



पावर फाइनेंस कॉर्पोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.

(भारत सरकार का उपक्रम)

(A Govt. of India Undertaking)

Fax No.: 022 26598237/38, 022 66418125/26/24

No:1:05:138:II:CS

Dated: 19th April, 2011

National Stock Exchange of India Limited,
Listing Department,
Exchange Plaza,
Bandra – Kurla Complex,
Bandra (E)
MUMBAI – 400 051.

Kind Attn. : Mr. K. Hari, (Asstt. Vice President)

SUB: Un-audited Financial Results for the Quarter and year ended 31st March, 2011 along with the Limited Review Report

Dear Sir,

The Board of Directors of Power Finance Corporation Ltd. in its meeting held on 19th April, 2011 have considered and approved the Un-audited Financial Results for the quarter and year ended 31st March, 2011.

Please find enclosed herewith the Un-audited Financial Results for the Quarter and year ended 31st March, 2011 along with the Limited Review Report by M/s Raj Har Gopal & Co., Chartered Accountants and M/s Mehra Goel & Co., Chartered Accountants, joint statutory auditors of the Company.

Thanking you,

Yours faithfully,


(J. S. AMITABH)
Company Secretary

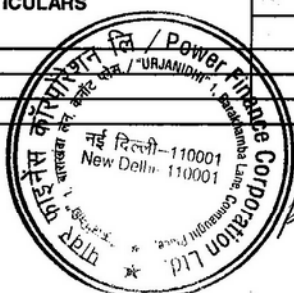
POWER FINANCE CORPORATION LIMITED, NEW DELHI.

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2011

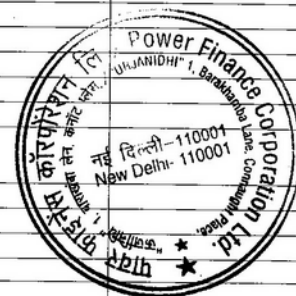
Sl. No.	PARTICULARS	QUARTER ENDED		YEAR ENDED	
		31-03-2011	31-03-2010	31-03-2011	31-03-2010
		(Un-audited)	(Unaudited)	(Un-audited)	(Audited)
				(Rs. in Lac)	
1)	Income				
(a)	Income from Operations	261734.80	207994.24	1012848.86	800209.54
(b)	Other Operating Income	0.00	0.00	0.00	0.00
	Total Income	261734.80	207994.24	1012848.86	800209.54
2)	Expenditure				
(a)	Interest & other finance charges	179062.75	135795.89	649247.20	505764.34
(b)	Exchange Gain (-) / Loss	(1731.27)	(2895.46)	2637.64	(10384.28)
(c)	Employee Cost	1777.06	3142.09	6761.85	7169.88
(d)	Depreciation / Amortization	139.25	89.06	505.05	381.07
(e)	Other Expenditure	1152.06	1004.96	2575.41	3406.08
	Total Expenditure	180399.85	137136.54	661727.15	506337.09
3)	Profit from Operations before Other Income and Exceptional Items (1-2)	81334.95	70857.70	351121.71	293872.45
4)	Other Income	606.83	2766.88	3206.92	7475.08
5)	Profit before Exceptional Items (3+4)	81941.78	73624.58	354328.63	301347.53
6)	Exceptional items	--	--	--	--
7)	Profit from Ordinary Activities before Tax (5+6)	81941.78	73624.58	354328.63	301347.53
8)	Tax Expense	21266.80	13547.10	92449.21	65623.02
(a)	Provision for Income Tax	21081.72	14003.10	88848.38	66476.02
(b)	Deferred Tax Liability / Deferred Tax Asset (-)	185.08	(456.00)	3600.83	(853.00)
9)	Net Profit from Ordinary activities after tax (7-8)	60674.98	60077.48	261879.42	235724.51
10)	Extraordinary Items (Net of tax expense)	--	--	--	--
11)	Net Profit for the period (9-10)	60674.98	60077.48	261879.42	235724.51
12)	Paid-up Equity Share Capital	114776.67	114776.67	114776.67	114776.67
13)	Reserves excluding Revaluation reserves (As per balance Sheet as at 31.03.2010)	--	--	1426404.39	1211302.54
14)	Earnings Per Share (EPS) (in Rs.)				
(a)	Basic & Diluted EPS before Extraordinary items	5.29	5.23	22.82	20.54
(b)	Basic & Diluted EPS after Extraordinary items	5.29	5.23	22.82	20.54
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)	--	--	--	--
(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)	89.78%	89.78%	89.78%	89.78%

Statement of Assets and Liabilities

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(b)	Share Application Money	0.00	0.00
(c)	Reserves & Surplus	1426404.39	1211302.54
(d)	Loan Funds	8559856.93	6710841.06
(e)	Interest Subsidy Fund from GOI	45186.66	66348.70
(f)	Deferred Tax Liability (Net of Asset)	8295.30	4694.46
	Total	10154519.95	8107963.43
APPLICATION OF FUNDS			
(a)	Fixed Assets	7671.30	7449.81
(b)	Investments	5387.75	3143.31
(c)	Loans	9957073.47	7985575.65
(d)	Current Assets, Loans & Advances		
	Cash & Bank Balances	235025.52	139429.82
	Other Current Assets	194186.71	159275.54
	Loans & Advances	282225.13	182841.36
(e)	Less : Current Liabilities & Provisions		
	Current Liabilities	302185.57	212452.49
	Provisions	224884.68	157299.57
(f)	Net Current Assets	184367.11	111794.66
(g)	Miscellaneous Expenditure (To the extent not written-off or adjusted)		
	Miscellaneous Expenses	20.32	0.00
	Total	10154519.95	8107963.43



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. 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. 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



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. 820.17 lac and Rs. 8961.73 lac in the quarter and year ended 31.03.2011, respectively has been accounted for, against Rs. nil 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 31.03.2011) amounting to Rs. 1164.94 lac and Rs. 3919.77 lac for the quarter and year ended 31.03.2011 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 company enters into derivative contracts for mitigating exchange rate risk in foreign currency liabilities and interest rate risk in foreign currency and rupee liabilities. Paragraphs 36 and 39 of the AS 11 states that in respect of forward exchange contracts not intended for trading or speculative purpose, the forward premium / discount be amortised over the life of such contracts and the forward exchange contracts intended for trading or speculative purpose be marked to market. The derivatives entered into by the company are in the nature of hedging and not in the nature of speculative or trading. The derivatives in the nature of forwards are dealt with in accordance with AS 11. The other derivatives are not marked to market. The Institute of Chartered Accountants of India (ICAI) has issued an announcement dated 29th March, 2008 regarding Accounting for Derivatives which gives companies an option to either account for losses, if any, on derivatives based on mark to market valuation or adopt the principles enunciated in Accounting Standard (AS) 30 on 'Financial Instruments: Recognition and Measurements'. The company has not adopted AS 30, nor accounted for mark to market losses for other derivatives outstanding as at 31st March 2011, because ICAI vide announcement dated 11th February 2011, has stated, inter-alia, that AS - 30 is not presently mandatory and that it is not expected to continue in its present form and hence the announcement prior to the date of 11th February, 2011 in the management's view does not hold good.			
6	The employee cost for the current quarter / current year has reduced as compared to the corresponding periods of the previous year as the previous periods include actuarial provision for more than relevant period (due to wage revision effective from 01/01/2007), employee base line compensation for more than relevant period and adjustment on account of reimbursements of expenditure by MoP, Govt. of India as explained in point number 4 above. Similarly, the other expenses for the current quarter / year have been impacted on account of reimbursements of expenditure by MoP, Govt. of India as explained in point number 4 above.			
7	Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 31.03.2011 are as follows :			
	Pending at the beginning of the quarter	Nil		
	Received during the quarter	56		
	Disposed off during the quarter	56		
	Lying unresolved at the end of the quarter	Nil		
8	Figures for the previous year have been regrouped / rearranged wherever necessary, in order to make them comparable.			
9	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 19.04.2011 . The same have been reviewed by the Statutory Auditors of the Company.			



RAJ HAR GOPAL & CO
CHARTERED ACCOUNTANTS
412, ANSAL BHAVAN, 16 K.G. MARG
New DELHI 110 001
Ph. No.: 91 11 41520698,41520699
e-mail: rajhargopal@hotmail.com

MEHRA GOEL & Co.
CHARTERED ACCOUNTANTS
505, CHIRANJIV TOWER, NEHRU PLACE
NEW DELHI 110 023
Ph. No.: 91 11 26217981,26419527
e-mail: mg@mehragoelco.com

LIMITED REVIEW REPORT

To
The Board of Directors,
Power Finance Corporation Ltd.
Urjanidhi, 1, Barakhamba Lane,
New Delhi-110 001

We have reviewed the accompanying statement of unaudited financial results of Power Finance Corporation Ltd. for the period ended 31st March, 2011 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. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Attention is drawn to the note no. 5 regarding Accounting for Derivatives.

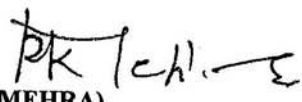
Based on our review conducted and attention drawn as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regd. No.: 002074N


(G.K. GUPTA)
Partner
M. No. 081085



For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No.: 0517N


(R.K. MEHRA)
Partner
M. No. 6102

Place: New Delhi
Date:19.04.2011