



Funding for a Brighter Tomorrow



Power Finance Corporation Limited

A Navratna PSU

Performance Highlights

(Provisional & Un-audited)

**Quarter & Half-year ended
30th September 2008**



Highlights

Performance & Financials

Borrowing & Resource Profile

Shareholding Pattern

Highlights – H1 FY09 vs H1 FY08



- Disbursements increased by 50% from Rs. 6,556 crore to Rs. 9,823 crore
- Networth increased by 8% from Rs. 8,590 crore to Rs. 9,270 crore
- Loan Assets increased by 24% from Rs. 46,582 crore to Rs. 57,877 crore
- Total Income increased by 28% from Rs. 2,373 crore to Rs. 3,044 crore

Highlights – H1 FY09 vs H1 FY08 (contd.)



- **Net Interest Income increased by 23% from Rs. 862 crore to Rs. 1,056 crore**
- **Comparable PAT increased by 19% from Rs. 579 crore to Rs. 689 crore**
- **Operating Profit to Avg. Assets increased by 11 bps from 3.50% to 3.61%**
- **Gross NPAs as a % of Loan Assets decreased from 0.06% to 0.02%**

Comparable Profit



(Y/E – March, Rs. Crores)

Comparable Profit	Q2 FY09	Q2 FY08	% change	H1 FY09	H1 FY08	% change	FY08
Reported PAT	329	282	16.7%	626	591	5.9%	1,207
Adjustments (post-tax):							
Provision for Wage Revision	1			3			13
Prior period Income Tax incl. interest thereon	-37			-37			
Translation Exchange Gain(-) / Loss(+)	57	15		97	-12		14
Comparable PAT	350	298	17.7%	689	579	19.1%	1,234

Profit & Loss Account



(Y/E – March, Rs. Crores)

Income Statement#	Q2 FY09	Q2 FY08	H1 FY09	H1 FY08	FY08
Interest Income	1,543	1,195	2,948	2,312	4,884
Interest Expense	(1,001)	(748)	(1,892)	(1,450)	(3,077)
Net Interest Income	542	447	1,056	862	1,807
Other Income*	24	12	32	25	71
Operating Costs	(23)	(16)	(41)	(27)	(85)
Provisions	(5)	0	(11)	(4)	10
Profit Before Tax & Extra-ordinary Items	537	443	1,035	856	1,803
Extra-ordinary Items^	(80)	(23)	(137)	18	(15)
Tax Provisions	(117)	(118)	(251)	(231)	(483)
Provision for DTL	(11)	(20)	(22)	(52)	(98)
Profit after Tax	329	282	626	591	1,207

*Other Income includes Consultancy income incl. UMPP fee (Rs. 6.8 Crore in Q2 FY08, Rs. 14.4 Crore in H1 FY08, Rs. 36.4 Crore in FY08), 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	Q2 FY09	Q2 FY08	H1 FY09	H1 FY08	FY08
Net Interest Income	0.91%	0.90%	1.82%	1.76%	3.56%
Other Income	0.04%	0.02%	0.05%	0.05%	0.14%
Operating Expenses	-0.04%	-0.03%	-0.07%	-0.06%	-0.17%
Operating Profit	0.91%	0.89%	1.81%	1.75%	3.54%
Provisions	-0.01%	0.00%	-0.02%	-0.01%	0.02%
Profit Before Tax & Extra-ordinary items	0.90%	0.89%	1.79%	1.74%	3.56%
Extra-ordinary items	-0.13%	-0.05%	-0.24%	0.04%	-0.03%
Tax Provision	-0.20%	-0.24%	-0.43%	-0.47%	-0.95%
Provision for DTL	-0.02%	-0.04%	-0.04%	-0.11%	-0.19%
Profit after Tax (ROA)	0.55%	0.57%	1.08%	1.20%	2.38%
Operating Profit (Annualised)	3.63%	3.56%	3.61%	3.50%	-

Balance Sheet



(Y/E – March, Rs. Crores)

Liabilities	H1 FY09	H1 FY08	FY08
Shareholders' Funds	9,955	9,184	9,330
Borrowings	45,866	37,524	40,648
Deferred Tax Liability	1,262	1,194	1,240
Interest Subsidy Fund	947	1,140	1,067
Current Liabilities & Provisions	3,115	2,464	2,416
Advances received from Subsidiaries (Included in Current Liabilities)	138	163	125
Total Liabilities	61,146	51,506	54,700
Assets	H1 FY09	H1 FY08	FY08
Loan Assets	57,877	46,582	51,568
Investments	64	65	66
Fixed Assets	77	79	77
Current Assets	3,127	4,780	2,990
Advances to Subsidiaries (Included in Current Assets)	67	60	45
Total Assets	61,146	51,506	54,700

Increase in Loan Assets by ~ 24% (Y-on-Y)

Key Indicators



Key Indicators	Q2 FY09	Q2 FY08	H1 FY09	H1 FY08	FY08
Sanctions (Rs. Crores)	13,979	21,812	29,290	34,830	69,498
Disbursements (Rs. Crores)	5,090	3,340	9,823	6,556	16,211
Loan Assets (Rs. Crores)	57,877	46,582	57,877	46,582	51,568
Yield on Assets*	10.83%	10.05%	10.67%	9.89%	10.11%
Cost of Funds*	8.74%	8.01%	8.52%	7.88%	8.03%
Interest Spread*	2.09%	2.04%	2.14%	2.01%	2.08%
Net Interest Margin*	3.80%	3.76%	3.82%	3.69%	3.74%
Return on Average Network*	14.45%	13.34%	13.93%	14.21%	14.43%
Return on Average Network* (before exchange gain/loss)	16.86%	14.08%	16.00%	13.93%	14.58%
Debt Equity Ratio	4.94	4.43	4.94	4.43	4.58
Leverage	6.45	5.90	6.45	5.90	6.06
Capital Adequacy Ratio	16.38%	18.59%	16.38%	18.59%	17.20%
EPS (Weighted average)* (Rs.)	11.48	9.84	10.90	10.30	10.51
EPS (Weighted average)* (Rs.) (before exchange gain/loss)	13.46	10.37	12.60	10.08	10.63
Book Value Per Share (Rs.)	80.77	74.84	80.77	74.84	75.70
Book Value Per Share (Rs.) (before exchange gain/loss)	81.62	74.73	81.62	74.73	75.81

* Quarterly Ratios have been Annualised

Disbursements – Composition



(Y/E – March, Rs. Crores)

Disbursements	Q2 FY09		Q2 FY08		H1 FY09		H1 FY08		FY08	
<u>Discipline-wise</u>	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Generation	3,776	74%	2,284	68%	7,045	72%	4,489	68%	10,591	66%
Transmission	360	7%	448	13%	726	7%	904	14%	1,976	12%
Distribution	164	3%	91	3%	322	3%	199	3%	1,161	7%
Others*	789	16%	518	16%	1,730	18%	965	15%	2,483	15%
Total	5,090	100%	3,340	100%	9,823	100%	6,556	100%	16,211	100%
<u>Borrower-wise</u>										
State Sector	4,122	81%	2,642	79%	6,892	70%	4,981	76%	13,479	83%
Central Sector	498	10%	457	14%	892	9%	1,031	16%	1,670	10%
Joint Sector	342	7%	0	0%	1,834	19%	0	0%	200	1%
Private sector	128	2%	241	7%	206	2%	544	8%	862	6%

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

Increase in Disbursements by ~ 50% (H1 FY09 vs H1 FY08)

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Sanctions – Composition



(Y/E – March, Rs. Crores)

Sanctions	Q2 FY09		Q2 FY08		H1 FY09		H1 FY08		FY08	
<u>Discipline-wise</u>	Amount	%								
Generation	10,534	75%	18,721	86%	22,844	78%	30,156	87%	58,700	85%
Transmission	2,092	15%	1,455	7%	3,374	12%	2,254	6%	3,045	4%
Distribution	453	3%	1,172	5%	1,264	4%	1,325	4%	4,754	7%
Others*	900	7%	464	2%	1,808	6%	1,096	3%	2,999	4%
Total	13,979	100%	21,812	100%	29,290	100%	34,830	100%	69,498	100%
<u>Borrower-wise</u>										
State Sector	5,775	41%	13,502	62%	9,679	33%	22,646	65%	52,751	76%
Central Sector	8,127	58%	2,610	12%	18,127	62%	5,330	15%	6,336	9%
Joint Sector	0	0%	5,180	24%	1,350	5%	5,180	15%	5,180	7%
Private sector	76	1%	520	2%	133	0.4%	1,675	5%	5,231	8%

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

Loan Assets – Composition



(Y/E – March, Rs. Crores)

Loan Assets*	H1 FY09		H1 FY08		FY08	
<u>Discipline-wise</u>	Amount	%	Amount	%	Amount	%
Generation	45,162	78%	36,063	78%	39,717	77%
Transmission	6,374	11%	5,451	12%	6,069	12%
Distribution	3,374	6%	2,531	5%	3,262	6%
Others**	2,903	5%	2,452	5%	2,494	5%
Total	57,812	100%	46,497	100%	51,542	100%
<u>Borrower-wise</u>						
State Sector	43,521	75%	35,594	77%	39,870	77%
Central Sector	7,332	13%	6,246	13%	6,667	13%
Joint Sector	2,918	5%	951	2%	1,118	2%
Private Sector	4,041	7%	3,706	8%	3,887	8%

* 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, Rs. Crores)

Particulars	H1 FY09	H1 FY08	FY08
Gross NPAs	13	29	13
Less: Provisions & write-offs	(6)	(20)	(6)
Net NPAs	7	9	7
<i>As a % of Loan Assets:</i>			
<i>Gross NPAs</i>	<i>0.02%</i>	<i>0.06%</i>	<i>0.03%</i>
<i>Net NPAs</i>	<i>0.01%</i>	<i>0.02%</i>	<i>0.01%</i>

Borrowing Profile



(Y/E – March, Rs. Crores)

Borrowings	H1 FY09		H1 FY08		FY08	
	Amount	%	Amount	%	Amount	%
Bonds	32,597	71%	20,628	55%	24,730	61%
Domestic	31,273	-	19,442	-	23,543	-
Foreign	1,324	-	1,186	-	1,187	-
Term Loans	11,575	25%	13,848	37%	13,438	33%
Short Term Loans	1,694	4%	3,048	8%	2,480	6%
Borrowings O/s	45,866	100%	37,524	100%	40,648	100%
<i>Of which:</i>						
<i>Rupee Denominated</i>	<i>43,401</i>	<i>95%</i>	<i>34,874</i>	<i>93%</i>	<i>38,414</i>	<i>95%</i>
<i>Foreign Currency Loans</i>	<i>2,465</i>	<i>5%</i>	<i>2,650</i>	<i>7%</i>	<i>2,234</i>	<i>5%</i>

Resource Profile



(Y/E – March, Rs. Crores)

Resources	H1 FY09		H1 FY08		FY08	
	Amount	%	Amount	%	Amount	%
Shareholders' Funds	9,955	17%	9,184	19%	9,330	18%
Deferred Tax Liability	1,262	2%	1,194	2%	1,240	2%
Interest Subsidy Fund	947	2%	1,140	2%	1,067	2%
Bonds	31,273	54%	19,442	40%	23,543	45%
Rupee Term Loans	10,435	18%	12,384	25%	12,391	24%
Short Term Loans	1,694	3%	3,048	6%	2,480	5%
Foreign Currency Loans	2,465	4%	2,650	6%	2,234	4%
Total	58,031	100%	49,042	100%	52,285	100%

Shareholding Pattern (as on Sept 30, 2008)



Category	Holding (%)
President of India	89.78%
FII's	4.42%
Resident Individuals	2.05%
Mutual Funds	1.26%
Bodies Corporate	0.90%
Indian FIs & Banks	1.29%
Others	0.30%
Total	100%

S. No.	Top 10 Shareholders	Holding (%)	Category
1	President of India	89.78%	POI
2	Lloyd George Investment Management (Bermuda) Ltd	0.51%	FII
3	Life Insurance Corporation of India	0.49%	IFI
4	LIC of India – Market Plus	0.49%	IFI
5	India Fund Inc	0.40%	FII
6	JF India Fund	0.39%	FII
7	Goldman Sachs Investments (Mauritius) Ltd	0.33%	FII
8	American Century Investment Management Inc	0.31%	FII
9	India Capital Fund Limited	0.26%	FII
10	India Capital Opportunities Limited	0.26%	FII



Thank You!