



We Create Possibility of a Better Tomorrow....

| Oct-09 | | | | | | |
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| 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 & Half-Year ended

30th Sep 2009

PFC Overview

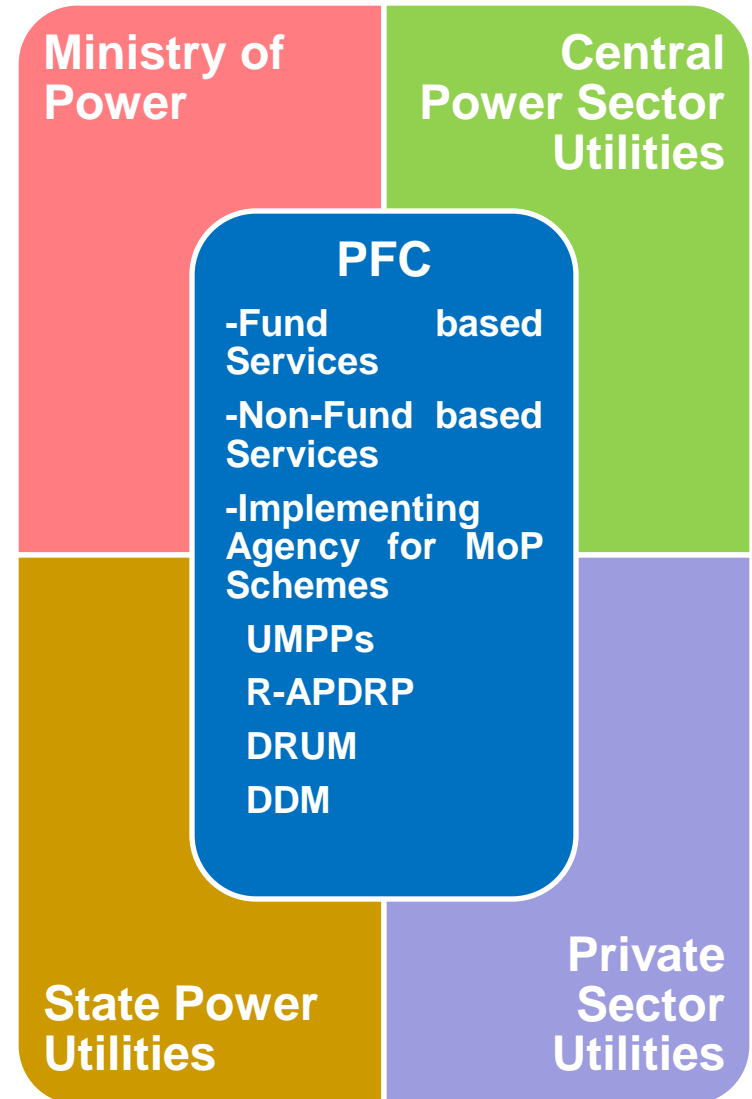
Focus & Strategy

Operational Performance

Shareholding Pattern

PFC Overview

- Declared a Public Financial Institution under Sec 4A of The Companies Act, 1956; Registered as NBFC with RBI
- PFC occupies a niche position as a provider of finance exclusively focused on the Indian power sector
- Rated Baa3 / BBB- / BBB- by Moody's, S&P and Fitch respectively; Ratings are at par with Indian sovereign rating
- Highest credit rating of "AAA" and "LAAA" from CRISIL and ICRA, respectively for domestic borrowings
- Strong growth prospects driven by sustained increase in power sector spending
- Healthy asset quality driven by robust credit appraisal methodology (ISO 9001:2000 certified)
 - ▶ Virtually non-existent non performing assets
- Consistent financial performance driven by low cost of funds, tight management of operating costs and low default rate
- Viewed as one of the most successfully managed public enterprises
 - ▶ Lean cost structure with a highly efficient workforce
 - ▶ Assigned "Navratna" status by the Government of India in 2007
 - ▶ Performance consistently rated "Excellent" by Gol
- ▶ PFC has played a key role in various Government programmes for powers sector and currently the nodal agency of R-APDRP



Key Milestones (Calendar year)

1. Cumulative Sanctions & Disbursements crossed Rs. 2,00,000 crore & Rs. 1,00,000 crore
2. Successfully awarded Krishnapatnam UMPP to Reliance Power Ltd.
3. Launch of PFC Consulting Ltd.
4. Institutional Development & Administration Division certified ISO 9001:2000
5. Designated by Gol as the Nodal Agency for the Restructured APDRP Scheme
6. PFC jointly with NSE and NCDEX has floated Power Exchange India Limited

Annual Disbursements crossed Rs. 10,000 crore
Set up 7 subsidiaries for developing UMPPs

Launched consultancy services for power utilities

Started funding private power projects

Provided first guarantee to M/s Mitsui and Company, Japan for payment of principal

Signed First MoU with Gol in relation to operational targets and rated excellent on the basis of all round performance

Incorporation of our company

Declared a Mini Ratna (Category I)

Project appraisal system certified as ISO 9001:2000

1. Successfully awarded Mundra UMPP to Tata Power and Sasan UMPP to Reliance Power Ltd.
2. Successful IPO of Rs. 997 crore
3. Granted 'Navratna' status in June
4. Finance Division certified ISO 9001:2000

1. Talaiya UMPP transferred to Reliance Power
2. Launch of R-APDRP
3. PFC in the list of Top 500 Global Financial Brands 2009
4. PFC lists in Forbes Global 2000 ranking

1986

1989

1993

1996

1998

1999

2004

2006

2007

2008

2009

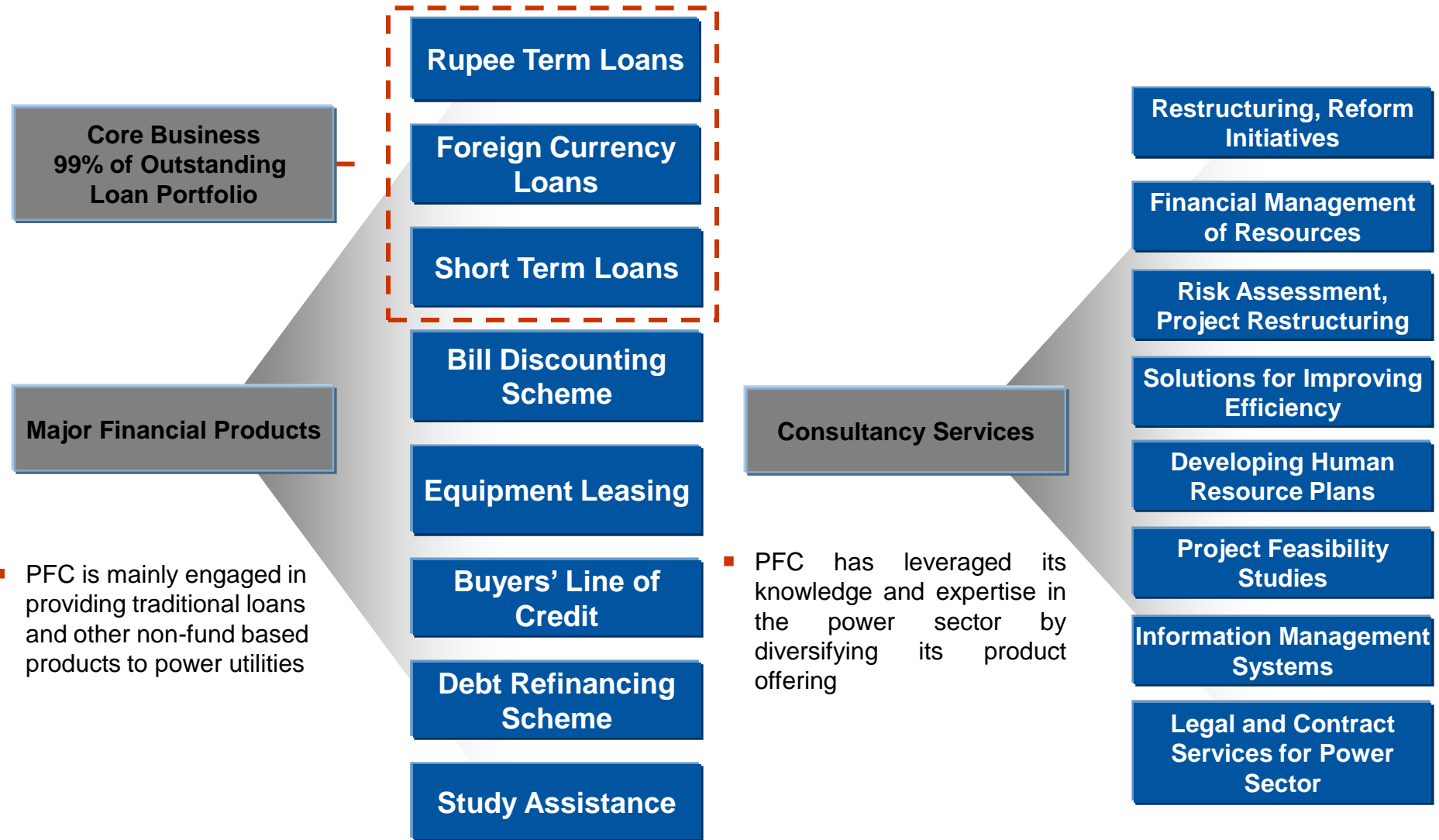
PFC Overview

Focus & Strategy

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Shareholding Pattern

Exclusive Focus on Financing the Power Sector



Our Business Strategy

Continue to grow in existing business

Facilitation Group
(power equipment, coal & gas)

Continue to encourage and promote reforms in the power sector

Consortium Lending

R-APDRP

PFC

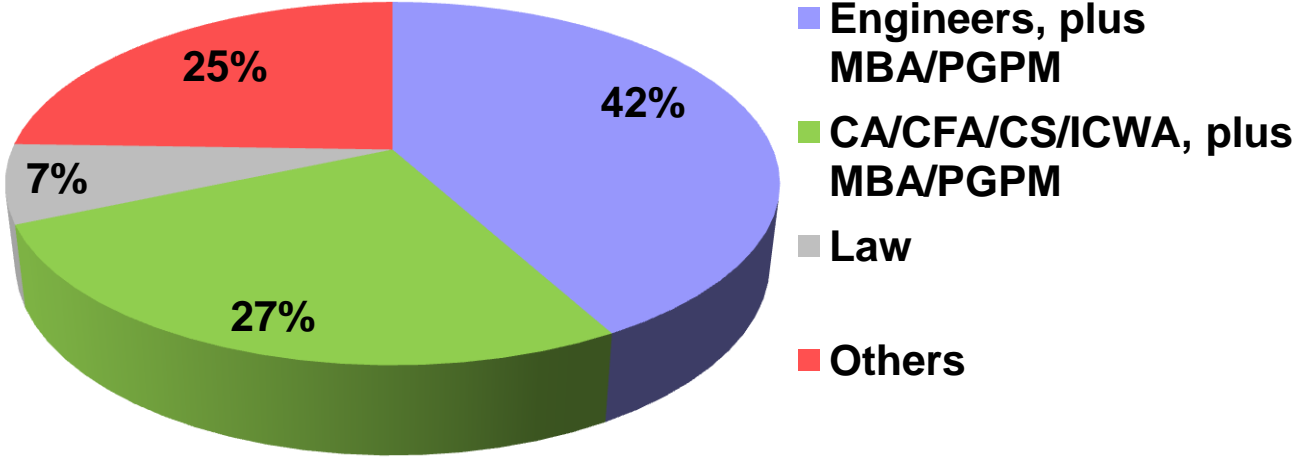
Renewable Energy & CDM

Equity Funding

Consulting services
PFC Consulting Ltd

Competent and Committed Workforce

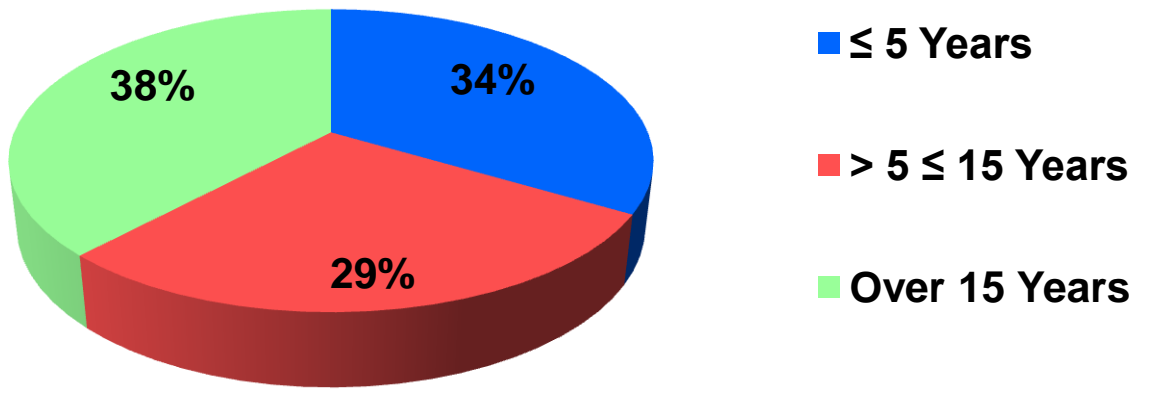
Academic Background of Executives (200) As on 31-Mar-09



Workforce:316
 Executives:200
 Non-Executives:116

Disbursement per Employee
 Rs. 66 Crores

Experience Profile of Executives (200) As on 31-Mar-09



PAT per Employee
 Rs. 6.2 Crores

The above data is as on 31-Mar-09

PFC Overview

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Highlights – H1 FY10 vs H1 FY09



- **Net Profit increased by 91% from Rs. 626 crore to Rs. 1,193 crore**
- **Comparable PAT increased by 54% from Rs. 686 crore to Rs. 1,052 crore**
- **Operating Profit to Avg. Assets increased by 50 bps from 3.61% to 4.11%**
- **Return on Avg. assets increased by 119 bps from 2.16% to 3.35%**
- **Interest Spread increased by 39 bps from 2.14% to 2.53%**
- **Total Income increased by 29% from Rs. 3,044 crore to Rs. 3,939 crore**

Highlights – H1 FY10 vs H1 FY09



- **Net Interest Income increased by 35% from Rs. 1,056 crore to Rs. 1,420 crore**
- **Net NPA at a low level of 0.01% of Net Loan Assets**
- **Sanctions increased by 20% from Rs. 28,984 crore to Rs. 34,828 crore**
- **Loan Assets increased by 19% from Rs. 57,877 crore to Rs. 68,661 crore**
- **Networth increased by 29% from Rs. 9,270 crore to Rs. 11,920 crore**

Comparable Profit



(Y/E – March, Rs. Crores)

| Comparable Profit | Q2 FY10 | Q2 FY09 | % change | H1 FY10 | H1 FY09 | % change | FY09 |
|--|------------|------------|-------------|--------------|------------|-------------|--------------|
| Reported PAT | 638 | 329 | 94% | 1193 | 626 | 91% | 1,970 |
| Adjustments (post-tax): | | | | | | | |
| DTL (+) / Deferred Tax Liability Write-back (-) on Special Reserve | | | | | | | -483 |
| Prior period Income Tax incl. interest thereon | -103 | -37 | | -103 | -37 | | -46 |
| Translation / Actual Exchange Gain(-) / Loss(+) | 9 | 57 | | -37 | 97 | | 177 |
| Comparable PAT | 544 | 349 | 56% | 1,052 | 686 | 54% | 1,618 |

Profit & Loss Account



(Y/E – March, Rs. Crores)

| Income Statement# | Q2 FY10 | Q2 FY09 | H1 FY10 | H1 FY09 | FY09 |
|--|---------|---------|---------|---------|---------|
| Interest Income | 1,935 | 1,543 | 3,793 | 2,948 | 6,396 |
| Interest Expense | (1,215) | (1,001) | (2,373) | (1,892) | (4,145) |
| Net Interest Income | 720 | 542 | 1,420 | 1,056 | 2,251 |
| Other Income* | 81 | 24 | 86 | 32 | 67 |
| Operating Costs | (24) | (23) | (42) | (41) | (91) |
| Provisions | 0.1 | (5) | 0.1 | (11) | (4) |
| Profit Before Tax & Extra-ordinary Items | 777 | 537 | 1,464 | 1,035 | 2,223 |
| Extra-ordinary Items^ | (13) | (80) | 50 | (137) | (233) |
| Tax Provisions | (126) | (117) | (323) | (251) | (460) |
| Provision for DTL | (0.5) | (11) | 2 | (22) | 440 |
| Profit after Tax | 638 | 329 | 1,193 | 626 | 1,970 |

*Other Income includes Consultancy income incl. UMPP fee (Nil in H1FY10, H1FY09 & FY09 due to launch of PFC Consulting Ltd.), 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 FY10 | Q2 FY09 | H1 FY10 | H1 FY09 | FY09 |
|--|---------|---------|---------|---------|--------|
| Net Interest Income | 1.00% | 0.91% | 1.99% | 1.82% | 3.66% |
| Other Income | 0.11% | 0.04% | 0.12% | 0.05% | 0.11% |
| Operating Expenses | -0.03% | -0.04% | -0.06% | -0.07% | -0.15% |
| Operating Profit | 1.07% | 0.91% | 2.05% | 1.81% | 3.62% |
| Provisions | 0.00% | -0.01% | 0.00% | -0.02% | -0.01% |
| Profit Before Tax & Extra-ordinary items | 1.08% | 0.90% | 2.05% | 1.79% | 3.62% |
| Extra-ordinary items | -0.02% | -0.13% | 0.07% | -0.24% | -0.38% |
| Tax Provision | -0.17% | -0.20% | -0.45% | -0.43% | -0.75% |
| Provision for DTL | -0.00% | -0.02% | 0.00% | -0.04% | 0.72% |
| Profit after Tax (ROA) | 0.88% | 0.55% | 1.67% | 1.08% | 3.21% |
| Operating Profit (Annualised) | 4.30% | 3.63% | 4.11% | 3.61% | 3.62% |
| Profit after Tax (ROA) (Annualised) | 3.53% | 2.21% | 3.35% | 2.16% | 3.21% |

Balance Sheet



(Y/E – March, Rs. Crores)

| Liabilities | H1 FY10 | H1 FY09 | FY09 |
|---|---------------|---------------|---------------|
| Shareholders' Funds | 12,701 | 9,955 | 11,508 |
| Reserve for bad & doubtful debts (included in Shareholder's Funds) | 780 | 685 | 718 |
| Borrowings | 56,538 | 45,866 | 52,160 |
| Deferred Tax Liability | 54 | 1,262 | 55 |
| Interest Subsidy Fund | 813 | 947 | 909 |
| R-APDRP Fund from Gol | 370 | - | - |
| Current Liabilities & Provisions | 3,830 | 3,115 | 3,576 |
| Advances received from Subsidiaries (Included in Current Liabilities) | 186 | 138 | 208 |
| Total Liabilities | 74,306 | 61,146 | 68,209 |
| Assets | H1 FY10 | H1 FY09 | FY09 |
| Loan Assets | 68,661 | 57,877 | 64,429 |
| Investments | 31 | 64 | 36 |
| Fixed Assets | 74 | 77 | 75 |
| Current Assets | 5,541 | 3,127 | 3,669 |
| Advances to Subsidiaries (Included in Current Assets) | 44 | 67 | 67 |
| Total Assets | 74,306 | 61,146 | 68,209 |

Increase in Loan Assets by ~ 19%

Key Indicators



| Key Indicators | Q2 FY10 | Q2 FY09 | H1 FY10 | H1 FY09 | FY09 |
|--|---------|---------|---------|---------|--------|
| Sanctions (Rs. Crores) | 16,167 | 13,874 | 34,828 | 28,984 | 57,030 |
| Disbursements (Rs. Crores) | 4,517 | 5,090 | 8,862 | 9,823 | 21,054 |
| Loan Assets (Rs. Crores) | 68,661 | 57,877 | 68,661 | 57,877 | 64,429 |
| Yield on Assets* | 11.29% | 10.83% | 11.21% | 10.67% | 10.92% |
| Cost of Funds* | 8.83% | 8.74% | 8.67% | 8.52% | 8.71% |
| Interest Spread* | 2.46% | 2.09% | 2.53% | 2.14% | 2.21% |
| Net Interest Margin* | 4.20% | 3.80% | 4.20% | 3.82% | 3.84% |
| Return on Average Network* | 21.96% | 14.45% | 21.01% | 13.93% | 20.23% |
| Return on Average Network* (before exchange gain / loss) | 22.32% | 16.86% | 20.23% | 16.00% | 21.83% |
| Debt Equity Ratio | 4.82 | 4.94 | 4.82 | 4.94 | 4.88 |
| Leverage (Average assets / Average net worth) | 6.28 | 6.45 | 6.28 | 6.45 | 6.31 |
| Capital Adequacy Ratio | 17.76% | 16.38% | 17.76% | 16.38% | 17.15% |
| EPS (Weighted average)* (Rs.) | 22.23 | 11.48 | 20.79 | 10.90 | 17.16 |
| EPS (Weighted average)* (Rs.) (before exchange gain / loss) | 22.55 | 13.46 | 20.14 | 12.60 | 18.70 |
| Book Value Per Share (Rs.) | 103.86 | 80.77 | 103.86 | 80.77 | 94.01 |
| Book Value Per Share (Rs.) (before exchange gain/loss) | 103.53 | 81.62 | 103.53 | 81.62 | 95.55 |

* Quarterly Ratios have been Annualised

Disbursements – Composition



(Y/E – March, Rs. Crores)

| Disbursements | Q2 FY10 | | Q2 FY09 | | H1 FY10 | | H1 FY09 | | FY09 | |
|-------------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|---------------|-------------|
| <u>Discipline-wise</u> | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Generation | 3,482 | 77% | 3,776 | 74% | 6,919 | 78% | 7,045 | 72% | 15,942 | 76% |
| Transmission | 142 | 3% | 360 | 7% | 476 | 5% | 726 | 7% | 1,296 | 6% |
| Distribution | 74 | 2% | 164 | 3% | 297 | 3% | 322 | 3% | 610 | 3% |
| R-APDRP (Part A) | 374 | 8% | - | - | 374 | 4% | - | - | 325 | 2% |
| Others* | 445 | 10% | 789 | 16% | 797 | 9% | 1,730 | 18% | 2,881 | 14% |
| Total | 4,517 | 100% | 5,090 | 100% | 8,862 | 100% | 9,823 | 100% | 21,054 | 100% |
| <u>Borrower-wise</u> | | | | | | | | | | |
| State Sector | 2,447 | 54% | 4,122 | 81% | 5,362 | 61% | 6,892 | 70% | 14,657 | 70% |
| Central Sector | 1,404 | 31% | 498 | 10% | 2,065 | 23% | 892 | 9% | 3,130 | 15% |
| Joint Sector | 431 | 10% | 342 | 7% | 1,024 | 12% | 1,834 | 19% | 2,647 | 12% |
| Private sector | 235 | 5% | 128 | 2% | 411 | 5% | 206 | 2% | 620 | 3% |

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

Cumulative Disbursements till 30 Sep'09 Rs. 121,982 Crores

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Sanctions – Composition



(Y/E – March, Rs. Crores)

| Disbursements | Q2 FY10 | | Q2 FY09 | | H1 FY10 | | H1 FY09 | | FY09 | |
|-----------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| <u>Discipline-wise</u> | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Generation | 13,978 | 86% | 10,534 | 76% | 26,277 | 75% | 22,643 | 78% | 44,609 | 78% |
| Transmission | 797 | 5% | 2,092 | 15% | 5,007 | 14% | 3,374 | 12% | 5,866 | 10% |
| Distribution | 14 | 0.1% | 453 | 3% | 36 | 0.1% | 1,264 | 4% | 1,500 | 3% |
| R-APDRP (Part A) | 623 | 4% | - | - | 2,237 | 6% | - | - | 1,948 | 3% |
| Others* | 755 | 5% | 795 | 6% | 1,272 | 4% | 1,703 | 6% | 3,108 | 6% |
| Total | 16,167 | 100% | 13,874 | 100% | 34,828 | 100% | 28,984 | 100% | 57,030 | 100% |
| <u>Borrower-wise</u> | | | | | | | | | | |
| State Sector | 4772 | 30% | 5,671 | 41% | 13,538 | 39% | 9,374 | 32% | 29,661 | 52% |
| Central Sector | - | - | 8,127 | 59% | 3,747 | 11% | 18,127 | 63% | 18,127 | 32% |
| Joint Sector | 7046 | 44% | 0 | 0% | 8,462 | 24% | 1,350 | 5% | 1,350 | 2% |
| Private sector | 4349 | 27% | 76 | 1% | 9,082 | 26% | 133 | 0.4% | 7,892 | 14% |

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

Cumulative Sanctions till 30 Sep'09 Rs. 260,585 Crores

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Loan Assets – Composition



(Y/E – March, Rs. Crores)

| Loan Assets* | H1 FY10 | | H1 FY09 | | FY09 | |
|-----------------------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | Amount | % | Amount | % | Amount | % |
| Generation | 56,720 | 83% | 45,162 | 78% | 52,345 | 81% |
| Transmission | 6,527 | 10% | 6,374 | 11% | 6,494 | 10% |
| Distribution | 3,490 | 5% | 3,374 | 6% | 3,410 | 5% |
| Others** | 1,829 | 3% | 2,903 | 5% | 2,172 | 4% |
| Total | 68,567 | 100% | 57,812 | 100% | 64,421 | 100% |
| <u>Borrower-wise</u> | | | | | | |
| State Sector | 48,263 | 70% | 43,521 | 75% | 46,443 | 72% |
| Central Sector | 11,051 | 16% | 7,332 | 13% | 9,283 | 14% |
| Joint Sector | 5,245 | 8% | 2,918 | 5% | 4,360 | 7% |
| Private Sector | 4,009 | 6% | 4,041 | 7% | 4,335 | 7% |

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

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

Loan Quality



(Y/E – March, Rs. Crores)

| Particulars | H1 FY10 | H1 FY09 | FY09 |
|--|--------------|--------------|--------------|
| Gross NPAs | 13 | 13 | 13 |
| Less: Provisions & write-offs | (7) | (6) | (7) |
| Net NPAs | 6 | 7 | 6 |
| <i>As a % of Loan Assets:</i> | | | |
| <i>Gross NPAs</i> | <i>0.02%</i> | <i>0.02%</i> | <i>0.02%</i> |
| <i>Net NPAs</i> | <i>0.01%</i> | <i>0.01%</i> | <i>0.01%</i> |

Borrowing Profile



(Y/E – March, Rs. Crores)

| Borrowings | H1 FY10 | | H1 FY09 | | FY09 | |
|-------------------------------|----------------|-------------|---------------|-------------|---------------|-------------|
| | Amount | % | Amount | % | Amount | % |
| Bonds | 41,670 | 74% | 32,597 | 71% | 36,882 | 71% |
| Domestic | 40,797* | - | 31,273 | - | 35,479 | - |
| Foreign | 873 | - | 1,324 | - | 1,402 | - |
| Term Loans | 13,868 | 25% | 11,575 | 25% | 13,879 | 26% |
| Short Term Loans | 1,000 | 2% | 1,694 | 4% | 1,400 | 3% |
| Borrowings O/s | 56,538 | 100% | 45,866 | 100% | 52,160 | 100% |
| <i>Of which:</i> | | | | | | |
| <i>Rupee Denominated</i> | <i>54,999*</i> | <i>97%</i> | <i>43,401</i> | <i>95%</i> | <i>49,571</i> | <i>95%</i> |
| <i>Foreign Currency Loans</i> | <i>1,539</i> | <i>3%</i> | <i>2,465</i> | <i>5%</i> | <i>2,589</i> | <i>5%</i> |

* Includes Rs. 1,392.20 crores of application money pending allotment of bonds as on 30-Sep-09

Resource Profile



(Y/E – March, Rs. Crores)

| Resources | H1 FY10 | | H1 FY09 | | FY09 | |
|---|----------------|-------------|---------------|-------------|---------------|-------------|
| | Amount | % | Amount | % | Amount | % |
| Shareholders' Funds | 12,701 | 18% | 9,955 | 17% | 11,508 | 18% |
| Reserve for bad & doubtful debts (included in Shareholder's Funds) | 780 | - | 685 | - | 718 | - |
| Deferred Tax Liability | 54 | 0.1% | 1,262 | 2% | 55 | 0.1% |
| Interest Subsidy Fund | 813 | 1% | 947 | 2% | 909 | 1% |
| R-APDRP fund from Gol | 370 | 0.5% | - | - | - | - |
| Bonds (Domestic) | 40,797* | 58% | 31,273 | 54% | 35,479 | 55% |
| Rupee Term Loans | 13,202 | 19% | 10,435 | 18% | 12,691 | 20% |
| Short Term Loans | 1,000 | 1.5% | 1,694 | 3% | 1,400 | 2% |
| Foreign Currency Loans | 1,539 | 2% | 2,465 | 4% | 2,589 | 4% |
| Total | 70,476 | 100% | 58,031 | 100% | 64,632 | 100% |

* Includes Rs. 1,392.20 crores of application money pending allotment of bonds as on 30-Sep-09

Major Projects Sanctioned in H1 FY10

- Yermarus TPS, Karnataka (2x800 MW) Rs. 7,046 Crores
- Nabinagar TPP (1000 MW), Bihar Rs. 3,747 Crores
- Pragati Power CCPP Phase-III (1371 MW), Delhi Rs. 3,637 Crores
- Palatana CCGT (726.6 MW), Tripura Rs. 2,223 Crores
- Shahpurkandi HEP (4X40 MW + 1X8 MW), Punjab Rs. 1,863 Crores
- Srikakulum TPP (1320 MW), Andhra Pradesh Rs. 1,640 Crores
- Palatana - Bongaigaon TRS line (400KV D/C) Rs. 1,416 Crores

PFC Overview

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Operational Performance

Shareholding Pattern

Shareholding Pattern



| Category | Holding (%) | | | |
|---------------------------|------------------|------------------|------------------|------------------|
| | As on 30.09.2009 | As on 30.09.2008 | As on 31.03.2009 | As on 31.03.2008 |
| President of India | 89.78% | 89.78% | 89.78% | 89.78% |
| FIs | 4.23% | 4.42% | 4.01% | 5.54% |
| Resident Individuals | 1.58% | 2.05% | 1.83% | 1.89% |
| Mutual Funds | 1.23% | 1.26% | 1.29% | 0.74% |
| Bodies Corporate | 1.03% | 0.90% | 0.90% | 0.88% |
| Indian FIs & Banks | 1.93% | 1.28% | 1.92% | 0.93% |
| Employees | 0.09% | 0.12% | 0.11% | 0.13% |
| Others | 0.13% | 0.19% | 0.17% | 0.12% |
| Total | 100% | 100% | 100% | 100% |

| S. No. | Top 10 Shareholders (as on 30.09.2009) | Holding (%) | Category |
|--------|---|---------------|------------|
| 1 | PRESIDENT OF INDIA | 89.78% | POI |
| 2 | LIFE INSURANCE CORPORATION OF INDIA | 0.62% | IFI |
| 3 | LIC OF INDIA - MARKET PLUS | 0.51% | IFI |
| 4 | ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD | 0.42% | IFI |
| 5 | LIC OF INDIA MARKET PLUS - 1 | 0.40% | LTD |
| 6 | JF INDIA FUND | 0.39% | FII |
| 7 | BIRLA SUN LIFE INSURANCE COMPANY LIMITED | 0.23% | LTD |
| 8 | INDIA CAPITAL FUND LIMITED | 0.26% | FII |
| 9 | INDIA CAPITAL OPPORTUNITIES 1 LIMITED | 0.26% | FII |
| 10 | GREATER INDIA PORTFOLIO | 0.23% | FII |

Thank You!