



We Create Possibility of a Better Tomorrow....

July 2011

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
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| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

Power Finance Corporation Limited

A Navratna PSU

Performance Highlights

(Standalone & Un-Audited)

**Quarter Ended
30th June 2011**

Highlights – Q1 FY 12 vs. Q1 FY 11



- **Net Profit increased by 5% from ₹ 652 crore to ₹ 686 crore**
- **Comparable PAT increased by 14 % from ₹ 626 crore to ₹ 716 crore**
- **Total Income increased by 21 % from ₹ 2,418 crore to ₹ 2,924 crore**
- **Net Interest Income increased by 15 % from ₹ 858 crore to ₹ 990 crore**

Highlights – Q1 FY 12 vs. Q1 FY 11



■ **Sanctions increased by 17 % from ₹ 14,428 crore to ₹ 16,941 crore**

■ **Loan Assets increased by 22 % from ₹ 85,597 crore to ₹ 1,04,050 crore**

■ **Networth increased by 40 % from ₹ 13,035 crore to ₹ 18,256 crore**

Comparable Profit



(Y/E – March, ₹ Crores)

| Comparable Profit | Q1 FY 2012 | Q1 FY 2011 | % change | FY 2011 | FY 2010 | % change |
|---|------------|------------|------------|--------------|--------------|------------|
| Reported PAT | 686 | 652 | 5% | 2,620 | 2,357 | 11% |
| Adjustments (post-tax): | | | | | | |
| Prior period Income Tax incl. interest thereon | (14) | (26) | | (29) | (176) | |
| Nodal Agency Fees - R-APDRP | (12) | (49) | | (83) | 13 | |
| Translation / Actual Exchange Gain(-) / Loss(+) | 56 | 48 | | 14 | (79) | |
| Comparable PAT | 716 | 626 | 14% | 2,522 | 2,115 | 19% |

Profit & Loss Account



(Y/E – March, ₹ Crores)

| Income Statement# | Q1 FY 2012 | Q1FY 2011 | FY 2011 | FY 2010 |
|--|------------|-----------|---------|---------|
| Interest Income | 2,848 | 2,312 | 9,835 | 7,845 |
| Interest Expense | (1,858) | (1,454) | (6,312) | (4,937) |
| Net Interest Income | 990 | 858 | 3,523 | 2,908 |
| Other Income* | 35 | 65 | 142 | 91 |
| Operating Costs | (27) | (1) | (98) | (110) |
| Provisions | (7) | - | (32) | 2 |
| Profit Before Tax & Extra-ordinary Items | 991 | 921 | 3,536 | 2,891 |
| Extra-ordinary Items^ | (75) | (62) | 8 | 122 |
| Tax Provisions | (232) | (210) | (889) | (665) |
| Provision for DTL | 2 | 3 | (36) | 9 |
| Profit after Tax | 686 | 652 | 2,620 | 2,357 |

*Other Income includes UMPP fee income, lease income and other income given in P&L account

^ Extraordinary Items includes translation/actual gains/losses, prior period adjustments etc.

#All items of Income Statement have been regrouped for analysis

Return on Average Assets



| Dupont Analysis | Q1 FY 2012 | Q1 FY 2011 | FY 2010-11 | FY 2009-10 |
|--|------------|------------|------------|------------|
| Net Interest Income | 0.92% | 0.98% | 3.75% | 3.80% |
| Other Income | 0.03% | 0.07% | 0.15% | 0.12% |
| Operating Expenses | -0.03% | -0.002% | -0.10% | -0.14% |
| Operating Profit | 0.93% | 1.05% | 3.79% | 3.78% |
| Provisions | -0.01% | 0.000% | -0.03% | 0.003% |
| Profit Before Tax & Extra-ordinary items | 0.92% | 1.05% | 3.76% | 3.78% |
| Extra-ordinary items | -0.07% | -0.07% | 0.01% | 0.16% |
| Tax Provision | -0.22% | -0.24% | -0.94% | -0.87% |
| Provision for DTL | 0.002% | 0.004% | -0.04% | 0.01% |
| Profit after Tax (ROA) | 0.64% | 0.74% | 2.79% | 3.08% |
| Operating Profit (Annualised) | 3.72% | 4.19% | 3.79% | 3.78% |
| Profit after Tax (ROA) (Annualised) | 2.56% | 2.97% | 2.79% | 3.08% |

Balance Sheet



(Y/E – March, ₹ Crores)

| Liabilities | Q1 FY 12 | Q1 FY 11 | FY 2011 | FY 2010 |
|--|-----------------|---------------|-----------------|---------------|
| Shareholders' Funds | 19,278 | 13,913 | 15,182 | 13,261 |
| Reserve for bad & doubtful debts (included in Shareholder's Funds) | 1,023 | 878 | 985 | 842 |
| Borrowings | 86,500 | 71,630 | 85,599 | 67,108 |
| Deferred Tax Liability | 81 | 44 | 83 | 47 |
| Interest Subsidy Fund | 429 | 629 | 452 | 663 |
| Current Liabilities & Provisions | 3,609 | 4,567 | 3,318 | 3,669 |
| Advances received from Subsidiaries (Included in Current Liabilities) | 256 | 228 | 248 | 187 |
| Total Liabilities | 1,09,898 | 90,931 | 1,04,634 | 84,749 |
| Assets | Q1 FY 12 | Q1 FY 11 | FY 2011 | FY 2010 |
| Loan Assets | 1,04,050 | 85,597 | 99,571 | 79,856 |
| Investments | 54 | 30 | 54 | 31 |
| Fixed Assets | 76 | 77 | 77 | 75 |
| Current Assets | 5,719 | 5,227 | 4,933 | 4,787 |
| Advances to Subsidiaries (Included in Current Assets) | 144 | 106 | 134 | 65 |
| Total Assets | 1,09,898 | 90,931 | 1,04,634 | 84,749 |

* Current liabilities and provisions includes R-APDRP fund from Gol

Increase in Loan Assets by 22 %

Key Indicators



| Key Indicators | Q1 FY 2012 | Q1 FY 2011 | FY 2011 | FY 2010 |
|---|------------|------------|---------|---------|
| Sanctions (₹ Crores) | 16,941 | 14,428 | 75,197 | 65,466 |
| Net outstanding sanctions (₹ Crores) | 1,71,554 | 1,41,877 | 171,377 | 141,813 |
| Disbursements (₹ Crores) | 6,220 | 8,128 | 34,121 | 25,808 |
| Loan Assets (₹ Crores) | 1,04,050 | 85,597 | 99,571 | 79,856 |
| Yield on Assets* # | 11.08% | 10.95% | 11.02% | 11.09% |
| Cost of Funds* # | 8.80% | 8.30% | 8.53% | 8.68% |
| Interest Spread* # | 2.28% | 2.65% | 2.49% | 2.41% |
| Net Interest Margin* # | 3.85% | 4.06% | 3.95% | 4.11% |
| Return on Average Network* | 16.92% | 20.50% | 19.68% | 20.31% |
| Return on Average Network* (before exchange gain/loss) | 18.26% | 22.05% | 19.84% | 19.55% |
| Debt Equity Ratio | 5.35 | 5.52 | 5.80 | 5.22 |
| Leverage (Average assets / Average net worth) | 6.61 | 6.90 | 7.07 | 6.59 |
| Capital Adequacy Ratio | 18.90% | 17.38% | 15.71% | 18.20% |
| EPS (Weighted average)* (₹) | 22.50 | 22.73 | 22.82 | 20.54 |
| EPS (Weighted average)* (₹) (before exchange gain/loss) | 24.34 | 24.42 | 22.95 | 19.85 |
| Book Value Per Share (₹) | 138.31 | 113.57 | 123.70 | 108.20 |
| Book Value Per Share (₹) (before exchange gain/loss) | 138.73 | 113.99 | 123.82 | 107.51 |

* Quarterly Ratios have been Annualised

Based on daily average

Sanctions – Composition



(Y/E – March, ₹ Crores)

| Sanctions | Q1 FY 2012 | | Q1 FY 2011 | | FY 2010-11 | | FY 2009-10 | |
|------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| <u>Discipline-wise</u> | Amount | % | Amount | % | Amount | % | Amount | % |
| Generation | 11,001 | 65% | 5,763 | 40% | 51,855 | 69% | 43,629 | 67% |
| Transmission | 1,165 | 7% | 3,109 | 22% | 4,172 | 6% | 11,620 | 18% |
| Distribution | 19 | 0.1% | 126 | 1% | 216 | 0.3% | 295 | 0.5% |
| R-APDRP (Part A) | 313 | 2% | 192 | 1% | 750 | 1% | 3,179 | 5% |
| R-APDRP (Part B) | 3,393 | 20% | 2,053 | 14% | 12,915 | 17% | 3,059 | 5% |
| Others* | 1,050 | 6% | 3,185 | 22% | 5,289 | 7% | 3,684 | 6% |
| Total | 16,941 | 100% | 14,428 | 100% | 75,197 | 100% | 65,466 | 100% |
| <u>Borrower-wise</u> | | | | | | | | |
| State Sector | 13,473 | 79% | 7,055 | 49% | 56,010 | 75% | 38,970 | 60% |
| Central Sector | 0 | 0% | 2,500 | 17% | 2,500 | 3% | 2,248 | 3% |
| Joint Sector | 832 | 5% | 0 | 0% | - | 0% | 8,462 | 13% |
| Private sector | 2,637 | 16% | 4,873 | 34% | 16,687 | 22% | 15,786 | 24% |

* Includes Computerisation, Studies, Short Term Loans, Buyer Line of Credit and Decentralised Management

Cumulative Sanctions till 30 Jun'11 ₹ 3,50,823 Crores

Disbursements – Composition



(Y/E – March, ₹ Crores)

| Disbursements | Q1 FY 2012 | | Q1 FY 2011 | | FY 2010-11 | | FY 2009-10 | |
|------------------------|--------------|-------------|--------------|-------------|---------------|-------------|---------------|-------------|
| <u>Discipline-wise</u> | Amount | % | Amount | % | Amount | % | Amount | % |
| Generation | 4,781 | 77% | 4,698 | 58% | 22,389 | 66% | 19,682 | 76% |
| Transmission | 542 | 9% | 430 | 5% | 2,615 | 8% | 1,056 | 4% |
| Distribution | 414 | 7% | 309 | 4% | 1,825 | 5% | 630 | 2% |
| R-APDRP (Part A) | 19 | 0.3% | 17 | 0.2% | 217 | 0.6% | 1,125 | 4% |
| R-APDRP (Part B) | 102 | 2% | 195 | 2% | 2,040 | 6% | 196 | 1% |
| Others* | 362 | 6% | 2,478 | 30% | 5,035 | 15% | 3,119 | 12% |
| Total | 6,220 | 100% | 8,128 | 100% | 34,121 | 100% | 25,808 | 100% |
| <u>Borrower-wise</u> | | | | | | | | |
| State Sector | 4,155 | 67% | 4,331 | 53% | 22,656 | 66% | 15,953 | 62% |
| Central Sector | 459 | 7% | 1,702 | 21% | 5,944 | 17% | 6,351 | 25% |
| Joint Sector | 429 | 7% | 385 | 5% | 1,775 | 5% | 2,449 | 9% |
| Private sector | 1,176 | 19% | 1,711 | 21% | 3,746 | 11% | 1,055 | 4% |

* Includes Computerisation, Studies, Short Term Loans, Buyer Line of Credit and Decentralised Management

Cumulative Disbursements till 30 Jun'11 ₹ 1,79,269 Crores

Outstanding Sanctions as on 30.06.2011



(Y/E – March, ₹ Crores)

| | O_S Sanctions where | | | Total Outstanding Sanctions |
|-------------------------------|---------------------------------|---------------------------------------|-------------------|-----------------------------|
| | doc. executed & disb. commenced | doc. executed but disb. not commenced | doc. not executed | |
| <u>Discipline-wise</u> | | | | |
| Generation | 52,020 | 18,232 | 53,947 | 1,24,199 |
| Transmission | 10,391 | 5,072 | 4,016 | 19,479 |
| Distribution | 3,201 | 334 | 270 | 3,805 |
| R-APDRP (Part A) | 4,005 | 33 | 436 | 4,474 |
| R-APDRP (Part B) | 10,681 | 740 | 5,608 | 17,029 |
| Others* | 678 | 891 | 998 | 2,567 |
| Total | 80,976 | 25,302 | 65,276 | 1,71,554 |
| <u>Borrower-wise</u> | | | | |
| State Sector | 57871 | 15893 | 45382 | 119146 |
| Central Sector | 8157 | 2 | 2500 | 10659 |
| Joint Sector | 1727 | 400 | 0 | 2127 |
| Private sector | 13221 | 9007 | 17394 | 39622 |

Loan Assets – Composition



(Y/E – March, ₹ Crores)

| Loan Assets* | Q1 FY 2012 | | Q1 FY 2011 | | FY 2011 | | FY 2010 | |
|------------------------|-----------------|-------------|--------------|-------------|---------------|-------------|---------------|-------------|
| <u>Discipline-wise</u> | Amount | % | Amount | % | Amount | % | Amount | % |
| Generation | 87,987 | 85% | 70556 | 82% | 84,294 | 85% | 67,013 | 84% |
| Transmission | 7,945 | 8% | 6470 | 8% | 7,596 | 8% | 6,284 | 8% |
| Distribution | 4,940 | 5% | 3583 | 4% | 4,701 | 5% | 3,402 | 4% |
| Others** | 3,209 | 3% | 4985 | 6% | 3,010 | 2% | 3,163 | 4% |
| Total | 1,04,082 | 100% | 85595 | 100% | 99,601 | 100% | 79,861 | 100% |
| <u>Borrower-wise</u> | | | | | | | | |
| State Sector | 67,195 | 65% | 56487 | 66% | 64,509 | 65% | 54,142 | 68% |
| Central Sector | 20,595 | 20% | 16552 | 19% | 20,300 | 20% | 15,015 | 19% |
| Joint Sector | 8,377 | 8% | 6866 | 8% | 7,991 | 8% | 6,525 | 8% |
| Private Sector | 7,916 | 7% | 5690 | 7% | 6,801 | 7% | 4,179 | 5% |

* Gross Loans = Loans outstanding + Provision for NPAs – Income accrued & due on loans

** Includes Computerisation, Studies, Short Term Loans, Buyer Line of Credit and Decentralised Management

Loan Quality



(Y/E – March, ₹ Crores)

| Particulars | Q1 FY 12 | Q1 FY 11 | FY 2011 | FY 2010 |
|--|--------------|--------------|--------------|--------------|
| Gross NPAs | 238 | 13 | 231 | 13 |
| Less: Provisions & write-offs | (32) | (7) | (36) | (7) |
| Net NPAs | 206 | 6 | 195 | 6 |
| <i>As a % of Loan Assets:</i> | | | | |
| <i>Gross NPAs</i> | <i>0.23%</i> | <i>0.02%</i> | <i>0.23%</i> | <i>0.02%</i> |
| <i>Net NPAs</i> | <i>0.20%</i> | <i>0.01%</i> | <i>0.20%</i> | <i>0.01%</i> |

Borrowing Profile



(Y/E – March, ₹ Crores)

| Borrowings | Q1 FY 12 | | Q1 FY 11 | | FY 2010-11 | | FY 2009-10 | |
|-------------------------------|--------------|-------------|--------------|-------------|---------------|-------------|---------------|-------------|
| | | | | | Amount | % | Amount | % |
| Bonds | 61723 | 71% | 53079 | 74% | 56,950 | 67% | 46,622 | 69% |
| Term Loans | 21142 | 25% | 18204 | 25% | 22,358 | 26% | 18,161 | 27% |
| Short Term Loans | 3635 | 4% | 347 | 0.5% | 6,291 | 7% | 2,325 | 3% |
| Borrowings O/s | 86500 | 100% | 71630 | 100% | 85,599 | 100% | 67,108 | 100% |
| <i>Of which:</i> | | | | | | | | |
| <i>Rupee Denominated</i> | 81503 | 94% | 68826 | 96% | 80,636 | 94% | 64,350 | 96% |
| <i>Foreign Currency Loans</i> | 4997 | 6% | 2804 | 4% | 4,963 | 6% | 2,759 | 4% |

Resource Profile



(Y/F – March, ₹ Crores)

| Resources | Q1 FY 12 | | Q1 FY 11 | | FY 2010-11 | | FY 2009-10 | |
|---|-----------------|-------------|---------------|-------------|-----------------|-------------|---------------|-------------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Shareholders' Funds | 19,278 | 18% | 13,913 | 16% | 15,182 | 15% | 13,261 | 16% |
| Reserve for bad & doubtful debts (included in Shareholder's Funds) | 1023 | | 878 | | 985 | | 842 | |
| Deferred Tax Liability | 81 | 0.1% | 44 | 0.1% | 83 | 0.1% | 47 | 0.1% |
| Interest Subsidy Fund | 429 | 0.4% | 629 | 1% | 452 | 0.4% | 663 | 1% |
| Bonds (Domestic) | 60,910 | 57% | 52,231 | 60% | 56,137 | 55% | 45,801 | 56% |
| Rupee Term Loans | 16,958 | 16% | 16,248 | 19% | 18,208 | 18% | 16,223 | 20% |
| Short Term Loans | 3,635 | 3% | 347 | 0.4% | 6,291 | 6% | 2,325 | 3% |
| Foreign Currency Loans | 4,997 | 5% | 2,804 | 3% | 4,963 | 5% | 2,759 | 3% |
| Total | 1,06,289 | 100% | 86,364 | 100% | 1,01,316 | 100% | 81,080 | 100% |

Major Projects Sanctioned in Q1 FY 2012

| PROPOSAL DISCRIPTION | Sanctions (₹ in crores) |
|--|----------------------------|
| 1200 MW coal based TPP of Singareni Collieries Company Limited at AP | 3980 |
| 500 MW coal based extn. TPS of Bihar State Electricity Board at Barauni, Bihar | 2898 |
| 1320 MW coal based TPS of NSL Nagapatnam Power and Infratech Pvt Ltd in Tamil Nadu | 1400 |
| 1200 MW TPP of Essar Power Jharkhand Limited in Jharkhand | 1000 |
| 1500 MW coal based TPP of Aravali Power Company Pvt. Ltd in Jhajjar Dist. Haryana | 832 |
| Establishment of 400/200KV substation Maharashtra State Transmission Company at Kudus | 546 |
| Transmission works in various districts of Andhra Pradesh by Transmission Corporation of A.P. Ltd. | 500 |

Shareholding Pattern



| Category | Holding (%) | | | |
|----------------------|----------------|----------------|----------------|----------------|
| | As on 30.06.11 | As on 30.06.10 | As on 31.03.11 | As on 31.03.10 |
| President of India | 73.72% | 89.78% | 89.78% | 89.78% |
| FIs | 6.04% | 3.77% | 3.62% | 3.85% |
| Indian FIs & Banks | 5.49% | 2.12% | 2.45% | 2.10% |
| Bodies Corporate | 7.35% | 1.79% | 2.09% | 1.60% |
| Resident Individuals | 3.27% | 1.35% | 1.32% | 1.44% |
| Mutual Funds | 3.66% | 0.93% | 0.55% | 1.05% |
| Employees | 0.08% | 0.08% | 0.07% | 0.08% |
| Others | 0.39% | 0.18% | 0.12% | 0.09% |
| Total | 100% | 100% | 100% | 100% |

| S No | Top 10 Shareholders (as on 30.06.2011) | Holding (%) | Category |
|------|--|-------------|-------------------|
| 1 | PRESIDENT OF INDIA | 73.72% | POI |
| 2 | LIFE INSURANCE CORPORATION OF INDIA | 2.49% | IFI |
| 3 | ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD | 1.71% | LTD |
| 4 | HDFC STANDARD LIFE INSURANCE COMPANY LIMITED | 1.11% | LTD |
| 5 | LIC OF INDIA MARKET PLUS - 1 | 0.98% | IFI |
| 6 | RELIANCE RETAIL LTD | 0.74% | LTD |
| 7 | MORGAN STANLEY MAURITIUS COMPANY LIMITED | 0.57% | FII |
| 8 | BAJAJ HOLDINGS AND INVESTMENT LTD | 0.56% | LTD |
| 9 | FEDERATED KAUFMANN FUND | 0.42% | FII |
| 10 | LIC OF INDIA - MARKET PLUS | 0.41% | IFI ¹⁷ |

Thank You!