

POWER FINANCE CORPORATION LIMITED, NEW DELHI.

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2011

				(Rs. in Lac)	
Sl. No.	PARTICULARS	YEAR ENDED (STANDALONE BASIS)		YEAR ENDED (CONSOLIDATED BASIS)	
		31-03-2011	31-03-2010	31-03-2011	31-03-2010
		(Audited)	(Audited)	(Audited)	(Audited)
1)	Income				
(a)	Income from Operations	1012848.86	800209.54	1017495.00	804319.90
(b)	Other Operating Income	0.00	0.00	0.00	0.00
	Total Income	1012848.86	800209.54	1017495.00	804319.90
2)	Expenditure				
(a)	Interest & other finance charges	649237.59	505764.34	649494.36	506078.59
(b)	Exchange Gain (-) / Loss	2637.64	(10384.28)	2637.64	(10384.28)
(c)	Employee Cost	6709.06	7169.88	7297.00	7772.56
(d)	Depreciation / Amortization	505.05	381.07	508.00	382.79
(e)	Other Expenditure	2553.08	3406.08	2914.00	3730.40
	Total Expenditure	661642.42	506337.09	662851.00	507580.06
3)	Profit from Operations before Other Income and Exceptional Items (1-2)	351206.44	293872.45	354644.00	296739.84
4)	Other Income	3206.92	7475.08	3915.00	7850.39
5)	Profit before Exceptional Items (3+4)	354413.36	301347.53	358559.00	304590.23
6)	Exceptional items	--	--	--	--
7)	Profit from Ordinary Activities before Tax (5+6)	354413.36	301347.53	358559.00	304590.23
8)	Tax Expense	92455.84	65623.02	93847.00	66760.15
(a)	Provision for IncomeTax	88853.77	66476.02	90249.00	67614.52
(b)	Deferred Tax Liability / Deferred Tax Asset (-)	3602.07	(853.00)	3598.00	(854.37)
9)	Net Profit from Ordinary activities after tax (7-8)	261957.52	235724.51	264712.00	237830.08
10)	Extraordinary items (Net of tax expense)	--	--		--
11)	Net Profit for the period (9-10)	261957.52	235724.51	264712.00	237830.08
12)	Paid-up Equity Share Capital	114777.00	114777.00	114777.00	114777.00
13)	Reserves excluding Revaluation reserves (As per audited balance Sheet)	1403471.64	1211302.00	1409304.00	1214380.00
14)	Earnings Per Share (EPS) (in Rs.)				
(a)	Basic & Diluted EPS before Extraordinary items	22.82	20.54	23.06	20.72
(b)	Basic & Diluted EPS after Extraordinary items	22.82	20.54	23.06	20.72
15)	Public Shareholding :				
	Number of Shares	117316700	117316700	117316700	117316700
	Percentage of Shareholding	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 of the Company)	--	--		--
(b)	Non - Encumbered				
	Number of Shares	1030450000	1030450000	1030450000	1030450000
	Percentage of Shares (as a % of the total shareholding of Promoter)	100.00%	100.00%	100.00%	100.00%
	Percentage of Shares (as a % of Total Share capital of the Company)	89.78%	89.78%	89.78%	89.78%

Statement of Assets and Liabilities

Sl. No.	PARTICULARS	STANALONE BASIS		CONSOLIDATED BASIS	
		As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
		Audited	Audited	Audited	Audited
	SOURCES OF FUNDS				
(a)	Share Capital	114777.00	114777.00	114777.00	114777.00
(b)	Reserves & Surplus	1403472.00	1211302.00	1409304.00	1214380.00
(c)	Loan Funds	8559857.00	6710841.00	8559857.00	6710841.00
(d)	Interest Subsidy Fund from GOI	45187.00	66349.00	45187.00	66349.00
(e)	Deferred Tax Liability (Net of Asset)	8297.00	4695.00	8290.00	4693.00
	Total	10131590.00	8107964.00	10137415.00	8111040.00



	APPLICATION OF FUNDS				
(a)	Fixed Assets	7671.00	7450.00	7686.00	7456.00
(b)	Investments	5388.00	3143.00	2663.00	3002.00
(c)	Loans	9957074.00	7985576.00	9957074.00	7985576.00
(d)	Current Assets, Loans & Advances				
	Cash & Bank Balances	235026.00	139430.00	244419.00	146039.00
	Other Current Assets	194187.00	159276.00	194364.00	159914.00
	Loans & Advances	64058.00	49112.00	66318.00	50486.00
(e)	Less : Current Liabilities & Provisions				
	Current Liabilites	302147.00	212452.00	304047.00	216723.00
	Provisions	29687.00	23571.00	31082.00	24710.00
(f)	Net Current Assets	161437.00	111795.00	169972.00	115006.00
(g)	Miscellaneous Expenditure (To the extent not written-off or adjusted)				
	Miscellaneous Expenses	20.00	0.00	20.00	0.00
	Total	10131590.00	8107964.00	10137415.00	8111040.00

Notes :-

1	The Subsidiary, Joint venture and the Associate Companies (all incorporated in India) considered in the consolidated financial results are given hereunder. The financial statements of these companies are audited.				
	Name of the Company	Relationship	% of Ownership		
	PFC Consulting Ltd.	Subsidiary Company	100 %		
	National Power Exchange Ltd.	Joint Venture Entity	16.66%		
	Energy Efficiency Services Ltd.	Joint Venture Entity	25 %		
	Power Equity Capital Advisors Pvt. Ltd.	Associate Company	30%		
2	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.				
3	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.				
4	The Loan Asset of one project, which is under implementation and having an outstanding balance of Rs. 700.00.00 lac has been treated as Standard Asset in terms of RBI letter dated 21.01.2011, read with RBI circular No. DBOD.No.BP.BC.85 /21.04.2048 /2009-10 dated 31.03.2010. A provision of Rs. 280 lac @ 0.40% on the outstanding amount Rs. 700.00.00 lac has been recognised in accordance with the above circular. 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. 4607.52 lac being interest and guarantee fee due up to 31.03.2011 has not been recognized				



