b>B</b>	<b>Issued, subscribed and fully paid up</b>		
	20,00,00,000 (previous year 20,00,00,000) Preference shares of par value of ₹ 10/- each	2,000,000,000	2,000,000,000
	10,00,00,000 (previous year 10,00,00,000) Equity Shares of par value of ₹ 10/- each	1,000,000,000	1,000,000,000
	<b>Total</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>

**1 (a)** During the year, the Company has neither issued nor bought back any shares.

**1 (b)** Terms / rights attached to shares:

**Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is entitled to one vote. The voting right of each shareholder shall be in proportion to his share in the paid-up equity share capital of the Company.

**Preference Shares**

The Company has issued 20,00,00,000, 10% Fully Convertible Preference Shares ("FCPS") of face value ₹ 10/- each, with the following terms & conditions:

- i) The dividend at coupon rate of 10% p.a. will be paid at the discretion of the management of the Company.
- ii) Each FCPS shall be compulsorily converted into equity share in the ratio of 1:1.

**1 (c)** Redeemable preference shares as on 31.03.2018 stand at Nil (Previous year Nil).

**1 (d)** During the year, no shares have been allotted under ESOP scheme.

**1 (e)** Shares held by Holding Company:

Out of 20,00,00,000 Preference shares and 10,00,00,000 Equity shares issued by the Company, shares held by its Holding Company are as below:

(Amount in ₹)

Description	As at 31.03.2018	As at 31.03.2017
Power Finance Corporation Limited, the Holding Company*		
20,00,00,000 (previous year 20,00,00,000) Preference shares of par value of ₹ 10/- each	2,000,000,000	2,000,000,000
10,00,00,000 (previous Year 10,00,00,000) Equity shares of par value of ₹ 10/- each	1,000,000,000	1,000,000,000

\* Equity Shares are held by Power Finance Corporation Limited & through its nominees.

**1 (f)** Information on shares in the Company held by each shareholder holding more than 5 percent of paid -up share capital:

Name of Holders	As at 31.03.2018	As at 31.03.2017
Power Finance Corporation Limited, the Holding Company*		
- % of Share Holding	100	100
- No. of Preference Shares Held	200,000,000	200,000,000
- No. of Equity Shares Held	100,000,000	100,000,000

\* Equity Shares are held by Power Finance Corporation Limited & through its nominees.

**1 (g)** Reconciliation of the number of shares:

Description	As at 31.03.2018	As at 31.03.2017
	Number	Number
<b>Equity Shares</b>		
- Opening Balance	100,000,000	100,000,000
- Issued during the year	-	-
- Closing Balance	100,000,000	100,000,000
<b>Preference Shares</b>		
- Opening Balance	200,000,000	200,000,000
- Issued during the year	-	-
- Closing Balance	200,000,000	200,000,000

**NOTE - Part A - 2**  
**RESERVES & SURPLUS**

(Amount in ₹)

Description	As at 31.03.2018	As at 31.03.2017
<b>a) Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934</b>		
Opening balance	169,850,781	109,560,092
Add: Transfer from Profit and Loss Appropriation	63,654,247	60,290,689
Closing Balance	233,505,028	169,850,781
<b>b) Reserve for Bad &amp; doubtful debts u/s 36(1)(vii)(d) of Income Tax Act, 1961</b>		
Opening balance	-	-
Add: Transfer from Profit and Loss Appropriation	38,036,647	-
Closing Balance	38,036,647	-
<b>c) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961</b>		
Opening balance	146,059,946	54,398,170
Add: Transfer from Profit and Loss Appropriation	98,280,922	91,969,229
Less: Transfer to Surplus *	73,794	307,453
Closing Balance	244,267,074	146,059,946
<b>d) Surplus</b>		
Opening balance	513,129,277	363,628,297
Add: Profit after tax for the year	318,271,233	301,453,445
<b>Less: Transfer to Reserves</b>		
- Transfer towards Reserve for Bad & doubtful debts u/s 36(1)(vii)(d) of Income Tax Act, 1961	38,036,647	-
- Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	63,654,247	60,290,689
- Transfer to Special Reserve u/s 36(1)(viii) of I T Act, 1961	98,280,922	91,969,229
<b>Adjustment during the year</b>		
Add: Transfer from Special Reserve u/s 36(1)(viii) of I T Act, 1961 *	73,794	307,453
Closing Balance	631,502,488	513,129,277
<b>Closing Balance (a + b + c + d)</b>	<b>1,147,311,237</b>	<b>829,040,004</b>

\*Transferred during FY 2017-18 to match the deduction claimed as per Income tax return for Assessment Year 2017-18

**NOTE - Part A - 3**  
**SHORT TERM BORROWINGS**

(Amount in ₹)

Description	As at 31.03.2018	As at 31.03.2017
Unsecured		
Flexi Line of Credit from PFC Ltd.	2,684,102,427	2,526,938,318
<b>Total</b>	<b>2,684,102,427</b>	<b>2,526,938,318</b>

Notes: In terms of the RBI circular (Ref. No. DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016) no borrowings remained overdue as at 31.03.2018 (previous year ₹ Nil).

**NOTE - Part A - 4**  
**OTHER CURRENT LIABILITIES**

(Amount in ₹)

Description	As at 31.03.2018	As at 31.03.2017
Interest Accrued but not due on Loans	54,701,217	47,685,626
TDS Payable	8,500	84,108
GST Payable	18,000	-
Payable to Holding Company (PFC Ltd.)	1,172,336	1,084,027
Expenses Payable	91,800	100,750
Others Payable	2,719,486	2,484,541
<b>Total</b>	<b>58,711,339</b>	<b>51,439,052</b>

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

(Amount in ₹)

Description	As at 31.03.2018			As at 31.03.2017		
	Short Term	Long Term	Total	Short Term	Long Term	Total
<b>I. Employee Benefits</b>						
Bonus / Incentive	-	-	-	987,239	-	987,239
(Refer Note No. 13 of Part-C-Other Notes on Accounts)						
<b>II. Others</b>						
Income Tax (net)	-	-	-	1,964,770	-	1,964,770
Contingent Provision against Standard Assets (Refer Note No. 11 A (i) of Part -C-Other Notes on Accounts)	1,376,194	22,364,497	23,740,691	852,746	20,045,910	20,898,656
Contingent Provision against Restructured Standard Assets (Refer Note No. 11 A (ii) of Part-C-Other Notes on Accounts)	640,833	30,835,920	31,476,753	-	16,247,650	16,247,650
<b>Total</b>	<b>2,017,027</b>	<b>53,200,417</b>	<b>55,217,444</b>	<b>3,804,755</b>	<b>36,293,560</b>	<b>40,098,315</b>

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

(Amount in ₹)

Description	Gross Block				Depreciation				Net Block	
	Opening Balance as at 01.04.2017	Additions/ Adjustments	Deductions / Adjustments	Closing Balance as at 31.03.2018	Opening Balance as at 01.04.2017	For the period 01.04.2017 to 31.03.2018	Withdrawn / Written Back	Closing Balance as at 31.03.2018	As at 31.03.2018	As at 31.03.2017
<b>Tangible Assets:</b>										
EDP Equipments	285,490	-	150,000	135,490	271,215	-	142,500	128,715	6,775	14,275
Office & Other Equipments	117,990	-	-	117,990	108,031	3,935	-	111,966	6,024	9,959
Furniture and Fixtures	60,853	-	-	60,853	34,827	6,738	-	41,565	19,288	26,026
<b>Total</b>	<b>464,333</b>	<b>-</b>	<b>150,000</b>	<b>314,333</b>	<b>414,073</b>	<b>10,673</b>	<b>142,500</b>	<b>282,246</b>	<b>32,087</b>	<b>50,260</b>
<b>Previous Year</b>	<b>614,333</b>	<b>-</b>	<b>150,000</b>	<b>464,333</b>	<b>520,647</b>	<b>35,926</b>	<b>142,500</b>	<b>414,073</b>	<b>50,260</b>	<b>93,686</b>

(Refer Note No. 16 of Part-C-Other Notes on Accounts)

**NOTE - Part A - 7  
LOANS**

(Amount in ₹)

Description	As at 31.03.2018			As at 31.03.2017		
	Current Maturities (Twelve months)	Non-Current	Total	Current Maturities (Twelve months)	Non-Current	Total
<b>Long Term Loans</b>						
<b>I. Secured Loans</b>						
<b>a) Considered Good</b>						
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations, Central Public Sector Undertakings and State Governments	118,986,553	1,679,378,485	1,798,365,038	66,774,631	1,488,887,319	1,555,661,950
Rupee Term Loans (RTLs) to Independent Power Producers	237,878,834	4,528,463,943	4,766,342,777	176,867,191	4,563,468,411	4,740,335,602
<b>b) Others</b>						
Rupee Term Loans (RTLs) to Independent Power Producers - NPA	28,454,930	226,234,887	254,689,817	-	-	-
Less: Provision for contingencies	(2,845,493)	(22,623,489)	(25,468,982)	-	-	-
<b>Total</b>	<b>382,474,824</b>	<b>6,411,453,826</b>	<b>6,793,928,650</b>	<b>243,641,822</b>	<b>6,052,355,730</b>	<b>6,295,997,552</b>

(Refer Note No. 11 of Part - C - Other Notes on Accounts)

**NOTE - Part A - 8  
OTHER ASSETS**

(Amount in ₹)

Description	As at 31.03.2018			As at 31.03.2017		
	Current	Non-Current	Total	Current	Non-Current	Total
<b>A. Advances (Un-secured, Considered good)</b>						
Advances recoverable in cash or in kind or for value to be received or for value to be received						
a) Others	28,674	-	28,674	38,514	-	38,514
b) Amount recoverable from Income Tax Dept. (Income Tax Refund)	-	9,098,833	9,098,833	-	5,670,960	5,670,960
c) Advance Income Tax and Tax Deducted at Source (net)	-	1,397,902	1,397,902	-	-	-
<b>B. Other Assets</b>						
<b>I. Accrued but not due :</b>						
a) Interest on Loan Assets	140,823,240	-	140,823,240	134,662,105	-	134,662,105
<b>II. Accrued and due :</b>						
a) Incomes accrued & due on loans	-	-	-	10,619,655	-	10,619,655
<b>Total</b>	<b>140,851,914</b>	<b>10,496,735</b>	<b>151,348,649</b>	<b>145,320,274</b>	<b>5,670,960</b>	<b>150,991,234</b>

**NOTE - Part A - 9  
CASH AND BANK BALANCES**

(Amount in ₹)

Description	As at 31.03.2018	As at 31.03.2017
<b>I. Cash &amp; Cash Equivalents</b>		
- Balances in current accounts with Scheduled Banks	4,600	97,973
<b>Total</b>	<b>4,600</b>	<b>97,973</b>

**NOTE - Part A - 10  
REVENUE FROM OPERATIONS**

(Amount in ₹)

Description	Year ended 31.03.2018	Year ended 31.03.2017
<b>I. Interest</b>		
Interest on Loans	742,881,275	633,457,351
Less: Rebate for timely payment to Borrowers	4,100,470	3,233,782
<b>Sub Total (I)</b>	<b>738,780,805</b>	<b>630,223,569</b>
<b>II. Other Operating Income</b>		
Income from surplus funds	-	27,790
<b>Sub Total (II)</b>	<b>-</b>	<b>27,790</b>
<b>III. Other Financial Services</b>		
Upfront Fees on Loans	-	9,318,500
Management, Agency & Guarantee Fees	600,959	8,311,683
<b>Sub Total (III)</b>	<b>600,959</b>	<b>17,630,183</b>
<b>Total (I + II + III)</b>	<b>739,381,764</b>	<b>647,881,542</b>

**NOTE - Part A - 11  
OTHER INCOME**

(Amount in ₹)

Description	Year ended 31.03.2018	Year ended 31.03.2017
Miscellaneous Income	165	1,475
Excess Liabilities written back	106,361	9,380
<b>Total</b>	<b>106,526</b>	<b>10,855</b>

**NOTE - Part A - 12  
FINANCE COSTS**

(Amount in ₹)

Description	Year ended 31.03.2018	Year ended 31.03.2017
Interest on Loans	247,253,942	169,356,644
Bank / Other Charges	3,628	2,139
<b>Total</b>	<b>247,257,570</b>	<b>169,358,783</b>

**NOTE - Part A - 13  
EMPLOYEE BENEFITS EXPENSES**

(Amount in ₹)

Description	Year ended 31.03.2018	Year ended 31.03.2017
Salaries, Wages and Bonus	-	8,037,384
Contributions to Provident & other funds	-	986,519
Staff Welfare	-	1,225,672
Rent for Residential accommodation of employees (Refer Note No. 10 of Part - C - Other Notes on Accounts)	-	1,006,456
<b>Total</b>	-	<b>11,256,031</b>

**NOTE - Part A - 14  
OTHER EXPENSES**

(Amount in ₹)

Description	Year ended 31.03.2018	Year ended 31.03.2017
<b>Administrative Expenses</b>		
Electricity & Water Charges	-	144,350
Insurance	-	13,931
Repair & Maintenance	-	860,646
Printing & Stationery	110	192,899
Travelling & Conveyance	-	730,584
Postage, Telegraph & Telephone	-	64,936
Professional & Consultancy charges	191,060	277,380
Miscellaneous Expenses*	13,650	1,303,201
Loss on sale of Fixed Assets	2,220	4,236
Auditors' Remuneration*	84,875	85,425
Service Tax	15,139	227,512
Rates & Taxes	5,068	98,438
<b>Total</b>	<b>312,122</b>	<b>4,003,538</b>
<b>* Note :-</b>		
<b>1) Miscellaneous Expenses includes:</b>		
Membership & Subscription	10,050	20,100
Business Promotion / Related Expenses	-	62,318
Credit Rating Fees	-	15,075
Conference & Meeting Expenses	-	24,458
Security Expenses	-	80,846
Training Expenses	-	119,557
EDP Expenses	3,600	414,775
Interest on Income Tax	-	262
Ground Rent	-	133,908
Hindi Promotion Expenses	-	14,414
Manpower Expenses (on contract basis)	-	415,288
Others	-	2,200
<b>Total</b>	<b>13,650</b>	<b>1,303,201</b>
<b>2) Auditors' Remuneration includes:-</b>		
Audit Fees	60,000	60,300
Tax Audit Fees	24,875	25,125
<b>Total</b>	<b>84,875</b>	<b>85,425</b>

# PFC GREEN ENERGY LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

CIN U65923DL2011GOI216796

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

(Amount in ₹)

Description	Year ended 31.03.2018	Year ended 31.03.2017	
<b>I. Cash Flow from Operating Activities:</b>			
Net Profit before Tax and Extraordinary items	441,407,837	431,413,335	
<b>ADD: Adjustments for</b>			
Loss on Sale of Assets (net)	2,220	4,236	
Depreciation / Amortization	10,673	35,926	
Provision for Contingencies	43,540,120	26,439,784	
Excess Liabilities written back	(106,361)	(9,380)	
<b>Operating profit before working Capital Changes:</b>	<b>484,854,489</b>	<b>457,883,901</b>	
Increase / Decrease:			
Loans Assets (net)	(523,400,080)	(2,727,156,974)	
Other Assets	(3,611,383)	(62,773,847)	
Liabilities & Provisions	6,391,409	41,328,483	
<b>Cash flow before extraordinary items</b>	<b>(35,765,565)</b>	<b>(2,290,718,437)</b>	
Extraordinary items	-	-	
<b>Cash Inflow/Outflow from operations before Tax</b>	<b>(35,765,565)</b>	<b>(2,290,718,437)</b>	
Income Tax Paid	(126,149,067)	(124,616,417)	
Income Tax Refund	4,651,870	-	
<b>Net Cash flow from Operating Activities</b>	<b>(157,262,762)</b>	<b>(2,415,334,854)</b>	
<b>II. Cash Flow From Investing Activities :</b>			
Sale / adjustment of Fixed Assets	5,280	3,264	
<b>Net Cash flow from Investing Activities</b>	<b>5,280</b>	<b>3,264</b>	
<b>III. Cash Flow From Financial Activities :</b>			
Loan Against Fixed Deposits/Line of Credit (Net)	157,164,109	2,411,138,318	
<b>Net Cash flow from Financial Activities</b>	<b>157,164,109</b>	<b>2,411,138,318</b>	
<b>Net Increase / Decrease in Cash &amp; Cash Equivalents</b>	<b>(93,373)</b>	<b>(4,193,272)</b>	
<b>Add: Cash &amp; Cash Equivalents at the beginning of the financial year</b>	<b>97,973</b>	<b>4,291,245</b>	
<b>Cash &amp; Cash Equivalents at the end of the financial year</b>	<b>4,600</b>	<b>97,973</b>	
<b>Details of Cash &amp; Cash Equivalents at the end of the year :</b>			
i) Balance in current accounts with Scheduled Banks	4,600	97,973	
<b>Sub Total (I)</b>	<b>4,600</b>	<b>97,973</b>	

Description		Year ended 31.03.2018		Year ended 31.03.2017	
<b>Other Balances</b>					
i)	Fixed Deposits with Scheduled Banks		-		-
	(original maturity of more than 3 months but less than 12 months)				
	<b>Sub Total (II)</b>		-		-
	<b>Total Cash and Bank Balance at the end of the year (I+II)</b>		<b>4,600</b>		<b>97,973</b>

For and on Behalf of the Board of Directors

Signed in terms of our report of even date attached  
**For KBDS & Co.**  
Chartered Accountants  
Firm Regn. No. 323288E

Sd/-  
**(RACHNA SINGH)**  
Company Secretary

Sd/-  
**(ALOK SUD)**  
CFO

Sd/-  
**BHAWESH KUMAR GUPTA**  
Partner  
Membership No. 096587

Sd/-  
**(N. B. GUPTA)**  
Director  
DIN - 00530741

Sd/-  
**(RAJEEV SHARMA)**  
Chairman  
DIN - 00973413

Place: New Delhi  
Date: 17.05.2018

**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.
- 2.2 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.
- 2.3 Rebate on account of timely payment by borrowers is accounted for, on receipt of entire amount due on time.
- 2.4 Recoveries in borrower accounts are appropriated as per the loan agreements.
- 2.5 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 Addition 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 upto ₹5,000 are fully depreciated.

#### **4. EXPENDITURE INCURRED BY HOLDING COMPANY**

- 4.1 Expenditure incurred on behalf of the Company by the Holding Company is classified as Other Current Liability payable to / Loans & Advances recoverable from the Holding Company.
- 4.2 Expenses in respect of man days (employees) are allocated by Holding Company and administrative overheads are apportioned by Holding Company on estimated basis.

#### **5. PROVISION IN RESPECT OF NON-PERFORMING ASSETS, RESTRUCTURED ASSETS AND STANDARD ASSETS**

- 5.1 Non-Performing Assets are identified and categorized into Sub-standard, Doubtful and Loss assets based on Prudential Norms issued by RBI relating to Asset Classification. Provision in respect of Non-Performing Assets and Restructured Assets is made and maintained as per Prudential Norms issued by RBI relating to Provisioning Requirement. When a loan is identified as a Loss Asset, the outstanding balance is fully written off or fully provided for. The provision for Non-Performing Assets is deducted from loans and advances.
- 5.2 Provision in respect of Standard Assets is made and maintained as per Prudential Norms issued by RBI relating to Standard Asset Provisioning.

#### **6. EMPLOYEE BENEFITS**

The employees of the Company are from the Holding Company on secondment/deputation basis. Employee benefits include provident fund, pension, gratuity, post-retirement medical facilities, leave encashment, long service award, economic rehabilitation scheme and other terminal benefits. In terms of the arrangement with the Holding Company, the Company is to make a fixed percentage contribution of the aggregate of basic pay and dearness allowance in respect of these Employee Benefits for the period of service rendered in the Company. Accordingly, these employee benefits are treated as defined contribution schemes.

#### **7. OPERATING LEASE**

Assets acquired on lease where a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.

#### **8. INCOME TAX**

- 8.1 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.

- 8.2 Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the Special Reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. Accordingly, the Company does not create any deferred tax liability on the said reserve.

#### **9. CASH FLOW STATEMENT**

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.

#### **10. CASH AND CASH EQUIVALENT**

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. "PFC Green Energy Limited" (PFC GEL) a wholly owned subsidiary of Power Finance Corporation Limited, is engaged in extending finance and financial services to renewable and non-conventional sources of energy and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India.
2. The Board of PFC GEL and its Holding Company (i.e. PFC Limited) has in-principle approved the merger of PFC GEL with PFC Limited in their meetings held on 18<sup>th</sup> July 2016 and 09<sup>th</sup> August 2016 respectively. Further, PFC Limited in its board meeting held on 29<sup>th</sup> September 2017 has approved 'Scheme of arrangement for the amalgamation of PFC GEL with PFC'. RBI has also granted NOC to the scheme of merger vide letter dated 20<sup>th</sup> April 2018. The scheme is under progress and further subject to, inter-alia, sanction of the same by the Ministry of Corporate Affairs.

### 3. Contingent Liabilities and Commitments:

The details are as follows:

(Amount in ₹)

Sl. No.	Description	As at 31.03.2018	As at 31.03.2017
(i)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	Nil	Nil

- Foreign currency expenditure and earning during the FY ended 31.03.2018 is Nil (Previous year Nil).
- In accordance with Significant Accounting policy no. 6, an amount of Nil for the year (Previous year ₹20,72,678) towards provident fund, pension, gratuity, leave encashment, PRMS, and other terminal benefits are paid/payable to the Holding Company and included under employee benefits. Above amount includes Nil (Previous year ₹ 1,09,531, ₹ 5,42,835 and ₹ 3,71,252) for gratuity, leave encashment and PRMS respectively, as all the employees on secondment have been transferred back to Holding Company in view of the proposed merger between the Company and the Holding Company (refer Note Part C-2) and there are no employees in the Company during the year.
- The following common expenses have been provided in the books of account as apportioned/allocated by the Holding Company:

(Amount in ₹)

Description	Year ended 31.03.2018	Year ended 31.03.2017
Travelling & Conveyance	-	139,168
Electricity & Water Charges	-	138,350
Ground Rent	-	133,908
Rates & Taxes (House Tax & Levies)	-	91,251
Insurance	-	13,931
Postage, Telegraph & Telephone Expenses	-	28,856
Hindi Promotion Expenses	-	14,414
Repair & Maintenance	-	821,654
EDP Expenses	-	411,610
Printing & Stationery Expenses	-	125,202
Training Expenses	-	89,910
Security Expense	-	80,846
Legal & Professional Charges	1,17,045	-
<b>Total</b>	<b>1,17,045</b>	<b>20,89,100</b>

- Wherever any expenditure is incurred or payment is made by the Holding Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances, as applicable, are being taken care of by the Holding Company, on behalf of the Company.
- Related Party Disclosures as per disclosure requirement of Accounting Standard - 18:

#### (A) Key Management Personnel (KMP):

Description	Period
Shri Rajeev Sharma, Chairman	with effect from 01.10.2016
Shri R. Nagarajan, Director	with effect from 30.03.2011 till 31.05.2017
Shri D. Ravi, Director	with effect from 01.12.2015
Shri C. Gangopadhyay, Director	with effect from 25.01.2017
Shri N. B. Gupta, Director	with effect from 25.08.2017
Shri Dinesh Vjj, CEO	with effect from 18.05.2015
Shri Alok Sud, CFO	with effect from 18.05.2015
Smt. Rachna Singh, CS	with effect from 01.04.2014

#### (B) Transactions with KMP:

Managerial Remuneration of KMP for the year ended 31.03.2018 is Nil (Previous year ₹23,32,236). Loans & Advances given to KMP is Nil as on 31.03.2018 (Previous year Nil).

9. (A) Details of amount payable to Holding Company is given below:

(Amount in ₹)

Name of the Holding Company	As at 31.03.2018*	As at 31.03.2017*	Maximum during the year ended 31.03.2018	Maximum during the year ended 31.03.2017
Power Finance Corporation Limited	11,72,336	10,84,027	11,72,336	50,56,019

\* Amount does not include any loan.

(B) Borrowings from companies in which directors are interested are given below:

(Amount in ₹)

Name of the Company	As at 31.03.2018	As at 31.03.2017	Maximum during the year ended 31.03.2018	Maximum during the year ended 31.03.2017
Power Finance Corporation Limited	268,41,02,427	252,69,38,318	275,05,60,816	255,05,71,841

10. Operating Lease:

The Company's operating leases consist of:

Premises for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include Nil (Previous year ₹10,06,456) 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-13- Employee Benefit Expenses. Future lease payments in respect of these lease agreements are given below:

(Amount in ₹)

Future minimum lease rent payments	Year ended 31.03.2018	Year ended 31.03.2017
Not later than one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

11. Loan assets, Other assets and provision thereon:

(Amount in ₹)

S No	Asset Classification	As at 31.03.2018			As at 31.03.2017		
		Principal Outstanding	Provision for the year ended 31.03.2018	Accumulated Provision	Principal Outstanding	Provision for the year ended 31.03.2017	Accumulated Provision
<b>(A) Classification of Loan Assets and provision thereon</b>							
(i)	Standard Assets	593,51,72,757	28,42,035	2,37,40,691	597,10,44,556	1,01,92,134	2,08,98,656
(ii)	Restructured Standard Assets	62,95,35,058*	1,52,29,103	3,14,76,753	32,49,52,996	1,62,47,650	1,62,47,650
(iii)	Sub-standard Assets	25,46,89,817	2,54,68,982	2,54,68,982	-	-	-
(iv)	Doubtful Assets	-	-	-	-	-	-
(v)	Loss Assets	-	-	-	-	-	-
<b>(B) Other Assets and provision thereon</b>							
(i)	Other Assets	-	-	-	-	-	-
<b>Grand Total</b>		<b>681,93,97,632</b>	<b>4,35,40,120</b>	<b>8,06,86,426</b>	<b>629,59,97,552</b>	<b>2,64,39,784</b>	<b>3,71,46,306</b>

\* Nil in private sector and ₹62,95,35,058 in Govt. sector (Previous year Nil in private sector and ₹ 32,49,52,996 in Govt. sector).

## 12. Details of Restructured Accounts along-with provisions thereon are given below:

(Amount in ₹)

Sl. No.	Type of Restructuring	Under CDR / SME Debt Restructuring Mechanism				Others				Total				
		Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Total
Asset Classification Details		No. of borrowers	Amount outstanding	Provision Thereon	Total	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured accounts as on April, 01 2017	No. of borrowers				1	-	-	-	1	-	-	-	1
		Amount outstanding	32,49,52,996	Nil		32,49,52,996	-	-	-	32,49,52,996	-	-	-	32,49,52,996
		Provision Thereon	1,62,47,650			1,62,47,650	-	-	-	1,62,47,650	-	-	-	1,62,47,650
2	Categorized as restructured during the year	No. of borrowers				1	-	-	-	1	-	-	-	1
		Amount outstanding	3,92,03,608	Nil		3,92,03,608	-	-	-	3,92,03,608	-	-	-	3,92,03,608
		Provision Thereon	1,960,180			1,960,180	-	-	-	1,960,180	-	-	-	1,960,180
3	Up gradations to restructured standard category during the year	No. of borrowers				-	-	-	-	-	-	-	-	-
		Amount outstanding		Nil		-	-	-	-	-	-	-	-	-
		Provision Thereon				-	-	-	-	-	-	-	-	-
4	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 (including Prepayment of loan)	No. of borrowers				-	-	-	-	-	-	-	-	-
		Amount outstanding		Nil		-	-	-	-	-	-	-	-	-
		Provision Thereon				-	-	-	-	-	-	-	-	-
5	Down gradation of restructured accounts during the year	No. of borrowers				-	-	-	-	-	-	-	-	-
		Amount outstanding		Nil		-	-	-	-	-	-	-	-	-
		Provision Thereon				-	-	-	-	-	-	-	-	-
6	Write-offs restructured accounts during the year	No. of borrowers				-	-	-	-	-	-	-	-	-
		Amount outstanding		Nil		-	-	-	-	-	-	-	-	-
		Provision Thereon				-	-	-	-	-	-	-	-	-
7	Movement from restructureddoubtful todoubtful category during the year	No. of borrowers				-	-	-	-	-	-	-	-	-
		Amount outstanding		Nil		-	-	-	-	-	-	-	-	-
		Provision Thereon				-	-	-	-	-	-	-	-	-
8	Restructured accounts as on March 31, 2018	No. of borrowers				2	-	-	-	2	-	-	-	2
		Amount outstanding	62,95,35,058	Nil		62,95,35,058	-	-	-	62,95,35,058	-	-	-	62,95,35,058
		Provision Thereon	3,14,76,753			3,14,76,753	-	-	-	3,14,76,753	-	-	-	3,14,76,753

13. Disclosure of provision as required under Accounting Standard-29, {Figures in brackets ( ) are for previous year}, are given below:

(Amount in ₹)

Provision for	Opening Balance (1)	Addition during the year (2)	Used during the year (3)	Reversals (4)	Closing Balance 5 = (1+2-3-4)
Bonus/Incentives	9,87,239 (27,18,738)	Nil (11,11,469)	8,80,878 (28,42,968)	1,06,361 (Nil)	Nil (9,87,239)
Provision on loan assets etc. (1)	3,71,46,306 (1,07,06,522)	4,35,40,120 (2,64,39,784)	Nil (Nil)	Nil (Nil)	8,06,86,426 (3,71,46,306)
CSR	Nil (Nil)	69,59,968 (53,85,000)	69,59,968 (53,85,000)	Nil (Nil)	Nil (Nil)
Income Tax	12,73,24,340 (10,17,75,580)	12,92,49,670 (12,73,24,340)	12,73,24,340 (10,17,75,580)	Nil (Nil)	12,92,49,670 (12,73,24,340)

(1) As detailed at Note Part C-11.

14. (a) Details of gross amount required to be spent by the Company for CSR activities during the year

(Amount in ₹)

Particulars	FY 2017-18	FY 2016-17
Amount required to be spent on CSR activities as per Section 135 (5) of Companies Act, 2013	69,59,968	53,85,000
Carry forward from previous year	Nil	Nil
Gross amount required to be spent	69,59,968	53,85,000

(b) Amount spent during the year on CSR activities:

(Amount in ₹)

Sl. No.	Particulars	FY 2017-18			FY 2016-17		
		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	66,80,778	-	66,80,778	53,85,000	-	53,85,000
(iib)	Education / Vocational Skill Development						
(iic)	Environmental Sustainability (Solar Applications/Afforestation / Energy efficient LED Lighting)	2,79,190	-	2,79,190			
(iid)	Sports						
(iie)	Others						
(iif)	Administrative overheads including training, impact assessment etc. limited to 5% of total amount required to be spent on CSR						
	<b>Total (ii)</b>	<b>69,59,968</b>	<b>-</b>	<b>69,59,968</b>	<b>53,85,000</b>	<b>-</b>	<b>53,85,000</b>
	<b>Grand Total (i) and (ii)</b>	<b>69,59,968</b>	<b>-</b>	<b>69,59,968</b>	<b>53,85,000</b>	<b>-</b>	<b>53,85,000</b>

(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 Part C- 13.

15. During the year ended 31.03.2018, following modifications in accounting policies/estimates have been made:

Sl. No.	Particulars	No.	Modifications
1	Basis for Preparation of Financial Statements	1 (a)	Reworded to bring in more clarity
2	Use of Estimates	1 (b)	Reworded to bring in more clarity

There is no financial impact on account of above.

16. Depreciation on assets is provided over the useful lives of assets as mentioned below:

Sl. No.	Category of Assets	Useful Life in Years	Residual value as a % of original cost
1	EDP Equipment - End user devices i.e. laptops etc.	3	5%
2	Office and other Equipment (excluding cell phone)	5	5%

Sl. No.	Category of Assets	Useful Life in Years	Residual value as a % of original cost
2A	Cell Phone	2	5%
3	Furniture & Fixture	10	5%

All assets as mentioned above are depreciated using written down value method. 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.

17. The Company has no outstanding liability towards Micro, Small and Medium Enterprises.
18. During the year, the Company has sent letters seeking confirmation of balances as at 31.12.2017 to the borrowers. Confirmation from all the borrowers has been received.
19. Status of net deferred tax assets / liabilities as per Accounting Standard - 22 "Accounting for Taxes on Income" is given below:-

(Amount in ₹)

Sl. No.	Description	As at 31.03.2018	As at 31.03.2017
<b>A</b>	<b>Deferred Tax Assets</b>		
	Provision for expenses not deductible under Income Tax Act	-	3,41,664
	Depreciation	28,461	37,006
	<b>Total (A)</b>	<b>28,461</b>	<b>3,78,670</b>
<b>B</b>	<b>Deferred Tax Liability</b>		
	Depreciation	-	-
	<b>Total (B)</b>	<b>-</b>	<b>-</b>
	<b>Net Deferred Tax Assets / (Liability) (A-B)</b>	<b>28,461</b>	<b>3,78,670</b>

20. In compliance with Accounting Standard -20 on Earnings Per Share, the calculation of Earning per share (basic & diluted) is given below:

Description	Year ended 31.03.2018	Year ended 31.03.2017
Net Profit after tax attributable to equity shareholders used as numerator in computing basic EPS (₹)*	7,75,55,939	6,07,38,151
Net Profit after tax used as numerator in computing diluted EPS (₹)	31,82,71,233	30,14,53,445
Weighted average number of equity shares used as denominator in computing basic EPS	10,00,00,000	10,00,00,000
Weighted average number of equity shares (diluted) used as denominator in computing diluted EPS	30,00,00,000	30,00,00,000
Earning per share, face value ₹ 10/- each (basic) (₹)	0.78	0.61
Earning per share, face value ₹ 10/- each (diluted) (₹)	0.78	0.61

\* adjusted on account of 10% Fully Convertible Preference Shares of ₹ 200,00,00,000

21. Other key financial parameters:

Description	As at 31.03.2018	As at 31.03.2017
Debt Equity Ratio	0.65	0.66
Net worth (₹)	414,72,82,776	382,86,61,334

22. Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

Items	As at 31.03.2018	As at 31.03.2017
(i) Capital Fund - Tier I (₹)	410,92,46,129	382,86,61,334
- Tier II (₹)	9,32,54,091	3,71,46,306
(ii) Risk weighted assets along-with adjusted value of off balance sheet items (₹)	693,48,12,651	644,13,68,086
(iii) CRAR	60.60%	60.02%
(iv) CRAR - Tier I Capital	59.26%	59.44%
(v) CRAR - Tier II Capital	1.34%	0.58%
	<b>During the year ended 31.03.2018</b>	<b>During the year ended 31.03.2017</b>
(vi) Amount of subordinated debt raised as Tier - II capital (₹)	NIL	NIL
(vii) Amount raised by issue of Perpetual Debt Instruments (₹)	NIL	NIL

### 23. Additional Disclosures in accordance with RBI directions on Corporate Governance

**(A) Significant Accounting Policies**

Reference may be made to Note Part – B.

**(B) Capital**

Reference may be made to Note Part C-22 for CRAR.

**(C) Investments**

The Company does not have any investment as at 31.03.2018(Previous year Nil).

**(D) Derivatives**

The Company has not entered into any derivative transaction during the year ended 31.03.2018 (Previous year Nil) and also does not hold any outstanding derivatives as at 31.03.2018 (Previous year Nil).

**(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 31.03.2018 (Previous year Nil).

II. Company has not sold any financial assets to Securitization / Asset Reconstruction Company during the year ended 31.03.2018 (Previous year Nil).

III. Company has not undertaken any assignment transaction during the year ended 31.03.2018 (Previous year Nil).

IV. Company has neither purchased nor sold any non-performing financial assets during the year ended 31.03.2018 (Previous year Nil).

**(F) Asset Liability Management maturity pattern of certain items of Assets and Liabilities as at 31.03.2018.**

(Amount in ₹)

Description	Upto 1 month	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances(1)	90,451,807	-	-	92,912,528	201,955,982	925,032,165	1,020,669,207	4,488,375,943	<b>6,819,397,632</b>
Investments	-	-	-	-	-	-	-	-	-
Borrowings (2)	-	-	-	-	268,41,02,427	-	-	-	<b>268,41,02,427</b>
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

<sup>(1)</sup> Rupee Loan Assets

<sup>(2)</sup> Rupee Liabilities

**(G) Exposures**

**I. Exposure to real estate sector**

Company does not have any exposure to real estate sector as at 31.03.2018 (Previous year Nil)

**II. Exposure to Capital Market**

Company does not have any exposure to Capital Market as at 31.03.2018 (Previous year Nil).

**III. Details of financing of parent company products**

Company has not financed any parent company product during the year ended 31.03.2018 (Previous year Nil).

**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 2017-18 and FY 2016-17.

**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 31.03.2018 (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 31.03.2018, no penalty has been imposed on the Company by RBI and other regulators(Previous year Nil).

**(J) Ratings assigned by credit rating agencies and migration of ratings during the year.**

Sl. No.	Rating Agency	Rating
1.	SMERA	SMERA AAA [SMERA Issuer Rating triple A] with a 'Stable' Outlook

The rating is valid upto 09.05.2017.

No rating migration has taken place during the year.

**(K) Net Profit or Loss for the period, prior period items and changes in accounting policies**

During the year ended 31.03.2018, prior period item is Nil (Previous year Nil). Reference may be made to Note Part C-15 regarding changes in accounting policies.

**(L) Circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties**

Nil

**(M) Accounting Standard 21 -Consolidated Financial Statements (CFS)**

Not applicable, since the company does not have any subsidiary company as at 31.03.2018 and 31.03.2017.

**(N) Provisions and contingencies :**

Reference may be made to Note Part C-11for provisions and contingencies.

**(O) Draw Down from Reserves**

Reference may be made to Note Part A-2.

**(P) Concentration of Deposits, Advances, Exposures and NPAs**

i. Concentration of Deposits (for deposit taking NBFCs) - Company is a non-deposit accepting NBFC.

**ii. Concentration of Advances:**

Particulars	As at 31.03.2018	As at 31.03.2017
Total Advance to twenty largest borrowers (₹)	659,16,00,427	610,18,42,212
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	96.66%	96.92%

**iii. Concentration of Exposures:**

Particulars	As at 31.03.2018	As at 31.03.2017
Total Exposure to twenty largest borrowers/customers (₹)	743,41,00,000	752,00,00,000
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposures of the Company on borrowers/customers	96.39%	94.29%

**iv. Concentration of NPAs:**

Particulars	As at 31.03.2018	As at 31.03.2017
Total Outstanding to top four NPA accounts (₹)	25,46,89,817 (2 Borrowers)	NIL

**v. Sector wise NPAs:**

Company is a Government Company engaged in extending financial assistance to power sector. As at 31.03.2018, the percentage of Gross NPAs to total loan assets stands at 3.73% (Previous year NIL).

**(Q) Movement of NPAs in respect of Loan Assets**

(Amount in ₹)

Particulars		Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	3.37	-
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	-	-
(b)	Additions during the year	25,46,89,817	-
(c)	Reductions during the year	-	-
(d)	Closing balance	25,46,89,817	-

Particulars		Current Year	Previous Year
(iii)	Movement of Net NPAs		
(a)	Opening balance	-	-
(b)	Additions during the year	22,92,20,835	-
(c)	Reductions during the year	-	-
(d)	Closing balance	22,92,20,835	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	-	-
(b)	Provisions made during the year	2,54,68,982	-
(c)	Write-off / write-back of excess provisions	-	-
(d)	Closing balance	2,54,68,982	-

(R) Company does not have any Overseas Assets in the form of Joint Ventures and Subsidiaries (Previous year Nil).

(S) As at 31.03.2018, the Company does not have any off-balance sheet SPVs Exposure (Previous year Nil)

(T) **Customer Complaints for FY 2017-18:**

S 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

**24. Additional disclosure flowing from RBI schemes for dealing with stressed assets:**

**A. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2018**

(Amount in ₹)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	-	-	-	-
Classified as NPA	-	-	-	-

**B. Disclosures on Flexible Structuring of Existing Loans**

(Amount in ₹)

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous					
Financial Year	-	-	-	-	-
Current					
Financial Year	-	-	-	-	-

**C. Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)**

(Amount in ₹)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date 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
-	-	-	-	-	-	-

**D. Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)**

(Amount in ₹)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/ invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date 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
-	-	-	-	-	-	-	-	-

**E. Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)**

(Amount in ₹)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
-	-	-	-

25. The Company's primary business is to provide finance for renewable power sector which in the context of Accounting Standard 17 is considered the only primary business segment. Hence, no segmental reporting is required.

26. Figures have been rounded off to the nearest rupees unless otherwise stated.

27. Previous year's figures have been regrouped/reclassified wherever necessary to confirm to current period classification.

28. Notes from Part A to Part C form an integral part of Financial Statements.

**For and on Behalf of the Board of Directors**

Signed in terms of our report of even date attached

**For KBDS & Co.**  
Chartered Accountants  
Firm Regn. No. 323288E

Sd/-  
**(RACHNA SINGH)**  
Company Secretary

Sd/-  
**(ALOK SUD)**  
CFO

Sd/-  
**BHAWESH KUMAR GUPTA**  
Partner  
Membership No. 096587

Sd/-  
**(N. B. GUPTA)**  
Director  
DIN - 00530741

Sd/-  
**(RAJEEV SHARMA)**  
Chairman  
DIN - 00973413

Place: New Delhi  
Date: 17.05.2018



		Assets side :	Principal Amount outstanding
<b>Long Term investments :</b>			
	1	Quoted :	
		(i) Shares : (a) Equity	-
		(b) Preference	-
		(ii) Debentures and Bonds	-
		(iii) Units of mutual funds	-
		(iv) Government Securities	-
		(v) Others (please specify)	-
	2	Unquoted :	
		(i) Shares : (a) Equity	
		(b) Preference	-
		(ii) Debentures and Bonds	-
		(iii) Units of mutual funds	-
		(iv) Government Securities	-
		(v) Others (please specify)	-
	<b>Total</b>		<b>679,39,28,650</b> <b>(629,59,97,552)</b>

(Amount in ₹)

Borrower group-wise classification of assets financed as in (2) and (3) above					
(5)	Category		Amount net of provisions		
			Secured	Unsecured	Total
	1	Related Parties			
		(a) Subsidiaries	-	-	-
		(b) Companies in the same group	-	-	-
		(c) Other related parties	-	-	-
	2	Other than related parties	679,39,28,650 (629,59,97,552)	-	679,39,28,650 (629,59,97,552)
		<b>Total</b>	<b>679,39,28,650</b> <b>(629,59,97,552)</b>	-	<b>679,39,28,650</b> <b>(629,59,97,552)</b>

(Amount in ₹)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)				
		Category	Market Value / Break up or fair value or NAV	Book value (net of provisions)
	1	Related Parties		
		(a) Subsidiaries	-	-
		(b) Companies in the same group	-	-
		(c) Other related parties	-	-
	2	Other than related parties	-	-
		<b>Total</b>	-	-

(Amount in ₹)

<b>(7) Other Information</b>			
			<b>Particulars</b>
			<b>Amount</b>
(i)	Gross Non - Performing Assets		
	(a)	Related Parties	-
	(b)	Other than related parties	25,46,89,817 (NIL)
(ii)	Net Non - Performing Assets		
	(a)	Related Parties	-
	(b)	Other than related parties	22,92,20,835 (NIL)
(iii)	Assets acquired in satisfaction of debts		-

**For and on Behalf of the Board of Directors**

Signed in terms of our report of even date attached

**For KBDS & Co.**

Chartered Accountants  
Firm Regn. No. 323288E

Sd/-  
**(RACHNA SINGH)**  
Company Secretary

Sd/-  
**(ALOK SUD)**  
CFO

Sd/-  
**BHAWESH KUMAR GUPTA**  
Partner  
Membership No. 096587

Sd/-  
**(N. B. GUPTA)**  
Director  
DIN - 00530741

Sd/-  
**(RAJEEV SHARMA)**  
Chairman  
DIN - 00973413

Place: New Delhi  
Date: 17.05.2018

# The Rout Map for Talkatora Stadium, New Delhi-110004

