

POWER FINANCE CORPORATION LIMITED, NEW DELHI.

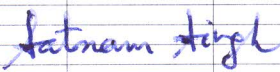
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31.12.2010

						(Rs. in Lac)
Sl. No.	PARTICULARS	QUARTER ENDED		NINE MONTHS ENDED		YEAR ENDED
		31-12-2010 (Audited)	31-12-2009 (Reviewed)	31-12-2010 (Audited)	31-12-2009 (Reviewed)	31-03-2010 (Audited)
1)	Income					
(a)	Income from Operations	257569.34	202768.69	751114.06	592215.30	800209.54
(b)	Other Operating Income	0.00	0.00	0.00	0.00	0.00
	Total Income	257569.34	202768.69	751114.06	592215.30	800209.54
2)	Expenditure					
(a)	Interest & other finance charges	162274.00	127141.25	470184.45	369968.45	505764.34
(b)	Exchange Gain (-) / Loss	2798.61	(2945.82)	4368.91	(7488.82)	(10384.28)
(c)	Employee Cost	1699.95	1343.29	4984.79	4027.79	7169.88
(d)	Depreciation / Amortization	124.10	102.65	365.80	292.01	381.07
(e)	Other Expenditure	1071.96	1070.72	1423.35	2401.12	3406.08
	Total Expenditure	167968.62	126712.09	481327.30	369200.55	506337.09
3)	Profit from Operations before Other Income and Exceptional Items (1-2)	89600.72	76056.60	269786.76	223014.75	293872.45
4)	Other Income	546.87	219.76	2600.09	4708.20	7475.08
5)	Profit before Exceptional Items (3+4)	90147.59	76276.36	272386.85	227722.95	301347.53
6)	Exceptional items	--	--	--	--	--
7)	Profit from Ordinary Activities before Tax (5+6)	90147.59	76276.36	272386.85	227722.95	301347.53
8)	Tax Expense	24262.70	19911.41	71182.41	52075.92	65623.02
(a)	Provision for IncomeTax	20427.03	20134.41	67766.66	52472.92	66476.02
(b)	Deferred Tax Liability / Deferred Tax Asset (-)	3835.67	(223.00)	3415.75	(397.00)	(853.00)
9)	Net Profit from Ordinary activities after tax (7-8)	65884.89	56364.95	201204.44	175647.03	235724.51
10)	Extraordinary items (Net of tax expense)	--	--	--	--	--
11)	Net Profit for the period (9-10)	65884.89	56364.95	201204.44	175647.03	235724.51
12)	Paid-up Equity Share Capital	114776.67	114776.67	114776.67	114776.67	114776.67
13)	Reserves excluding Revaluation reserves (As per balance Sheet as at 31.03.2010)	--	--	--	--	1211302.54
14)	Earnings Per Share (EPS) (in Rs.)					
(a)	Basic & Diluted EPS before Extraordinary items	5.74	4.91	17.53	15.30	20.54
(b)	Basic & Diluted EPS after Extraordinary items	5.74	4.91	17.53	15.30	20.54
15)	Public Shareholding :					
	Number of Shares	117316700	117316700	117316700	117316700	117316700
	Percentage of Shareholding	10.22%	10.22%	10.22%	10.22%	10.22%
16)	Promoters Shareholding					
(a)	Pledged / Encumbered					
	Number of Shares	--	--	--	--	--
	Percentage of Shares (as a % of the total shareholding of Promoter)	--	--	--	--	--
	Percentage of Shares (as a % of Total Share capital)	--	--	--	--	--
(b)	Non - Encumbered					
	Number of Shares	1030450000	1030450000	1030450000	1030450000	1030450000
	Percentage of Shares (as a % of the total shareholding of Promoter)	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of Shares (as a % of Total Share capital)	89.78%	89.78%	89.78%	89.78%	89.78%



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Notes :-																															
1	The Company's main business is to provide finance for power sector. As such, there are no other separate reportable segments as per the Accounting Standard 17 - 'Segment Reporting', issued by the Institute of Chartered Accountants of India.																														
2	In respect of the Audited Accounts for the year ended 31.03.2010, the Statutory Auditors had reported that : (i) Power Finance Corporation Limited (The Company) pursuant to the opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) provided "Deferred Tax Liability" (DTL) on special reserve created under section 36(1) (viii) of the Income Tax Act, 1961 in the year 2004-05, by charging Profit & Loss Account with Rs.14287.08 lac and debiting the Free Reserves by Rs 74514.04 lac (for creating DTL for the years 1997-98 to 2003-04). Since, then the Company continued to provide DTL till the end of March, 2008 by charging Profit & Loss Account. The total amount towards DTL upto 31st March, 2008 comes to Rs.122837.86 lac. The Company during the year 2008-09 reversed the DTL provided in earlier years amounting to Rs. 122837.86 lac and also did not provide DTL amounting to Rs. 29120.78 lac (including Rs. 13327.50 lac for the year 2008-09) in the current year, contrary to, opinions expressed by the EAC of the ICAI on two occasions dated 23.11.2004 and 18.05.2006, clarification furnished in July,2009 by the ICAI on the request of the Comptroller and Auditor General of India and mandatory provisions of Accounting Standard-22. In view of the facts and circumstances placed before us, the profits and Free Reserves of the company are overstated by Rs 77444.60 lac and Rs 74514.04 lac (previous year Rs. 61651.32 lac and Rs. 74514.04 lac) , respectively and DTL has been understated by Rs. 151958.64 lac (previous year Rs. 136165.36 lac). Further, the amount of capital considered in the calculation of Capital Risk Adjusted Ratio (CRAR) is overstated to the above extent. (ii) As regards the liability of Rs.66348.70 lac (previous year Rs.90893.85 lac) shown as "Interest Subsidy Fund from GOI" in the Balance Sheet, received under Accelerated Generation and Supply Program (AG&SP) Scheme from the Ministry of Power, Government of India, the Company has estimated the net excess amount of Rs.16625.13 lac (previous year Rs.28314.00 lac) and Rs. 20996.63 lac (previous year Rs.4427.00 lac) as at 31st March 2010, for IX and X plan respectively. This net excess amount is worked out on overall basis and not on individual basis and may vary due to change in assumptions, if any, during the projected period such as changes in moratorium period, repayment period, loan restructuring, pre payment, interest rate reset, etc. Hence, the impact of this excess, if any could not be determined. As such we are not in a position to express our opinion thereon. Management replies : (i) On representation made by the Company (after receipt of Opinions of the EAC of ICAI) regarding the creation of DTL on Special Reserve created and maintained under section 36(1) (viii) of the Income Tax Act, 1961, the Company received a clarification from the Accounting Standard Board of the Institute of the Chartered Accountants of India vide letter dtd. 02.06.2009. In accordance to the above, from the financial year 2008-09, the Company stopped creating DTL on special Reserve and also reversed the DTL on special Reserve created in earlier years. Further, the Comptroller and Auditor General of India vide letter No. CA-IV/80/2010 dated 09.08.2010 had viewed that the non-provision of DTL on special reserve was acceptable, in case the company demonstrated by passing a resolution that it had no intention to withdraw the special reserve. The Company had passed a Board resolution that it had no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax act, 1961. Hence, there is no violation of the Accounting Standard 22 or overstatement of profits and free reserves, understatement of Deferred Tax Liability and overstatement of Capital Risk Adequacy Ratio (CRAR). (ii) The actual / exact excess amounts (due to difference between the indicative rate, period and assumptions considered at the time of drawal and at the time of actual disbursement) can be ascertained only after the end of the respective schemes and there is no shortfall. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off at the completion of the respective scheme.																														
3	The Loan Asset of one project, which is under implementation and having an outstanding balance of Rs. 70000.00 lac has been treated as 'Standard Asset' in terms of RBI letter dated 11.11.2008 (regarding acceptance of revised date of commencement of commercial operations as March 31, 2009) read with RBI Master Circular dated 01.07.2009 (on Prudential norms on Income recognition and asset classification, especially applicable on this project). Income on this asset has been recognized on receipt basis as per the accounting policy of the Company. Accordingly, Rs.10387.85 lac receivable towards Zero Coupon Bonds (under implementation of financial realignment plan-FRP as approved by the Board of Directors) repayment for which will commence from 15.01.2012 in eighty equal quarterly installments and Rs. 109.06 lac being the guarantee fee due as on 31.12.2010 has not been recognized.																														
4	Accounting policy of Nodal Agency etc., which was in place up to 31.12.2009, was subsequently held in abeyance pending finalisation / revision of norms of payment by the Ministry of Power, Govt. of India. The same has been finalized / revised during the current period, and an amount of Rs. 1595.52 lac and Rs. 8141.56 lac in the quarter and nine months ended 31.12.2010, respectively has been accounted for, against Rs. 612.58 lac and Rs. 2640.53 lac in the corresponding periods of the previous year. Further, actual expenses incurred for operationalizing the R-APDRP programme (including those of earlier years and up to 31.12.2010) amounting to Rs. 427.30 lac and Rs. 2751.78 lac for the quarter and nine months ended 31.12.2010 respectively have been accounted for as reimbursed / reimbursable from the Ministry of Power, Govt. of India, against Rs. Nil amount in the corresponding periods of the previous year.																														
5	The Board of Directors in their meetings held on 17.01.2011 approved a 35% interim dividend i.e. Rs. 3.50 per Equity Share of Rs. 10 each amounting to Rs. 40171.18 lac for the FY 2010-11.																														
6	<table><tr><td colspan="6">Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 31.12.2010 are as follows :</td></tr><tr><td>Pending at the beginning of the quarter</td><td>Nil</td><td></td><td></td><td></td><td></td></tr><tr><td>Received during the quarter</td><td>42</td><td></td><td></td><td></td><td></td></tr><tr><td>Disposed off during the quarter</td><td>42</td><td></td><td></td><td></td><td></td></tr><tr><td>Lying unresolved at the end of the quarter</td><td>Nil</td><td></td><td></td><td></td><td></td></tr></table>	Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 31.12.2010 are as follows :						Pending at the beginning of the quarter	Nil					Received during the quarter	42					Disposed off during the quarter	42					Lying unresolved at the end of the quarter	Nil				
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7	Figures for the previous year have been regrouped / rearranged wherever necessary, in order to make them comparable.																														
8	The above financial results were reviewed and recommended by the Audit Committee of Directors and approved by the Board of Directors in their respective meetings held on 17.01.2011 . The same have been audited by the Statutory Auditors of the Company.																														
Place : New Delhi Date : 17.01.2011   (SATNAM SINGH) CHAIRMAN AND MANAGING DIRECTOR																															

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Auditor's Report on Quarterly Financial Results and Year to Date Results of Power Finance Corporation Ltd. Pursuant to the Clause 41 of the Listing Agreement

To,
The Board of Directors of Power Finance Corporation Ltd.

We have audited the quarterly financial results of Power Finance Corporation Ltd. for the Quarter ended 31.12.2010 and year to date results for the period 1st April, 2010 to 31st December, 2010, attached herewith, being submitted by the company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India.

We conducted our audit in accordance with auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year to date results:

- (i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for Quarter ended 31.12.2010 and year to date results for the period from 1st April, 2010 to 31st December, 2010.

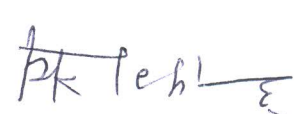
Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.

For Raj Har Gopal & Co.
Chartered Accountants
Firm's Regn. No. : 002074N


G.K.Gupta
Partner
Membership No.: 081085

Place of signature: New Delhi
Date: 17.01.2011

For Mehra Goel & Co.
Chartered Accountants
Firm's Regn. No. : 0517N


R.K.Mehra
Partner
Membership No.: 6102