



**POWER FINANCE CORPORATION LTD.**

**COMMUNICATION ON PROGRESS  
2011-12**

## **Power Finance Corporation Ltd.:**

PFC was set up in July 1986 as a Financial Institution (FI) dedicated to Power Sector financing and committed to the integrated development of the power and associated sectors. The Corporation was notified as a Public Financial Institution in 1990 under Companies Act, 1956. The Corporation was registered as a Non Banking Financial Company by RBI and has been conferred with the status of Nav-Ratna PSU by Govt. of India on 22nd June, 2007.

PFC is providing large range of Financial Products and Services like Project Term Loan, Lease Financing, Direct Discounting of Bills, Short Term Loan, Consultancy Services etc. for various Power projects in Generation, Transmission, Distribution sector as well as for Renovation & Modernisation of existing power projects

### **Our Vision:**

To be the leading institution in financing for sustainable development of Indian power sector and its linkages with an eye on global operation.

### **Our Mission:**

To become a most preferred Financial Institution in power and financial sectors providing best products and services; promote efficient investments in Power Sector to enable availability of required quality power at minimum costs to consumers; reach out to global financial system for financing power development; act as a catalyst for reforming India's Power Sector; and build human asset and systems for Power sector for tomorrow.

## PFC's support in United Nation's Global Compact Programme

### Human Rights

- [Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights;
- [Principle 2](#): make sure that they are not complicit in human rights abuses.

#### **Assessment, Policy and Goals**

*PFC benchmarks its practices with the best practices being followed by other Corporates in the world. These policies protect the right of the employees and provide them with the freedom to nurture the spirit of each person in order to create harmony at workplace and society. The Corporation enjoys a cordial relationship with its employees. The Corporation also protects human rights of the people which may be affected by the projects funded by PFC.*

#### **Implementation**

*In the project appraisal guidelines, PFC has ensured for submission of Environment Impact Assessment Report (EIA) from power entities with details of plans for Project Affected People (PAP) and Rehabilitation and Resettlement for them. Based on the rehabilitation and resettlement plan, Environmental clearance is being provided to the power entity.*

*For the employees of the Corporation, Economic Rehabilitation Scheme is in place which provides monetary benefit and support to an employee in case of his Permanent Total Disablement, and to his family in case of his death, provided the Permanent Total Disablement / death, as the case may be, takes place while the employee is in service of the Corporation.*

#### **Measurement of outcomes**

*PFC appoints a Lender's engineer to ensure the validity of clearances till the project sanction terms is valid. This lender's engineer verifies the status of Rehabilitation and Resettlement plan and submits a report to the concerned Ministry.*

*We have Grievance redressal mechanism in place to provide an easily accessible machinery for settlement of grievances and to adopt measures in PFC as would ensure expeditious settlement of grievances of employees within the framework of the company's rules and procedures in force from time to time.*

## Labour

- [Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- [Principle 4](#): the elimination of all forms of forced and compulsory labour;
- [Principle 5](#): the effective abolition of child labour;
- [Principle 6](#): the elimination of discrimination in respect of employment and occupation.

### **Assessment, Policy and Goal**

*PFC adheres to various laws passed by the Government of India to protect the interest of the working class. The Corporation does not support or have any form of forced or compulsory labour.*

*Employees of the Corporation are free to form and join Unions or Associations. These bodies provide a platform for collective bargaining and protecting the rights of the employees. We also organize formal meetings with the organizations*

### **Implementation**

*As per the recruitment policy of the Corporation, the age of the person at the time of appointment shall not be less than 18 years.*

*The Corporation has uniform policies for all its employees. No discrimination is being made on the basis of sex, caste, religion, etc.*

### **Measurement of outcomes**

*As on 31st March 2012, 14.50% among the executives and 31.80% among the non-executives are female employees which come out to be 19.72% of the total workforce.*

<i>Muslim</i>	<i>Christian</i>	<i>Jain</i>	<i>Sikh</i>	<i>Hindu</i>
<i>10</i>	<i>10</i>	<i>9</i>	<i>13</i>	<i>337</i>

<i>Ex-servicemen</i>	<i>General</i>	<i>OBC</i>	<i>PWD</i>	<i>SC</i>	<i>ST</i>
<i>1</i>	<i>239</i>	<i>48</i>	<i>7</i>	<i>64</i>	<i>20</i>

## Environment

- [Principle 7](#): Businesses should support a precautionary approach to environmental challenges;
- [Principle 8](#): undertake initiatives to promote greater environmental responsibility;

- [Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

### **Assessment, Policy and Goals**

*As PFC is providing a large range of Financial Products and Services for various Power projects in Generation, Transmission, Distribution sector as well as for Renovation & Modernisation of existing power projects, it makes sure to provide financial assistance only to the projects which have received environment clearance from the State/Central Govt.*

### **Implementation**

*Till March 2012, PFC had cumulatively sanctioned 83 projects in solar, wind, biomass and small hydro sectors extending financial assistance of ₹ 3,098 crores for a total capacity of 1079 MW. During FY 2011-12, PFC has sanctioned 8 loans in solar & small hydro sector for capacity of 55 MW, extending financial assistance of ₹ 268 crores. During the same period, PFC made a disbursement of ₹ 299 crores.*

*PFC is having a Strategic Business Unit i.e. RE&CDM, for handling renewable energy portfolio for giving focused attention in the development of Renewable Energy sector such as Wind, Biomass, Small Hydro, Solar. Since formation of this SBU, PFC has supported a capacity of 315 MW of Renewable Energy projects extending financial assistance of ₹ 1409 crores to various clients ranging from State Govt. to IPPs. These projects are funded at a rate 0.25% lower than the interest rate for Conventional projects in order to encourage renewable energy projects.*

*Given the Global movement to reduce emission of green house gases and the increasing dependence on renewable sources of energy, PFC Green Energy Limited (PFC-GEL), a wholly owned subsidiary of Power Finance Corporation (PFC), has been incorporated on 30-Mar-2011 and obtained Commencement of Business on 30-July-2011 with a vision to evolve as a leading Financial Institution by mobilizing funds for the Renewable Energy Sector & provide impetus to Government's initiative in supporting capacity addition in Renewable Energy Sector.*

*PFCGEL has an authorized capital of ₹ 1200 crores and Paid up capital of ₹ 4.99 crores. The business operations of the Company will commence on receipt of NBFC registration certificate from RBI which is expected to be obtained shortly.*

### **CORPORATE SOCIAL RESPONSIBILITY**

*Company has also implemented Corporate Social Responsibility Policy w.e.f. FY 2010-11 which focuses on providing support for environmental up-gradation and energy conservation.*



*During the year, the Corporation has taken up following CSR initiatives.*

- Converting conventional street lighting to LED lighting at Mussoorie, Uttarakhand: The Corporation has sanctioned ₹ 1.21 Crore for LED Street Lighting at Mussoorie, Uttarakhand to promote energy efficient lighting in India. Energy Efficiency Services Limited (EESL) is the implementing agency for the project.
- Skill Development Programme for SC / ST/ OBC / Women & EWS of society: Under this project, our Corporation will help in training persons with professional skills and employment guarantee. The Corporation has sanctioned ₹ 1.26 Crore for the project. HARDICON Ltd is the implementing agency.





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- Construction of 15 Night shelters in Delhi: The Corporation will be providing assistance for construction of night shelters to cater to shelter-less pavement dwellers. The Corporation has sanctioned and disbursed ₹ 0.45 Crore to Delhi Urban Shelter Improvement Board for implementation.



- Installation of improved crematoria bed (150 Nos.): Improved crematoria save about 40% of firewood during cremation. On an average a human dead body requires about



400 kgs. of firewood for cremation whereas improved crematoria needs only about 250 kg of firewood. Saving of firewood ultimately results in less number of trees cut. The Corporation has sanctioned ₹ 0.45 Crore for this project to Forest Department, Government of Gujarat.

- Support to Adult Education Centers (AECs) under Saakshar Bharat Programme of Ministry of HRD. (264 Nos. in 8 States): The Corporation has sanctioned ₹ 6.6 Crore to State Literacy Mission Authority (SLMA) for development of model adult Education Center

The projects undertaken as CSR initiatives shall be monitored as per any of the following mechanisms:-

- i) Internally by the CSR Unit;
- ii) Deploying Teams specifically identified for the projects;
- iii) Deploying an external independent agency identified by the CSR Committee.

The Monitoring Report shall be submitted to the CSR Committee before release of payment as per conditions as laid down in the MoA.

The progress report of the activities undertaken shall be reported to the various stake holders on a regular basis as under:

- a) BoD on a Quarterly basis;
- b) Ministry of Power in the Quarterly Review Meetings;
- c) Annual Report.

The information on the activities undertaken by the Corporation on CSR shall also be regularly updated on the Corporation's website for public use.

## Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

### Assessment, Policy and Goals

The Corporation has introduced **Anti-Fraud Policy**. This policy applies to any fraud or suspected fraud in the Corporation, involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and / or any other parties with a business relationship with the Corporation. This policy helps in promotion of consistent



*legal and ethical organizational behavior by assigning responsibility for the development of controls, providing guidelines for reporting and conduct of investigations of suspected fraudulent behavior.*

### **Implementation**

*Under the policy, a Nodal Officer has been appointed for the purpose of co-ordination of preliminary investigation.*

*Any fraud that is detected or suspected must be reported immediately to the Nodal Officer who will further investigate it as per the laid down procedure.*

### **Measurement of outcomes**

*A transparent and independent investigation shall be made for ensuring consistent legal and ethical organizational behavior in the Organization.*

